

Since 2008, we
saved more than

10 billion liters
of water

through recycling and
efficiencies at our internal
manufacturing facilities and
through our Indigood™
program, reaching our
2025 goal early.

SUSTAINABILITY PROGRESS REPORT 2023



KEY QUESTIONS ANSWERED

The report is designed around key questions with concise answers and supporting data to update the progress against Kontoor Brands' goals.

1

WHY A PROGRESS REPORT?

[Read more p2](#)

2

HOW HAS SUSTAINABILITY ENABLED PROSPERITY FOR THE BUSINESS?

[Read more p3](#)

3

HOW HAS KONTOOR PERFORMED AGAINST ITS SUSTAINABILITY GOALS IN 2023?

[Read more p5](#)

4

WHO IS RESPONSIBLE FOR SUSTAINABILITY AT KONTOOR?

[Read more p8](#)

5

HOW DOES KONTOOR UPHOLD SAFE LABOR CONDITIONS?

[Read more p10](#)

6

HOW DOES KONTOOR EMBED CIRCULARITY ACROSS ITS PORTFOLIO?

[Read more p14](#)

7

HOW DOES KONTOOR REDUCE THE IMPACT OF MATERIALS AND CHEMICALS?

[Read more p16](#)

8

HOW WILL KONTOOR MANAGE WATER IMPACTS MOVING FORWARD?

[Read more p19](#)

9

WHAT ARE KONTOOR'S FUTURE PRIORITIES AND KEY AREAS OF INVESTMENT IN SUSTAINABILITY?

[Read more p21](#)



QUESTION 1

WHY A PROGRESS REPORT?



Consolidated Performance Databook 2023



TCFD Report 2023



SASB Index 2023



Annual Report 2023

At Kontoor Brands, advancing sustainability is a dynamic process of continual improvement for people, for our product, and for the planet, enabling shared prosperity for all.

This year, we have adopted an executive summary report to communicate priority sustainability information related to our key impacts. In this report, we highlight key goals, actions, and policies to help us advance our impact.

This report is designed around key questions we often get asked by our stakeholders with concise answers and supporting data to show progress against our goals. For those who would like more information on our approach and performance, we link to our wider reporting ecosystem throughout the report.

Throughout the report look out for these:

Internal link within this document
[Read more pXX](#)

External link outside of this document

The inclusion of information contained in this report is being made based on information available to Kontoor Brands regarding calendar year 2023. Data in this report covers January 1, 2023 to December 31, 2023 unless otherwise stated. This report has not undergone external assurance.

Given the inherent uncertainty in predicting and modeling future conditions, caution should be exercised when interpreting the information provided in this report. 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. See page 22 to learn more about the forward-looking statements in this report.

Our public sustainability goals, outlined on pages 6- 7 of this report, are due on the last day of Kontoor’s fiscal year. For example, the last day of our Fiscal Year 2025 is January 3, 2026.

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



QUESTION 2

HOW HAS SUSTAINABILITY ENABLED PROSPERITY FOR THE BUSINESS?

Our view is that sustainability enables prosperity by driving action to de-risk our business and supply chain, enhancing the reputation of our brands and improving total shareholder return.

De-risking our business is a high priority. When we de-risk Kontoor's business through consideration of sustainability impacts, we ensure continuity of operations and mitigate reputational risk. Prosperity also aligns our priorities so that we are prepared for the new and evolving regulatory requirements around the world such as the European Corporate Sustainability Reporting Directive (CSRD), the California climate disclosure laws and the Securities and Exchange Commission (SEC) climate disclosure rules.

We work to balance our sustainability aspirations with the expectations of our stakeholders, including customers, supply chain partners, and the investment community. Our customers require increasingly detailed environmental performance data and sustainability progress as part of their own sustainability efforts. This alignment of our sustainability goals and customer requirements safeguards our ability to obtain and retain customers in the coming years, among numerous other benefits.

With customers and consumers rightly concerned about the health of the planet, we can improve brand equity by demonstrating strong environmental stewardship, backed by robust data, and adhering to independent frameworks and benchmarks. Our emissions reduction efforts are critical to this work.

To enhance corporate oversight, we leverage company-wide functional leaders, or "ambassadors", to ensure everyone can contribute to delivering our targets. We are exploring opportunities to bolster our approach, such as our recent accomplishment of enhancing our emissions data with third-party limited assurance, which has been completed for 2023 Scope 1 and 2 emissions in 2024. This commitment to transparency will be crucial to continue to drive progress, maintain trust in our brands and deliver prosperity.



"Kontoor's strategic focus on creating prosperity is built on a foundation of innovation, design and transparent performance. It underscores our commitment to inspire people to live with passion and confidence."

SCOTT BAXTER,
PRESIDENT, CEO &
CHAIR OF THE BOARD

Guided by our global sustainability goals and our strategic pillars, People, Product, Planet and Prosperity, we focus on protecting the environment, sourcing products and materials from companies that share our values and operating with the highest standards of ethics. We intend to communicate the financial benefits and long-term value creation of sustainability for all stakeholders.

External developments continually shape our approach and the evolving regulatory landscape is changing how we report progress and communicate sustainability claims. Supply chain traceability is a long-term goal. Like many large apparel brands, tracing our materials requires extraordinary effort. We have implemented a materials traceability software platform to enable verifiable monitoring and tracking of materials which improves the traceability of our products.

[Read more p17](#)



The approval of our science-based targets in September 2023 was a major milestone as was our first publication of a Task Force on Climate-Related Financial Disclosures (TCFD) Report in November 2023.

Our most recent double materiality assessment was completed in 2022 to understand where we should focus our efforts and reporting. This assessment revealed high expectations around transparency and traceability – especially for supply chain-related topics – and highlighted the importance of governance and sustainability-related disclosures. It also pointed to impacts and opportunities to drive change.

The outcomes of the assessment continue to guide the content of our reporting and sustainability approach. We are currently reviewing the double materiality assessment based on recent governance developments including the CSRD in Europe.





QUESTION 3

HOW HAS KONTOOR PERFORMED AGAINST ITS SUSTAINABILITY GOALS IN 2023?

Through 2023, our commitment to continual improvement has delivered key successes for our global sustainability goals, outlined on pages 6 and 7.

In 2023, we began using renewable energy at certain internal manufacturing facilities. We are still limited in some locations by governmental policy on renewable energy sourcing, such as in Mexico, where we continue to explore other options.

We also achieved our global water goal two years early. Since 2008, we saved more than 10 billion liters of water through recycling and efficiencies at our internal manufacturing facilities and through our Indigood™ program.

We delivered a large increase in Preferred Cotton (from 57% to 74%) and Preferred Synthetics (from 0% to 30%) sourced for our products, as defined by our Global Design Standards. The quality, scale and cost of recycled cotton fibers remains a challenge as this part of the supply chain is still in its early stages (see page 6 for our definitions of Preferred Cotton and Preferred Synthetics).

Additional progress was made with our worker well-being and chemistry goals. We continued to engage with suppliers to champion worker well-being efforts, with over half of in-scope suppliers supporting programs. And as we transitioned to a new chemistry management tool with better visibility into the chemistry of our value chain, we set a new chemistry goal (see page 6 for the new goal).

Alongside delivery of our goals, we are focused on robust data collection and internal engagement. Our new sustainability performance and risk management software is enabling automation for global sustainability data collection and analysis in order to facilitate reporting against goals and upcoming regulations.

We delivered sustainability training to about 500 global employees in 2023 to build understanding and engagement in initiatives including the Global Design Standards, climate action, and sustainability reporting. This training included teams spanning Design, Marketing, Procurement, Product Development, Sales and Sourcing.

“We’re investing in improving our data systems with the introduction of a new sustainability performance and risk management software system which we began to roll out in 2023.”

LAUREN RIGGINS,
SENIOR MANAGER,
SUSTAINABILITY DATA
& REPORTING



REVIEW OF ACTIONS AND GOALS



PEOPLE

GOAL	GOAL DEFINITION AND SCOPE	2023 PERFORMANCE	2022 PERFORMANCE	2021 PERFORMANCE
Worker Well-being Work only with factories that support a worker well-being or community development program by 2025.	Worker well-being and community development programs must support a multidimensional commitment by suppliers.	By December 2023, 58% of in-scope suppliers supported a worker well-being program.	Finalized our multidimensional worker well-being approach. By December 2022, 43% of in-scope suppliers supported a worker well-being program.	Began defining our worker well-being strategy and programs. Launched the BSR HERessentials program in three facilities in Bangladesh and one facility in Pakistan.



PRODUCT

GOAL	GOAL DEFINITION AND SCOPE	2023 PERFORMANCE	2022 PERFORMANCE	2021 PERFORMANCE
Materials¹ Source 100% Preferred Cotton by 2025.	Preferred Cotton is defined as any one of the following: cotton grown in the U.S., Africa (except Egypt or South Africa), or Australia; recycled cotton from validated post-consumer or post-industrial sources; or cotton certified under organic or regenerative frameworks. Scope: Excludes licensed business. ²	74% of cotton sourced in 2023 was Preferred Cotton. Cotton accounted for around 86% of our total raw materials used. Launched Global Design Standards, see page 16 for more information.	57% of cotton sourced in 2022 was Preferred Cotton. We began developing our Global Design Standards, to help designers and product developers select lower-impact processes and materials.	55.5% of cotton sourced in 2021 was Preferred Cotton.
Materials¹ Source 100% Preferred Synthetics by 2030.	Preferred Synthetics is defined 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. Scope: Excludes licensed business. ²	30% of synthetics sourced in 2023 were preferred. Synthetics accounted for around 12% of our total raw materials used.	In 2022, 0% of synthetics sourced were preferred. Synthetics accounted for around 10% of our total raw materials used.	Continued to develop our Preferred Materials strategy and data systems.
Chemicals Achieve and maintain a minimum of 90% Zero Discharge of Hazardous Chemicals (ZDHC) Manufacturing Restricted Substance List (MRSL) compliant chemicals.	Our Chemistry goal relates to 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 which we align with ZDHC MRSL. Scope: This goal covers only Tier 1 vendors and owned facilities that use wet processing (laundries, printing, finishing, etc.) and Tier 2 fabric mills; excludes licensed business. ²	Due to the dynamic nature of our supply chain and the increased availability of digital chemical management tools, this goal was refined in 2023. As of December 2023, we reached 82.6% chemical conformity with ZDHC MSRL.	By December 31, 2022, 97% of in-scope suppliers participated in the CHEM-IQ SM screening process. We achieved 76% overall chemical conformity. By December 31, 2022, 97% of in-scope suppliers completed account registration for our new chemistry management tool and 94% of the registered vendors and suppliers uploaded their chemical inventories.	CHEM-IQ SM program paused due to COVID-related disruption in 2021.

¹ Kontoor Brands does not directly purchase raw materials, but instead works with suppliers to select raw materials for use in our products by third-party manufacturers.

² We have licensee relationships in many countries and we do not yet gather specific data on materials, chemicals, energy and water use related to these licensees at this time. We will consider reporting on these impacts in the future.



REVIEW OF ACTIONS AND GOALS CONTINUED


PLANET

GOAL	GOAL DEFINITION AND SCOPE	2023 PERFORMANCE	2022 PERFORMANCE	2021 PERFORMANCE
Climate Reduce absolute Scope 1, 2 and 3 Greenhouse Gas (GHG) emissions 46.2% by 2030 from a 2019 base year.	Scope 1 & 2 are defined by the Greenhouse Gas Protocol ³ . Scope 3 covers purchased goods and services, fuel and energy related activities, and upstream transportation and distribution.	Science Based Target initiative (SBTi) approved our climate goals as science-based targets in September 2023. See our Consolidated Performance Databook 2023 for our 2023 Scope 1 & 2 emissions.	See our Consolidated Performance Databook 2023 for our limited 2022 GHG footprint.	See our Consolidated Performance Databook 2023 for our limited 2021 GHG footprint.
Energy Power 100% of owned and operated facilities with renewable energy by 2030.	This goal covers all purchased electricity for Kontoor facilities globally, including owned, operated, or leased locations. This goal does not include facilities associated with licensee products or concession retail. We added this energy goal to our science-based target and will report on this goal as a part of our Climate Goal in the future.	In December 2023, 10% of our total purchased electricity came from renewable sources.	Signed agreement to source renewable energy for up to 80% of total energy requirement for Mexico manufacturing. Worked to finalize projects for our Nicaragua operations. Purchased electricity accounted for less than 4% of our total emissions in 2022.	Continued to explore additional opportunities to shift our key operations to renewables.
Water - achieved Save 10 billion liters of water since beginning our water saving initiatives in 2008, by 2025.	The scope of this goal included water consumption across Kontoor's supply chain. However, the goal was primarily achieved through water recycling and efficiencies at our internal manufacturing facilities with 9.6 billion liters saved from 2008 to 2022. An additional 725 million liters were saved through our Indigood™ program.	We worked to define a new water goal that covers our internal manufacturing as well as Tier 1 and 2 suppliers. The goal was approved in 2024. See page 19 for more information.	9.6 billion liters saved since 2008 through recycling and efficiencies at our internal manufacturing facilities and 725 million liters saved in 2022 through our Indigood™ program means we reached our 2025 goal two years early.	8.9 billion liters saved since 2008.

³ Built through a partnership between the World Resources Institute (WRI) and the World Business Council for Sustainable Development (WBCSD), the GHG Protocol is a comprehensive global standardized framework to measure and manage GHG emissions.



QUESTION 4

WHO IS RESPONSIBLE FOR SUSTAINABILITY AT KONTOOR?

We integrate sustainability throughout all levels of the Kontoor Brands organization because it is an enterprise-wide commitment.

The **Nominating and Governance Committee** of the Board of Directors oversees all significant strategies, programs and policies related to sustainability issues and impacts to support the sustainable and responsible growth of Kontoor's business.

 Read more about our governance approach in our **TCFD report 2023**.

The **Executive Leadership Team (ELT)** sets the vision for Kontoor Brands. It provides strategic and operational leadership for Kontoor, including on topics related to sustainability and risk management.

Day-to-day delivery of sustainability remains the responsibility of the VP, Sustainability, Innovation, Procurement and Product Development with support from the Sustainability team. The VP reports into the Executive Leadership Team.

EMBEDDING ACCOUNTABILITY AND CAPABILITY

The Sustainability team provides quarterly updates to the Nominating and Governance Committee of the Board and the Executive Leadership Team on sustainability progress and development, including:

- General progress against sustainability goals and projects/programs
- Updates related to stakeholder needs such as investor requests, customer requirements and government mandates
- Updates on material topics including climate change, water, chemistry and workers in the value chain

The Sustainability team also conducts annual trainings to key departments across Kontoor Brands. The trainings cover sustainability-related topics such as goal progress and strategy, climate action, our Global Design Standards, stakeholder concerns, and circularity.

Kontoor employees play an invaluable role in our sustainability journey, both formally as a part of our Sustainability Ambassador program and informally as part of ad hoc projects and programs.

Our Ambassador approach empowers functional leaders and subject matter experts to embed sustainability into their teams' daily work and annual goals. In partnership with the Sustainability team, nominated individuals from each function lead and support the work to accelerate meaningful change and achieve our public goals and internal targets.

Ambassadors meet quarterly to review sustainability strategies, share best practices, and discuss any potential roadblocks or bottlenecks that arise as we work to achieve our goals. Our cross-functional Ambassadors include leaders from across Kontoor Brands.

“Strong governance is integral to our sustainability strategy. Our approach embeds accountability throughout the business. That’s the key to advancing impact.”

DENISE SUMNER,
VP, CHIEF ACCOUNTING OFFICER
& CHAIR, SUSTAINABILITY
GOVERNANCE COUNCIL



GOVERNANCE STRUCTURE



With project expertise and support from the Sustainability team, the Ambassadors work to integrate sustainability strategies into business operations and to steer progress on policies, actions, and goals. Ambassadors help achieve Kontoor's sustainability objectives through strategies and tactics ranging from managing data collection and validation processes and facilitating robust disclosure controls to collaborating cross-functionally and implementing roadmaps to our goals.

An example of achieving scalable impact through our Ambassador program is our effort to power owned and operated facilities with renewable energy. The Ambassador program helped to focus efforts on interim targets, starting with Internal Manufacturing, and push teams to complete projects.

Our Ambassador team for Internal Manufacturing has explored many options to replace our fossil fuel-powered electricity and natural gas usage with renewable energy and in 2022 with their leadership, Kontoor worked with an energy solutions firm in Mexico to provide renewable energy for our internal manufacturing sites there. By December 2023, 10% of our purchased electricity was from renewable sources

In order to transition to 100% renewable energy, we are currently in the process of completing additional upgrades needed at our facilities.

“The Ambassador program aligns functions from across Kontoor to find effective solutions to our sustainability priorities. Together, we figure out how we can achieve our sustainability goals while meeting business needs.”

DAVID KOVACH,
VP, TREASURER & SUSTAINABILITY GOVERNANCE COUNCIL MEMBER



QUESTION 5

HOW DOES KONTOOR UPHOLD SAFE LABOR CONDITIONS?

BY PRIORITIZING HEALTH AND SAFETY THROUGHOUT OUR VALUE CHAIN

Our commitment to having zero recordable incidents in our owned operations drives our focus on awareness, employee engagement, training, accountability, compliance and leadership support. In 2023, we reduced the number of serious injuries (days away cases) by increasing hourly employees' participation with Safety Committees at each facility and enhancing our employee safety recognition programs.

Our Occupational Safety and Health Administration (OSHA) RIR is relatively small as we are below the apparel industry average and a small increase in the number of injuries can significantly increase our RIR.

Two of our seven owned manufacturing facilities (both with more than 1,000 employees) did not have any recordable incidents over two years due to a proactive approach and strong focus on leading indicators.

The top safety risks in our owned operations include ergonomic hazards from repetitive motion and puncture hazards associated with working with sewing machines and sharp tools. We are continuously working on reducing ergonomic injuries by implementing early intervention and conducting more ergonomic assessments to proactively identify and correct potential risks for our employees.

Recordable Incident Rate (RIR) for owned and operated facilities over the years



RIR is calculated as follows: (recordable injuries x 200,000)/Total hours worked

⁴ US Bureau of Labor Statistics, <https://www.bls.gov/>



All internal manufacturing facilities and distribution centers are regularly assessed for health and safety, and in 2023, we identified and addressed an average of ten non-conformities per facility. Our employees have developed skills for identifying and troubleshooting unsafe situations immediately to prevent possible injuries, showcasing their active role in our safety culture.

We continued to improve use of ergonomic software to reduce risks, using the Rapid Upper Limb Assessment (RULA) and Rapid Entire Body Assessment (REBA) methodologies.

BY EMBEDDING OUR GLOBAL COMPLIANCE PRINCIPLES IN OUR SUPPLIER FACILITIES

The Kontoor Global Compliance Principles apply to all facilities that produce goods for Kontoor Brands and are baseline requirements that must be met to do business with us. They are underpinned by detailed Facility Guidelines which apply to all owned and contracted facilities. In 2023, we updated the Facility Guidelines to reflect industry developments and regulatory changes.

These changes include mapping high-risk areas for forced labor, prohibiting employment-related cost deductions from wages, and introducing new safety measures for chemical handling, among others. We expect to publish the updated Facility Guidelines in 2024.

We made specific enhancements to our Facility Guidelines Principle 7 - Health & Safety, including new guidelines for Potassium Permanganate (PP) Spray operations, and delivered training programs for all suppliers on topics including PP Spray, Gas Supply Safety Measures, and Hot Work.

Except for suppliers in Bangladesh, who are governed by the rigorous standards of the RMG Sustainable Council (RSC) and Nirapon II, Kontoor suppliers are required to participate in the Critical Life Safety (CLS) program. This program, conducted by approved third-party agencies, includes assessments of Fire Safety, Electrical Safety, and Structural Safety. Our Responsible Sourcing team assists suppliers in addressing any identified non-compliances through Corrective Action Plans (CAPs). There are sometimes isolated situations where a supplier struggles to rectify issues due to high remediation costs or lack of expertise, or the supplier is not able to obtain permission from landlords for structural changes.

In these cases, remediation efforts may include engaging with landlords, bringing in external experts, or training existing employees in necessary disciplines.

Find out more in our **Policies and Standards** section of our website.

BY USING OUR SCALE TO PRIORITIZE WORKER WELL-BEING

We have made significant progress towards our goal to only work with supplier factories that support worker well-being programs by 2025. For this goal, in-scope suppliers include Tier 1 and 2 factories that satisfy the following two conditions: the supplier is a part of the top 90 percent of Kontoor's yearly transaction value and has maintained a business relationship with Kontoor for over two years. In 2023, we had 111 in-scope suppliers.



"We are committed to partnering with our suppliers to advance the importance, the benefits and the effective implementation of their worker well-being programs."

WILLIE POON,
DIRECTOR OF RESPONSIBLE SOURCING & BUSINESS OPERATIONS

% of in-scope suppliers with a worker well-being program

2023



2022





Our interim target for 2023 was to ensure that worker well-being programs were established at 50% of in-scope suppliers, addressing at least two of the seven dimensions. We exceeded this target, achieving 58%, which indicates a robust trajectory towards our 2024 goal of 70% of in-scope suppliers with a program.

To facilitate effective communication and collaboration, we engage in regular check-ins with suppliers, who must provide annual progress reports. This open line of communication allows us to provide feedback and guidance to enhance the impact of worker well-being programs.

We also continued to engage with suppliers that do not yet have worker well-being programs in place. In 2023, 47 out of 111 in-scope suppliers reported that they addressed zero or only one of the worker well-being dimensions, which does not meet our requirements. We shared detailed guidance via an interactive training module to ensure accessibility and understanding, and personalized support was provided through direct consultations for suppliers needing additional assistance.

We are developed an e-learning module to further enhance understanding and engagement, which was rolled out in 2024.

BY PROTECTING BASIC RIGHTS IN THE SUPPLY CHAIN

As part of our ongoing due diligence, we published a new human rights statement on our website, making a public commitment that human rights are at the core of our operations. The statement serves as an example to our suppliers as we encourage them to publicly commit to upholding human rights in their own supply chains.

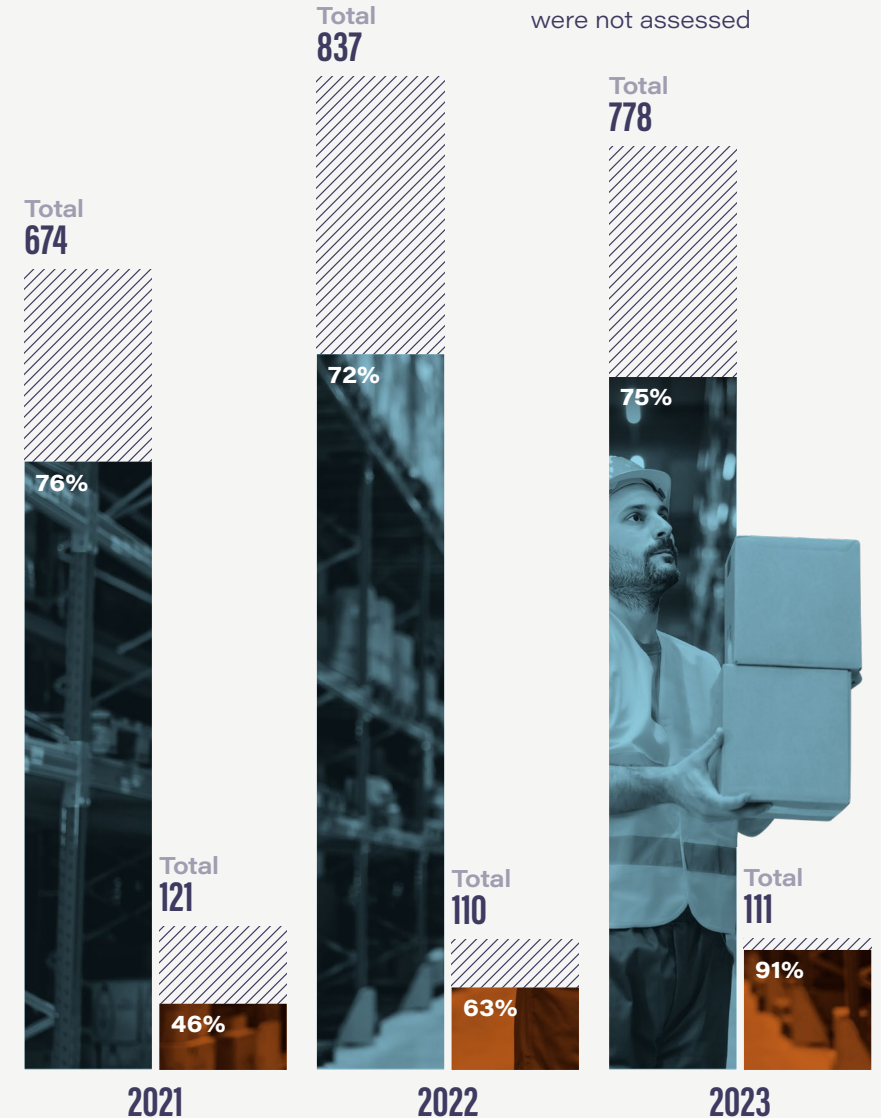
Our Global Compliance Principles mandate no forced labor, no tolerance of child labor, freedom of association and collective bargaining, fair wages and benefits, limitations on hours of work, quality residences, and the promotion of living wages. The updated Facility Guidelines we will publish in 2024 will provide enhanced protection of workers' rights in our own and supplier factories.

 [Read more about our Global Compliance Principles](#)

The Responsible Sourcing team conducted two training sessions with suppliers in 2023, including information on forced labor and all applicable laws and regulations and Customs Trade Partnership Against Terrorism (CTPAT) regulatory requirements.

Percentage of suppliers assessed against Kontoor's Global Compliance Principles

- % of Tier 1 supplier facilities assessed
- % of supplier facilities beyond Tier 1 assessed
- ▨ % of supplier facilities that were not assessed





Across Tier 1 and 2, we carried out assessments against our Global Compliance Principles at 686 suppliers, identifying 34 cases with significant actual and potential negative social impacts. These violations were addressed through CAPs. We provided consultative advice to suppliers to remediate the issues, address root causes, and prevent recurrence. This involved improving supplier policies, training and capacity-building, and implementing transparent monitoring mechanisms.

At the end of 2023, 32 of the 34 suppliers had resolved all issues. For the remaining suppliers, we stopped production with one and the other is actively working on resolving the identified issues.

While we assess all suppliers prior to working with them, we do not visit each facility every year. Suppliers who rate highly are assessed less frequently, allowing our resources to be focused on suppliers with lower ratings.

Since 2020, our teams have been working to increase the percentage of suppliers assessed, both Tier 1 and those suppliers beyond Tier 1 (see graph on previous page).

Our teams have been trained to be extra vigilant for any indicators of forced labor during compliance visits and to escalate cases accordingly.

Increasing supply chain transparency is a constant focus. We implemented a materials traceability software in 2023 and continue to refine the system to align with our approach to managing external supply chains and the collection of our vendors' chain of custody documents.

Our Ethics Helpline is available 24/7 in multiple languages, and workers are also encouraged to raise issues with our team members during worker interviews. All issues raised are logged for tracking and monitoring and are actively investigated. We work closely with affected suppliers to address all complaints, and cases logged in the Ethics Helpline remain open until fully resolved.

BY ENSURING FAIR WAGES AND BENEFITS

As a part of our Global Compliance Principles, Kontoor suppliers must fully comply with all applicable laws of the countries in which they are located, including all laws, regulations, and rules relating to wages, hours, employment, labor, health and safety, the environment, and the apparel industry.

Suppliers 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. Additionally, employees must be fully compensated at a premium rate for overtime.



QUESTION 6

HOW DOES KONTOOR EMBED CIRCULARITY ACROSS ITS PORTFOLIO?

BY INTEGRATING CIRCULARITY PRINCIPLES IN THE DESIGN STAGE

From raw materials to consumer use and end-of-life, the decisions we make at the design stage determine the impacts of a garment through its lifecycle. Our designers and product developers lead the way in their decisions on what materials to use, supported by the Procurement and Sustainability teams. They apply a strategic lens when developing each product, carefully considering the materials used, cost, availability and how they are managed at the end of a product's useful life, alongside performance and fit of garments.

Our Global Design Standards are aspirational and address the entire lifecycle of a product for end-to-end improvement. Priorities include incorporation of circular principles, use of renewable or post-consumer materials and development of state-of-the-art processes to create products that are used for longer and can be reused or recycled. Our new science-based targets also include actions on circularity such as increasing the use of mixed content recycling (chemical recycling) and recycled cotton, scaling buy-back programs, piloting circular-designed products, and expanding resale initiatives.

A new Circularity Working Group is implementing a workstream to further embed circularity into the Global Design Standards. This work will continue throughout 2024 and will replace our previous reliance on external frameworks by embedding robust internal standards that are more easily adapted and applied across our global business model.

BY SEEKING INNOVATIVE PARTNERSHIPS AND COLLABORATIONS

We partner with other organizations dedicated to helping the fashion industry take a step forward on circularity. These collaborations enable our designers and product developers to learn and expand their abilities and help our partners learn about and influence our value chain. Examples include [Beyond Retro](#), an organization committed to disrupting fashion's linear business model, and [Accelerating Circularity](#), a non-profit that catalyzes new supply chains and business models that turn used textiles into new raw materials. Both partnerships will have product released in 2024. This will be the first Wrangler® product made reusing fabric from old jeans.

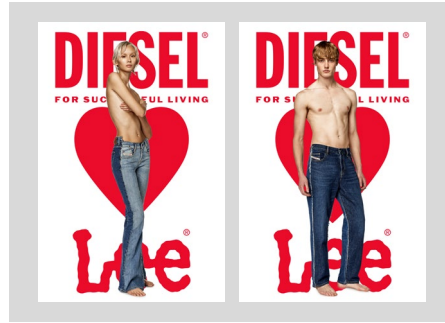
"More than three quarters of our emissions are product-related. Understanding that opportunity, we are focused on designing products for longevity and circularity."

SEAN GORMLEY,
GLOBAL CONCEPT DIRECTOR,
WRANGLER MODERN & KONTOOR
AMBASSADOR FOR CIRCULARITY



We also foster purposeful partnerships with other brands to tackle the fashion industry's problem with overproduction. In 2023, Lee® partnered with Diesel to create a collection of jeans fully constructed from fabric sourced from both brands' respective unsold stock. Each pair of "Diesel Loves Lee" jeans is one half Lee and one half Diesel: every pair is one of a kind. Wrangler has partnered with Mini Rodini to create a limited edition collection of denim and jersey styles consisting of 100% cotton certified to the Global Organic Textile Standard (GOTS).

Limited circularity infrastructure is an ongoing challenge and we are engaged in industry groups to support the development of infrastructure to allow for the recycling of materials at the required scale. We also continue to explore ways to use innovative materials with sustainability benefits in our products, such as Kapok – a renewable, tree-based fiber which we use in some of our products.



 Find out more about **Diesel loves Lee**



 Find out more about **Wrangler Collaborations**

BY INVESTING IN RESALE, RECYCLING AND UPCYCLING INITIATIVES

We are committed to expanding resale, recycling and upcycling opportunities, led by the new Circularity Working Group. Our resale pilots, Wrangler® Reborn and The Lee Archives were launched in 2022. In 2023, we continued to learn and to develop these initiatives with the circularity platform for each brand covering resale, vintage items, upcycled products and recycled fabric products. The Circularity Working Group will continue to seek partners to expand resale, recycling and upcycling initiatives at scale. This is a long-term goal and we are hopeful about the future as we continue to make progress.



 Find out more about the **Storm Rider Jacket**

BY CREATING GARMENTS THAT LAST

Extending the life of garments is crucial as it decreases the need of virgin materials and resources and lowers the amount of waste generated by discarded garments.⁵

We are continuously innovating across categories and product lines of our brands to push the boundaries of durability. Unwanted abrasion of fabric can reduce the lifetime of a garment and cause the wearer discomfort, making it a key focus when it comes to product durability. Wrangler's "Comfort that won't quit" initiative embodies the promise of lasting quality and a dedication to ensuring customers can rely on their garments day in and day out. Similarly, Lee has embraced an abrasion resistance technology through its pursuit of durability without sacrificing comfort or style. This innovation is about creating a product that withstands wear and tear while crafting garments that seamlessly integrate into consumers' lives.

⁵ <https://wrap.org.uk/resources/report/design-extending-clothing-life>



QUESTION 7

HOW DOES KONTOOR REDUCE THE IMPACT OF MATERIALS AND CHEMICALS?

BY EMBEDDING THE GLOBAL DESIGN STANDARDS ACROSS OUR BRANDS

Our Sustainability, Product Development and Sourcing teams continue to embed and implement the Global Design Standards across our brands. Developed in 2021, these Standards are aspirational and look at the entire lifecycle of a product to give designers and product developers a foundation for end-to-end improvement, with a focus on materials, fabric and finishing.

Preferred Chemistry, which acts as a baseline for our Global Design Standards, plays a critical role in reducing exposure to hazardous substances for workers in our supply chain, consumers wearing our garments and for the environment.

We trained about 500 employees spanning Design, Marketing, Procurement, Product Development, Sales and Sourcing on the Standards in 2023. The Procurement team worked with suppliers to increase the use of materials from our Preferred Materials list and we added more mills to the Indigood™ program, bringing the total to 30 mills.

[Read more p20](#)

We developed products for the 2024 season in 2023, with 82% of Kontoor sourced styles meeting at least one of our Global Design Standards (76% of Wrangler styles and 87% of Lee styles).

For products manufactured by our Internal Manufacturing facilities in 2023, 84% of styles met at least one

of our Global Design Standards. We report Internal Manufacturing styles separately because our owned and operated facilities work on different schedules than our sourced products.

OUR GLOBAL DESIGN STANDARDS

Preferred Chemistry – mills and manufacturers are required to ensure no environmentally hazardous chemistry is used in our products.

Preferred Materials – at least 70% of materials used in a product must be sourced from the Preferred Materials list.

Low Impact Fabric – fabric must come from a mill that has achieved at least a 90% reduction in freshwater (2018-19 baseline) as verified through Kontoor's Indigood™ program.

Low Impact Finishing – products must be processed by responsible finishing techniques which have achieved a "Low Impact" score through Jeanologia's Environmental Impact Measurement (EIM) tool.

% of total sourced styles that met at least one Global Design Standard

2023



2022



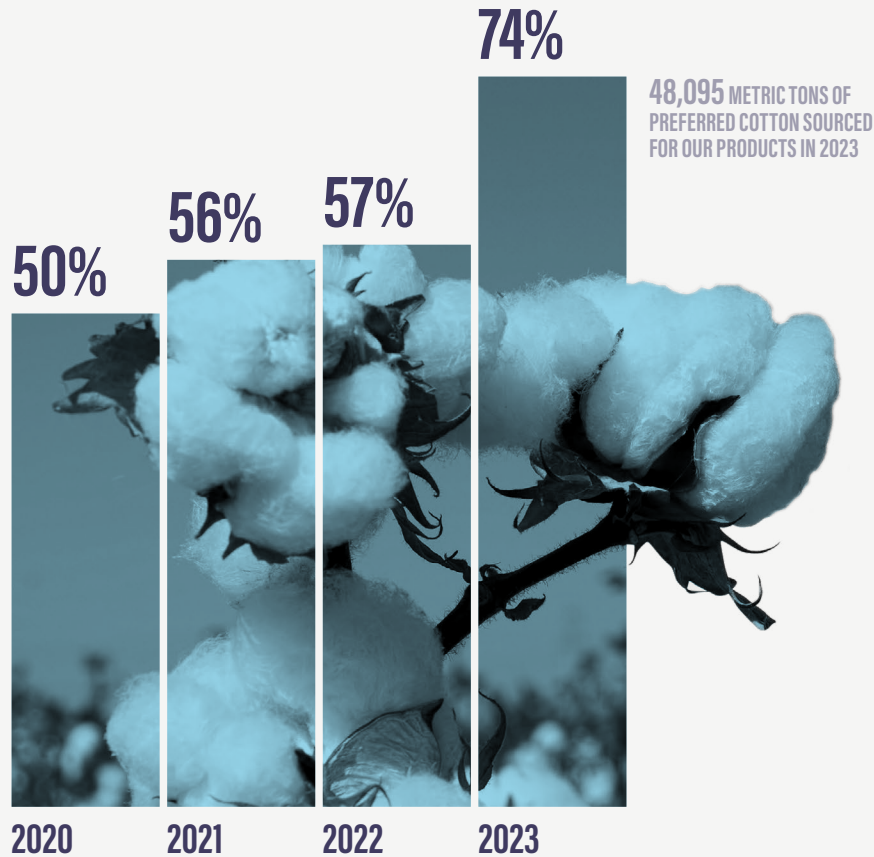
% of total internally manufactured styles that met at least one Global Design Standard

2023





% of Preferred Cotton Sourced for our Products



Preferred Cotton is defined on page 6.

BY SHIFTING TO PREFERRED MATERIALS AND INCREASING TRACEABILITY

Our Preferred Materials list is a toolbox for designing our products and for engaging with suppliers. It provides a foundation for building traceability systems and supplier engagement, while contributing to a reduction in our Scope 3 emissions. A garment that is made from at least 70% material from our Preferred Materials list meets our standard. We focus on four main categories of materials: cotton, synthetics, animal-derived materials and forest-derived materials. We also include recycled fibers, bio-based synthetic fibers and other natural and regenerated fibers on the list.

We increased our Preferred Materials Standard for cotton, from 70% preferred cotton to 100% to align with our goal of sourcing 100% Preferred Cotton by 2025. In addition to sourcing more Preferred Materials, we promote the adoption of sustainable farming processes with groups like Solidaridad, a non-profit working to help farmers transition to sustainable production to increase the availability of regenerative cotton.

In 2023, we implemented a materials traceability software platform to enable verifiable monitoring and tracking of materials which improves the traceability of our products.

We continue to refine the system to align with our approach to managing external supply chains and the collection of our vendors' chain of custody documents.

Through the purposeful collaboration of our Design, Procurement, Product Development, and Sustainability teams, we have increased the percentage of Preferred Cotton sourced each year since 2020, with almost three-quarters of cotton sourced in 2023 complying with our Preferred Materials list (see graph to left).

BY MAINTAINING A STRONG FOCUS ON USE OF PREFERRED CHEMISTRY

Our chemical management program allows us to gain visibility of the chemicals used in our products and to eliminate the discharge of hazardous chemicals to the environment. This protects the safety of all workers in the value chain as well as the environment, consumers and all those who touch our products.

In 2023, we reset our chemistry goal to achieve and maintain a minimum of 90% ZDHC MRSL compliant chemicals.⁶ We also continued to introduce our suppliers to the third-party chemistry management tool, The BHive®.

⁶ <https://mrsl.roadmaptozero.com>



Tier 1 suppliers with wet processing and Tier 2 fabric mills are in-scope and are required to upload and maintain chemical inventories to The BHive® for chemical conformity checks. Any non-conformant chemicals must be replaced by ZDHC MRSL compliant chemicals. This change supports key programs such as the Environmental Impact Assessment (EIM) and will ensure that we are ready to comply with upcoming regulatory requirements such as the EU Ecodesign for Sustainable Products Regulation (ESPR).



“Kontoor works to safeguard the environment and protect apparel industry workers through reducing our hazardous chemical usage.”

CAROLE MCFEE,
SENIOR DIRECTOR, QUALITY
ASSURANCE & PRODUCT
STEWARDSHIP

Achieving our commitment will be challenging and we maintain continuous communication with suppliers to ensure we understand their challenges and help to resolve them wherever possible. This includes supporting vendors and suppliers to adapt to using The BHive® and regularly maintaining chemical inventories and acknowledging that it can take time to find safer alternatives to replace non-conformant chemicals.

Some vendors and suppliers currently maintain chemical inventories in local languages and The BHive® cannot yet fully recognize all of the chemical products in these languages. For the most part, vendors and suppliers from Asia are more familiar with this chemical management system while those in the US and Central America are less aware and need further onboarding.

By the end of 2023, there were 133 Tier 1 and 2 suppliers in scope for our chemical management program. Of our in-scope factories, 98% had created their accounts in The BHive® system and, of those, 98% had uploaded chemical inventories. There were 6,125 chemical products uploaded in total and we achieved a 82.6% overall chemical conformity.

Number of factories with a registered The BHive® account⁷



Representing
98%
of our in-scope factories

Number of factories that uploaded chemical inventories (of the number of factories with a registered The BHive® account)



Representing
98%
of registered factories

Overall Chemical Conformity



Representing
82.6%
of chemicals meeting
ZDHC MRSL

⁷ This information is as of December 31, 2023.



QUESTION 8

HOW WILL KONTOOR MANAGE WATER IMPACTS MOVING FORWARD?

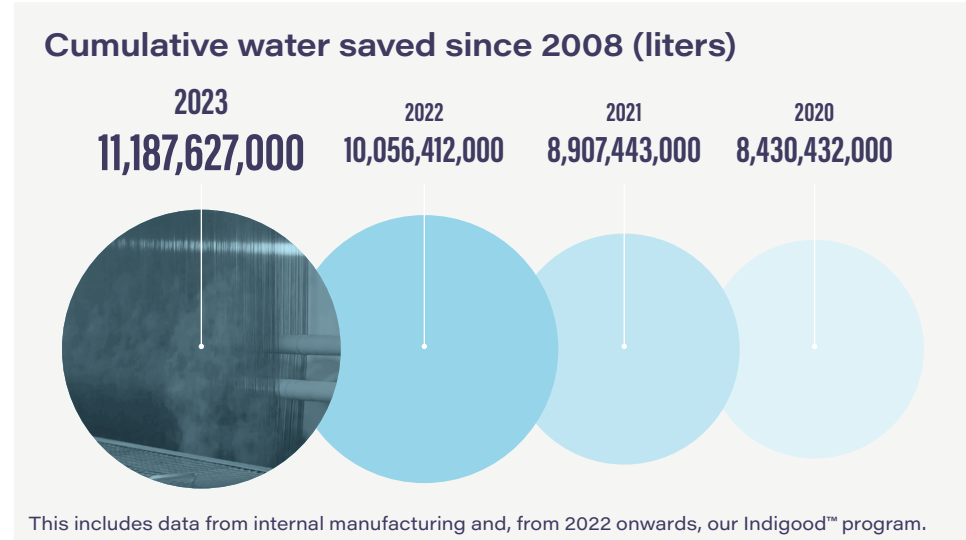
Fashion is one of the most water intensive industries, making it imperative that we innovate processes and explore new technologies to reduce the water impacts of textile and apparel manufacturing.

In 2022, we met our water target to reduce water consumption to save ten billion liters of water (against a 2008 baseline) early by investing in recycling and efficiencies at our internal manufacturing facilities and through the ground-breaking Indigood™ program.

EXTENDING OUR NEW WATER GOAL TO INCLUDE OUR SUPPLY CHAIN

Now that we have met our target, we are expanding our approach beyond internal manufacturing and our Indigood™ program to include water use by Tier 1 suppliers. Our focus is to reduce freshwater usage across the value chain, especially targeting water-stressed regions, making our new approach more context based.

We have defined a new water goal focused on water use efficiency, responsible discharge and effluence reuse. This change formalizes work we have been doing since we became a public company in 2019 and expands our freshwater reduction and verification program by including Tier 1 and Tier 2



suppliers and internal manufacturing, especially targeting key vendors in water-stressed regions.

We determined water-stressed locations using the World Resources Institute's (WRI) Water Risk Atlas Aquaduct tool to identify high-risk suppliers as well as priority watersheds across our operations. 85% of Tier 1 suppliers are classified as extreme-high to high water risk and 88% are located in water-stressed areas facing water scarcity or flood risk.

Our new 2030 water goal is to save 8 billion combined liters of freshwater from key suppliers in water-stressed regions and through our internal manufacturing processes, compared to a 2018-2019 baseline.



"Many of our textile mills are located in water-stressed regions. We are partnering with our mills to measure and dramatically reduce fresh water consumption."

WONDY KWOK,
SENIOR DIRECTOR PROCUREMENT

EXPANDING THE INDIGOOD™ PROGRAM

We are very proud of how our award-winning Indigood™ program is driving reduction of freshwater use in the textile manufacturing phase of our supply chain. For its impact, the program is quite simple; it looks at holistic freshwater reduction, recycling and conservation in the dyeing and finishing of fabric. The Indigood™ program allows textile mills to continue their operations with the same standard of fabric performance while measuring freshwater consumption and incentivizing mills to invest in water reduction technology.

Our Indigood™ program increases awareness and encourages mills to be more strategic and creative with their water conservation solutions – allowing them to choose options that are right for their facilities and future ambitions. We challenge mills to adopt freshwater saving technologies and wastewater recycling technologies to achieve 90% freshwater savings compared to a 2018–2019 third party-verified water use baseline. Any mill that joins the Indigood™ program must commit to the goal and provide annual water data and mill access to third-party sustainability data auditors.

Watch our video on the **Indigood™ water saving program.**

There are now 30 mills operating within the program, with several moving up a level in 2023:

- 5 mills at Indigood™ Gold level (+90% water savings from baseline)
- 6 at Silver (60–89%)
- 10 at Bronze (30–59%)
- 9 at <29% but committed to water reduction

EXPLORING NEW WATER-SAVING TECHNOLOGIES

We are also steadfast in our pursuit of innovative solutions such as digital printing and other water reducing technologies.

Digital printing holds immense promise in minimizing water usage compared to traditional dyeing methods.

Precisely applying dyes directly onto fabric through digital printing can eliminate the need for vast quantities of water typically associated with conventional dyeing. However, for digital printing to truly make a substantial impact it must be economically viable. We are actively engaged in experimentation and trials to refine technologies, enhance efficiency and optimize processes to make digital printing more cost-effective for our market segment. This includes exploring ways to streamline production, improve ink formulations and enhance printing equipment to achieve higher productivity and lower costs.

Watch our video on **how digitally printed jeans could mean big water savings for the denim industry.**

Freshwater saved annually through the Indigood™ program (liters)



HIGHLIGHTS

In 2023, Kontoor Brands won the New Launch Award for Digital Printing at the World Sustainability Awards. The Reactive Pigment technology eliminates the need to use the vast amounts of energy, water and chemicals that comes with manufacturing traditional denim, by printing directly onto the cotton instead.

In 2023, the Indigood™ program won Silver at the Edison Awards in the Incentivizing Collaborative Conservation category.



Number of mills in the Indigood™ program





QUESTION 9

WHAT ARE KONTOOR'S FUTURE PRIORITIES AND KEY AREAS OF INVESTMENT IN SUSTAINABILITY?

TAKING ACTION TO DELIVER OUR SCIENCE-BASED TARGETS

Our science-based targets are priorities in themselves, spanning areas such as circularity, materials, supplier engagement as well as water, pollution and worker well-being. We have reported our 2023 Scope 1 and 2 GHG emissions in our 2023 Consolidated Performance Databook. We intend to report a full footprint overview in future reports. We will also continue to take a context-based approach to water, driving our reduction efforts with the spotlight on high-risk, water-stressed areas and by investing in innovations to use less water.

PREPARING FOR MANDATORY REPORTING

We will continue to prepare for both mandatory and voluntary sustainability-related disclosures. This includes upcoming sustainability-related legislation, including the European CSRD, which defines the overarching framework for sustainability reporting, and the European Sustainability Reporting Standards (ESRS) which provides detailed reporting standards to support CSRD compliance, as well as the California climate disclosure laws and the SEC climate disclosure rules.

As we navigate the dynamic regulatory landscape, we will focus on accurate reporting and control of environmental impacts and emission reductions, developing new policies, and completing a new double materiality assessment.

We are investing in robust data systems as part of our preparations, including implementing both a materials traceability software system and a sustainability performance and risk management software system.

These systems were implemented in 2023, and we continue to roll them out with our vendors and suppliers in 2024.



"At Kontoor, everyone is accountable for sustainability. Through smart investments and extraordinarily smart teams, we successfully manage the dynamic process and continually improve."

JEFF FRYE,
VP, SUSTAINABILITY, INNOVATION,
PRODUCT DEVELOPMENT
& PROCUREMENT
DHRUV AGARWAL,
VP, SUSTAINABILITY, INNOVATION
& DEVELOPMENT



THANK YOU FOR READING.

We are proud of the progress we have made in our journey of continual improvement for people, for our product, and for the planet, enabling shared prosperity for all.

As we work to challenge ourselves to align our targets with science, source more preferred materials, and advocate for a more equitable society, we look forward to taking our stakeholders, including investors, consumers, and customers, along this dynamic process with us.

Visit kontoorbrands.com/sustainability for more information.

FORWARD-LOOKING STATEMENT

We have made statements in this report that are forward-looking statements (a term as defined in the Private Securities Litigation Reform Act of 1995). All statements, other than statements of historical fact, that address activities, events or developments that we intend, expect, project, believe or anticipate will or may occur in the future are forward-looking statements. In some cases, you can identify these statements by forward-looking words such as "may," "might," "will," "should,"

"expects," "plans," "anticipates," "believes," "estimates," "predicts," "goal," "target," "mission," "strategy," "potential" or "continue," the negative of these terms and other comparable terminology. These forward-looking statements, which are subject to risks, uncertainties and assumptions about us, may include projections, forecasts or assumptions of our sustainability commitments, objectives, targets and plans, as well as our progress towards those goals, responsible sourcing of materials and the related responsible sourcing systems and data and the anticipated trends in our business including the ability for us and the industry to achieve circularity.

These statements are only predictions based on our current expectations and projections about future events. There are important factors that could cause our actual results, level of activity, performance or achievements to differ materially from the results, level of activity, performance or achievements expressed or implied by the forward-looking statements, including: assumptions not being realized; evolving government regulations; our expansion into new products, services, technologies and geographic regions; scientific

or technological developments; evolving sustainability strategies; economic, competitive, technological and public health factors affecting our operations, markets, products, services and prices; or other changes in circumstances; as well as those risks that are summarized in Item 1A. of Kontoor Brand Inc.'s Annual Report on Form 10-K for the year ended December 30, 2023.

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

- (i) these statements are neither a prediction nor a guarantee of future events or circumstances and
- (ii) the assumptions, beliefs, expectations and projections about future events may differ materially from actual results.

We undertake no obligation to update any forward-looking statement contained in this report as a result of new information or future events or developments.

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

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

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400 North Elm Street
Greensboro, NC 27401

For additional information, visit
kontoorbrands.com/sustainability

