TCFD REPORT 2023

KONTOOR Wrangler Lee

ABOUT THIS REPORT

Welcome to Kontoor Brands' second Task Force on Climate-related Financial Disclosures (TCFD) Report.

The TCFD framework focuses on transparent disclosures around climate-related risks and opportunities, to help create comparability across companies for all stakeholders.

We have designed our report around the 11 disclosures recommended by TCFD in the following four areas:

GOVERNANCE
Read more p4

RISK MANAGEMENT
Read more p13

STRATEGY
Read more p6

METRICS AND TARGETS
Read more p15

This report supplements the contents of our Sustainability Progress Report 2023, which sets out our commitments and progress towards the continuous improvement of our sustainability practices.

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

Consolidated Performance Databook 2023

Sustainability Progress Report 2023


Annual Report 2023

SASB Index 2023

OUR TCFD DISCLOSURES

This table specifies where you can find relevant discussion and information for each of the TCFD recommended disclosures across our reporting ecosystem.

TOPIC	DISCLOSURE FOCUS AREA	PAGE
Governance	a) Describe the Board's oversight of climate-related risks and opportunities.	4
	b) Describe management's role in assessing and managing climate-related risks and opportunities.	5
Strategy	a) Describe the climate-related risks and opportunities the organization has identified over the short, medium and long term.	6
	b) Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy and financial planning.	7
	c) Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	7
Risk management	a) Describe the organization's processes for identifying and assessing climate-related risks.	13
	b) Describe the organization's processes for managing climate-related risks.	14
	c) Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organization's overall risk management.	14
Metrics and targets	a) Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.	15
	b) Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.	18
	c) Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.	15

GOVERNANCE

OUR GOVERNANCE STRUCTURE

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

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

The **Sustainability Governance Council** provides cross-functional decision-making related to sustainability topics, ensures alignment of sustainability strategy with business objectives and oversees progress against sustainability commitments.

The Council approves all materials recommended to the Executive Leadership Team and the Board of Directors.

The **Enterprise Risk Management (ERM) Risk Assessment Process** identifies, evaluates and manages risk topics, including sustainability and climate risk, in alignment with Kontoor's business priorities.

HOW WE MANAGE CLIMATE RELATED RISKS AND OPPORTUNITIES

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

At the operational level, sustainability strategy implementation is led by the Sustainability team, which is part of the Sustainability, Innovation, Global Product Development and Global Procurement team. By reporting into the Product function, the Sustainability team is integrated with the development of Kontoor products, which drives the integration of sustainability objectives into the design and development process.

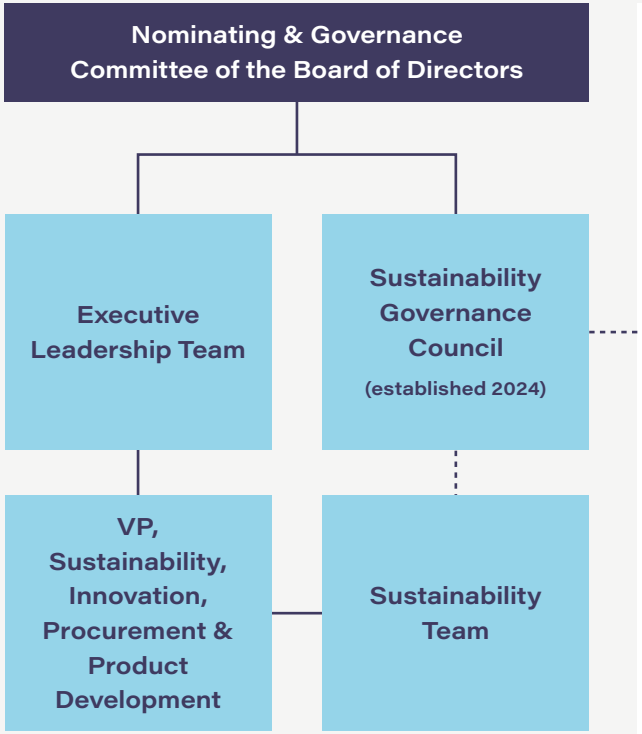
In addition to the above-mentioned teams, the Sustainability team works closely with the Executive Leadership Team and the Sustainability Governance Council and Ambassadors, who represent teams including Audit & Risk, Brand, Design, Finance & Accounting, Human Resources, Information Technology, Internal Manufacturing, Legal & Compliance, Logistics, Merchandising, Marketing, Procurement, Product Development, Sales, and Sourcing.

The Sustainability team also engages with external experts and partners to examine global and regional development of climate-related issues and discuss approaches and progress toward Kontoor's science-based targets and other global goals.

Climate-related issues are monitored through many corporate initiatives managed by our Sustainability team, including our Global Design Standards, our Indigood™ program and our reporting and disclosure processes. The Global Design Standards focus on materials procurement, saving water in fabric development, and assessing the environmental and social impacts of the finishing process. Through these Standards, Kontoor aims to tackle the largest value chain factors to lower GHG emissions and reduce water and chemical use while advancing worker well-being.

GOVERNANCE DIAGRAM

Integrated throughout all levels of the Kontoor Brands organization, sustainability is an enterprise-wide commitment. The Sustainability team supports the Executive Leadership Team and Sustainability Governance Council in the successful execution of our climate strategy.



Council & Ambassadors:

- Audit & Risk
- Brand
- Design
- Finance & Accounting
- Human Resources
- Information Technology
- Internal Manufacturing
- Legal & Compliance
- Logistics
- Merchandising
- Marketing
- Procurement
- Product Development
- Sales
- Sourcing

CLIMATE-RELATED EXPERTISE

Relevant members of the Nominating and Governance Committee of the Board of Directors, the Executive Leadership Team and the Sustainability Governance Council are committed to completing the course "ESG for Directors and Executive Leaders" from the Corporate Governance Institute. The course equips business leaders with an in-depth understanding of sustainability factors and their impact on corporate strategy, compliance, and risk management. It focuses on training leaders to effectively integrate environmental, social, and governance considerations into decision-making.

The diverse background of the Sustainability team includes advanced degrees in sustainability, textiles and apparel combined with decades of industry experience. We have found this balance aids in the advancement of sustainability while ensuring we meet the needs of Kontoor's business.

The Sustainability team participates in the ERM process and helps to assess sustainability risks including those related to climate.

To ensure the Nominating and Governance Committe of the Board of Directors and the Executive Leadership Team are up to date on sustainability matters relevant to Kontoor, the Sustainability team provides quarterly updates on progress which include:

- General progress against sustainability goals and projects and 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

Members of the Sustainability team provide training on climate-related and other sustainability-related fundamentals to Kontoor Brands' employees, including members of the Nominating and Governance Committee of the Board of Directors and the Executive Leadership Team.

STRATEGY

CLIMATE-RELATED RISKS AND OPPORTUNITIES

In 2023, we worked with a third-party consulting firm to conduct our first qualitative physical and transition climate risk assessment for key geographic regions and locations, representing all of Kontoor's internal operations, including manufacturing, distribution, corporate, and retail, and global sourcing partners.

A total of 310 locations from our supply chain were in scope for this analysis including our manufacturing facilities, distribution centers (owned and leased), corporate offices (owned and leased) and sourcing partners, including Tier 1 garment manufacturing, which may have multiple facilities, and Tier 2 fabric mills.

We examined the potential impact of flooding from precipitation events, hurricane/cyclonic events, heat waves, extreme temperatures, extended drought and water stress in each location. Climate scenarios, climate narratives and time horizons were defined, and a current state qualitative directional financial impact analysis was performed. The process also involved internal stakeholder interviews, a peer review and review of industry benchmarking to select potential risks and opportunities for review.

We evaluate climate-related risks as short term (one to two years up to 2025), medium term (three to 12 years up to 2035) and long term (12 to 27 years up to 2050).

The Sustainability team works with relevant internal teams to determine which transition climate risks and opportunities could have a financial impact. Kontoor aims to revisit the climate assessment annually.

RISKS AND OPPORTUNITIES TABLE

TYPE	SHORT TERM UP TO 2025	MEDIUM TERM UP TO 2035	LONG TERM UP TO 2050	QUALITATIVE INDICATION OF FINANCIAL COST	RESPONSES TO RISK
Physical risks	Acute physical risks such as flood and tornadoes and their impact on raw materials, facilities and employees	Chronic physical risks including temperature and precipitation changes, water stress and their impact on raw materials, equipment and infrastructure		Many of the factories, mills, and laundry facilities that produce products for Kontoor Brands are located in high water stress areas, such as Bangladesh, China, India, and Mexico, and are vulnerable to climate change phenomena, including drought, floods, heavy precipitation, tropical cyclones, sea level rise, and extreme heat. Due to these conditions, we are exposed to supply chain disruptions, resulting in higher transportation and logistics costs. Severe weather events, such as snowstorms or hurricanes, typically lead to temporarily reduced retail traffic, decreased business productivity, limited site accessibility, and increased workforce absenteeism. Consequently, these disruptions may result in increased capital expenditures and insurance premiums due to damage, loss, or degradation of facilities. Furthermore, there may be reduced revenues and higher operating costs arising from negative impacts on the workforce, such as health and safety issues and absenteeism. Additionally, there could be increased write-offs and early retirement of existing assets due to damage to property and assets, all of which may contribute to significant financial impact.	Kontoor Brands has a water strategy that supports our internal facilities and supply chain partners in their adoption of water-efficient processes and technologies. At Kontoor, we strive to ensure a balanced global sourcing strategy, which includes owned and operated manufacturing sites and global sourcing partners. Our approach to and management of the complexities of a global supply chain is informed by 125+ years of designing, manufacturing, sourcing, and distributing products.

TYPE	SHORT TERM UP TO 2025	MEDIUM TERM UP TO 2035	LONG TERM UP TO 2050	QUALITATIVE INDICATION OF FINANCIAL COST	RESPONSES TO RISK
Transition risks	Policy and legal: emerging regulations; reporting requirements	Policy and legal: additional regulatory and reporting obligations; exposure to litigation; GHG pricing; regulation of products and services		There are significant costs associated with compliance to policies directly or indirectly related to climate in jurisdictions where Kontoor and our value chain partners operate. Policy actions aimed at reducing Kontoor's emissions to limit additional climate change, as well as those promoting adaptation to current and future climate change effects, impose financial burdens. Example policies include carbon-pricing mechanisms, completion of building energy audits, preparation of product material composition analyses, and disclosure of climate-related information in public reporting. Emerging policies, such as the SEC climate disclosure rules and the EU's CSRD, could further increase Kontoor's regulatory compliance costs. These policies may lead to reduced revenue due to potential expansions of or new carbon pricing mechanisms. Additionally, production costs could rise if a retail customer requires that apparel sold by Kontoor meets certain environmental standards (e.g., product composition) to comply with their regulatory requirements. Increased operating costs are also anticipated due to the heightened regulatory disclosure and compliance activities. These factors could collectively contribute to significant financial impacts on Kontoor.	Kontoor collaborates with customers, external policy experts, our internal experts, non-profit organizations, supply chain partners, legal advisors and other stakeholders to monitor and comply with current and emerging regulations and legislation. In 2024, we are working with an external consultant to complete a CSRD-gap analysis to see how our sustainability reporting may need to be modified.
	Reputation: shifts in consumer preferences; increased stakeholder concern; impact on consumer trust			Our brand and reputation could suffer substantial damage if our sustainability efforts do not meet stakeholder expectations. This includes falling short of stakeholder expectations when it comes to our sustainability targets and commitments, actions undertaken to achieve targets and relevant sustainability disclosure. This may result in reduced brand loyalty as consumer preferences shift, potentially leading to a loss of revenue.	Kontoor has set targets to reduce our emissions. Our Science Based Target initiative-approved climate goals are to reduce absolute GHG emissions by 46.2% by 2030 (baseline 2019). Kontoor aims to be a more circular business which means sourcing more recycled fibers, building more durable products, and closing the loop through resale platforms, such as Wrangler Reborn and Lee Archives. Our strategies allow us to build trust in our brands and provide lower environmental impact products. We strive to clearly and transparently communicate our impacts, targets, actions, and progress, which can increase customer loyalty. Kontoor is committed to regularly undertaking materiality assessments to ensure we are addressing relevant topics which have the most impact.

TYPE	SHORT TERM UP TO 2025	MEDIUM TERM UP TO 2035	LONG TERM UP TO 2050	QUALITATIVE INDICATION OF FINANCIAL COST	RESPONSES TO RISK
Transition risks (continued)	Market: increased costs of materials	Market: consumer behavior change; market uncertainties; increased costs and/or scarcity of raw materials[1]		As a core component of Kontoor's business, denim production relies heavily on the availability of cotton and water (e.g., in laundries, mills, and farms), and the manufacturing process is both electricity- and fuel-intensive. Changes in the cost and availability of raw materials (such as cotton) and other primary production inputs (e.g., water and energy) represent significant market-related transition risks, largely driven by the physical impacts of climate change. For instance, worsening future impacts of climate change could challenge the growth and yields of cotton, while drought conditions may affect water availability. This could lead to increased production costs due to higher prices of inputs such as cotton, denim textiles, energy, and water. Furthermore, there could be additional costs related to output requirements, such as waste treatment. The scarcity of inputs and potential production cutbacks may also result in decreased revenue and sales. Supply chain disruptions, such as delayed shipping routes and inaccessible distribution centers, along with increased operational costs and price volatility due to abrupt and unexpected shifts in energy and resource prices, may further contribute to the financial risks.	Kontoor's Global Sourcing and Procurement teams ensure we have the ability to handle the short-term risks related to price fluctuations. Kontoor's Preferred Materials strategy works to source more sustainable materials, while driving the adoption of processes and technologies to scale the availability of sustainable materials globally. See page 17 of our 2023 Sustainability Progress Report. Our goal is to source 100% Preferred Cotton by 2025 and Preferred Synthetics by 2030.
	Technology: costs to transition to technologies with lower impacts on energy and carbon			Achievement of certain of our sustainability goals will necessitate the deployment of lower emissions technologies, higher-efficiency manufacturing processes, and the sourcing of alternative materials. Some investments in these improvements may be unsuccessful, and even when successful, these investments may add to Kontoor's existing capital costs. This could lead to significant financial implications, including increased research and development expenditures in garment selection for circularity during product design. Furthermore, there could be increased capital investments in owned manufacturing to utilize more renewable energy, reduce water consumption, and enhance the sustainability of packaging materials. Additionally, operational costs are expected to rise as employees and facilities adopt new practices and processes, such as zero waste distribution centers, take-back programs, and textile recycling infrastructure. These cost factors collectively may contribute to the overall financial impact associated with achieving Kontoor's sustainability goals.	Kontoor has set targets to reduce GHG emissions (see 'Metrics and targets' on page 16) throughout our value chain and has programs in place to increase energy efficiency. Our climate action strategy includes entering Power Purchase Agreements and investing in new renewable energy to increase the availability of renewable energy.

[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.

TYPE	SHORT TERM UP TO 2025	MEDIUM TERM UP TO 2035	LONG TERM UP TO 2050	QUALITATIVE INDICATION OF FINANCIAL COST	RESPONSES TO OPPORTUNITY
Opportunities	Resource efficiency: improved water stewardship in production and manufacturing processes			Increasing water efficiency and reuse in our production and manufacturing processes can unlock significant opportunities for Kontoor. Technological advances in water efficiency and reuse could prove incrementally beneficial for Kontoor, particularly during chronic or acute water stress or drought conditions at owned and sourced manufacturing facilities. Our focus on water efficiency may lead to increased production capacity at mills and manufacturing sites that might otherwise be limited or temporarily disrupted by constrained freshwater supplies. Additionally, there could be reduced production costs at mills and manufacturing sites due to the purchase of less freshwater because of these efficiencies and reuse initiatives. Furthermore, increased capital availability from investors incorporating environmental, social and governance considerations in their investment decisions represents another opportunity for Kontoor.	Kontoor has already made notable strides in value chain water efficiency and may continue to advance these efforts to meet its publicly stated water stewardship ambitions.
	Products and services: expansion of lower-emission materials and development of circular products			Our proactive approach presents several opportunities: increased revenue from new and existing retail customers who are seeking lower-emission product offerings, potential reduction in product costs through the use of more efficient processes (e.g., leading yarn-spinning technologies), and a strategic positioning that capitalizes on the growing demand for sustainable products. While there may be an increase in production costs due to potential rises in the cost of raw materials, the overall opportunity for revenue growth and cost efficiency positions Kontoor advantageously in the market.	Kontoor has already made significant progress in product circularity and supply chain emissions reductions and is poised to continue these efforts to meet its science-based targets. By innovating and scaling materials such as sustainable cotton and synthetics, plant-based materials, and recycled fabric, Kontoor aims to further lower its supply chain emissions.
	Energy source: expanded use of lower-emission sources of energy to help achieve energy and carbon reduction goals			As the world transitions to a lower-carbon economy and the volatility of fossil fuel prices increases, Kontoor stands to benefit significantly by incorporating renewable energy sources, such as solar and wind, into its energy usage, along with lower-emission products like LED lighting in its facilities and manufacturing and distribution processes. Given the energy-intensive nature of Kontoor's denim production and manufacturing operations, these efficiencies can substantially reduce energy-related operational costs. This strategic shift presents several promising opportunities: reduced operating costs from the use of LED lighting and renewable energy and heightened investment or capital availability from investors who prioritize companies committed to lower emission production. These opportunities not only bolster Kontoor's market position but also align with broader sustainability trends, reinforcing its competitive advantage.	In December 2023, 10% of our total purchased electricity came from renewable sources. As a part of our work towards our science-based target for GHG emissions, we are working to use only electricity from renewable sources, convert any natural gas use to solar, and update lighting to LED.

PRIORITY CLIMATE-RELATED RISKS AND OPPORTUNITIES

PRIORITY CLIMATE RISKS

Acute physical risks: Kontoor operations and supply chain are exposed to acute physical hazards including droughts, floods, extreme heat, tropical hurricanes/cyclones and tornadoes, which may result in the direct damage, loss or degradation of Kontoor facilities, including retail locations, distribution centers and manufacturing facilities. Acute physical risks may impact denim production and affect the continuity or accessibility of shipping routes. Floods and drought conditions may indirectly impact the supply of cotton and lead to price volatility.

Chronic physical risks: Chronic temperature, precipitation and water-stress could impact Kontoor's business operations and supply chain. Changes in chronic temperature may require additional ventilation, insulation and equipment maintenance while changes in chronic precipitation could damage transportation infrastructure (roads) and disrupt supply chains.

Water-stress may affect cotton availability and quality, result in decreased water allowances in manufacturing locations (such as Mexico), and drive competition or community opposition from users that share water resources with Kontoor.

Raw material cost and availability: Denim production depends heavily on cotton and water availability (e.g., in laundries, mills, farms), and manufacturing is energy intensive. Although we do not directly purchase cotton, changes to the cost and availability of raw materials like cotton and other primary inputs to production (e.g., water and energy) are relevant market-related transition risks driven largely by changes in physical climate change.

Regulatory compliance: There are costs associated with compliance with laws, rules, regulations, and ordinances that are directly or indirectly related to climate in jurisdictions where Kontoor and its value chain partners operate. Policy actions may be aimed at reducing Kontoor's emissions or promoting adaptation to climate change impacts.

PRIORITY CLIMATE OPPORTUNITIES

Water stewardship: There may be further opportunities to increase water efficiencies and reuse it in production, manufacturing and distribution processes beyond our publicly stated water stewardship ambitions. Technological advances in water efficiency and reuse may be incrementally beneficial in the event of chronic or acute water stress or drought conditions, particularly at Kontoor's owned manufacturing facilities.

Lowering supply chain emissions: Developing lower-emission products will help decrease our overall carbon footprint, potentially resulting in reduced production costs and additional opportunities for new products. Improvements in product circularity and supply chain emissions reductions may help us meet our science-based emissions target, and innovations and scaling of materials, such as regenerative cotton, will lower our supply chain emissions.

Lower-emission energy: As the world transitions to a lower-carbon economy and the volatility of fossil fuel prices increases, incorporating renewables (such as solar and wind) for energy usage and lower-emission technologies for energy (e.g., LED lighting) in facilities and manufacturing and distribution processes may lower Kontoor's emissions and energy-related operational costs

Climate-related issues: The following issues may have major impacts on Kontoor's business strategy and financial planning:

- *Business Models*: Reducing Kontoor's GHG emissions and the global carbon crisis may require updates to our current business model, including where we source our products as well as the scaling of circular business models.
- *Customers/Sales*: Our customers' current and future expectations may impact how Kontoor manufactures our products.

- *Innovation*: The climate crisis and our subsequent targets to reduce emissions require companies like Kontoor to focus on innovation, including exploring alternative raw materials, regenerative agriculture, new types of apparel products, and energy-efficient apparel manufacturing technologies and processes.
- *Sourcing*: Raw materials choices and manufacturing locations may be affected by the physical and regulatory risks of climate change.

OUR SCIENCE-BASED TARGETS AND TRANSITION PLANNING

Kontoor has established science-based targets for our emissions: a 46.2% reduction in absolute Scope 1, 2 and 3 emissions by 2030. Our Scope 3 target covers purchased goods and services, fuel and energy activities, and upstream transportation and distribution. We have created a roadmap to guide us in achieving this goal. As part of this, we recognize the importance of supporting suppliers in their own reduction efforts, and we are developing guidance documents to engage them.

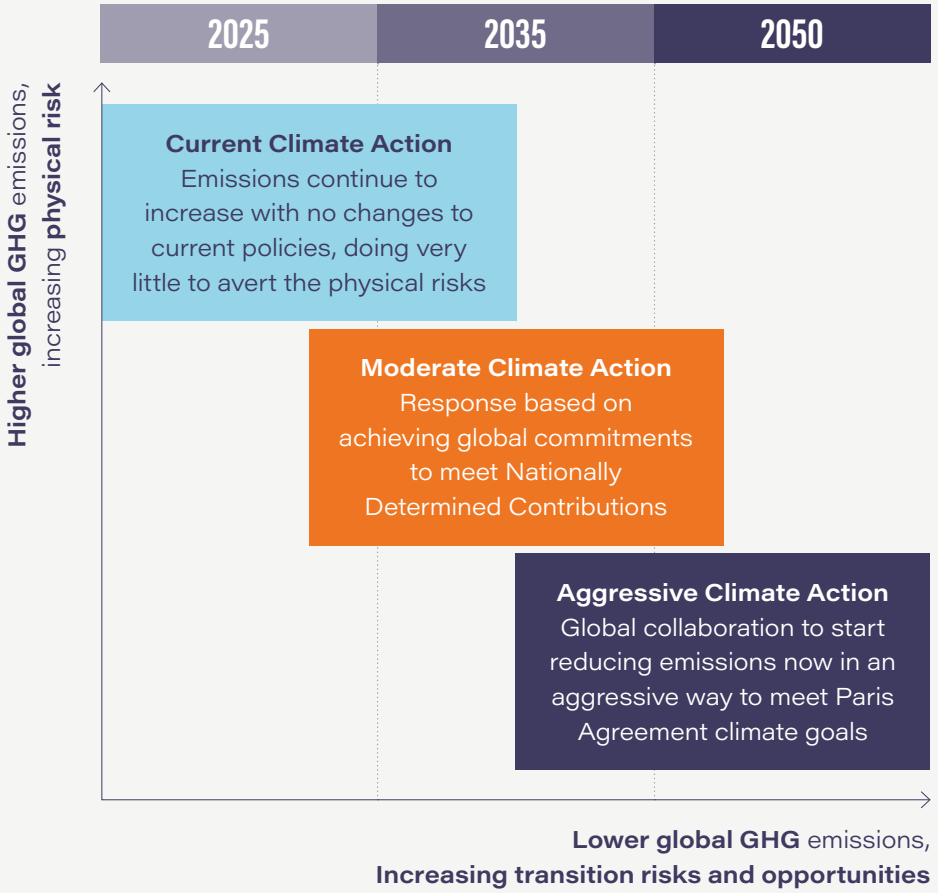
Achieving our goals will be challenging as energy markets vary around the world. We must continually adapt to changing markets, regulations and the availability of green energy.

In 2023, Kontoor launched our Ambassador program to help meet our sustainability goals, including to help our transition to a lower-carbon economy. With representation across our business, the Ambassadors work together on specific actions to reach our targets, including:

- Renewable Energy
- Improved Equipment
- Logistics
- Materials
- Process Improvements
- Influencing Suppliers
- Circularity

CLIMATE SCENARIOS AND STRATEGY RESILIENCE

Our time horizons and climate scenarios align with the recommendations of TCFD and the Paris Agreement, while highlighting a range of plausible climate futures that could impact our business.



Learn more about the Paris Agreement.

RISK MANAGEMENT

HOW WE IDENTIFY AND ASSESS CLIMATE-RELATED RISK

We identify, assess and determine climate-related risks through enterprise-wide risk assessments and periodic specific analysis in direct operations and across the supply chain. These include our materiality assessment, supply chain risk assessments and reviews of supplier data collected through the Sustainable Apparel Coalition's Higg Facility Environmental Module (FEM).

Kontoor's Enterprise Risk Management (ERM) process assesses risk to the business. This incorporates sustainability risks, including climate-related risks. The ERM process is reviewed quarterly by the Executive Leadership Team and the Audit Committee of the Board of Directors.

The ERM process helps to identify risks and exposures and assesses management's risk mitigation strategy. We consider all substantive and strategic impacts on the business according to the risk's expected impact and likelihood of occurrence.

The process used to determine which risks and opportunities could have a substantive financial or strategic impact on the organization is informed by our ERM process. Every year, Kontoor undergoes this process to identify and proactively address emerging risks to the business.

The ERM process surveys our top leaders annually to assess the potential impact, likelihood of occurrence and mitigation effectiveness of each risk and assigns a score accordingly. These risk scores allow Kontoor to determine the relative significance of each risk in relation to the other risks. The top identified risks are reported to the Audit Committee of the Board of Directors on a quarterly basis.

Climate-related matters are reviewed on a case-by-case basis by our Sustainability and Supply Chain teams, along with other internal and external stakeholders, to understand the level of importance and potential direct, upstream and downstream impacts.

This review enables us to understand potential climate-related impacts related to brand reputation, operational disruption, supply availability and cost, consumer awareness and regulatory activity. The findings are reviewed by the Executive Leadership Team and the Nominating and Governance Committee of the Board of Directors at least annually.

HOW WE MANAGE CLIMATE-RELATED RISKS

Climate risk assessment and management is an ongoing process; we are constantly learning, and the context regularly evolves as opportunities in the form of new technologies, innovations and knowledge arise to help inform and manage these risks. As a result, Kontoor's management of climate risks is a dynamic process of continual improvement.

Risk mitigation strategies are developed, incorporating both physical and transition risks:

- **Physical Risks**: We implement business continuity and disaster preparedness plans, fortifying critical infrastructure, and diversifying supply chains.
- **Transition Risks**: We focus on diversifying the product portfolio, embracing sustainable practices, and investing in low-carbon technologies.

Climate-related matters are evaluated on a case-by-case basis to determine whether they have a substantive financial or strategic impact on our business over the short, medium and long term.

Materiality determinations are made via a double materiality assessment process, which we carried out for the first time in 2022. This assessment aimed to identify areas specified by our stakeholders as critical from both an inward and outward impact standpoint. The most critical impacts identified through these assessments influence our sustainability goals and strategy.

We use third-party, science-based life cycle assessment (LCA) data to understand the potential environmental impacts of certain materials, including climate-related impacts. The outcomes of these assessments guide our selection of the materials used in Kontoor products to increase the use of Preferred Materials across our portfolio.

In many countries, governmental bodies are enacting new legislation and regulations to reduce or mitigate the potential impacts of climate change. We monitor developments in climate-related regulatory requirements, led by the Sustainability and Legal teams with support from external experts.

For example, in 2023, we engaged an external expert to conduct a workshop on the new EU Corporate Sustainability Reporting Directive (CSRD) for key internal stakeholders. The external expert also provides us with quarterly reports on the European sustainability regulation landscape tailored to Kontoor's interest and needs. In 2024, we are working with an external consultant to complete a CSRD-gap analysis to see how our sustainability reporting may need to be enhanced. Additionally, we will be undertaking a double materiality assessment in line with the requirements of CSRD.

METRICS AND TARGETS

METRICS

We track climate-related metrics including, but not limited to, direct and indirect GHG emissions, energy consumption, water usage, waste diversion, waste generation and our progress toward preferred raw materials for our products.

In addition to tracking our Scope 1, 2, and 3 emissions for our science-based targets, we also track and monitor metrics including: greenhouse gas intensity (per unit and per million dollars of revenue), total renewable electricity consumption at company owned, operated and leased facilities, and total freshwater consumption.

See our **Consolidated Performance Databook 2023** for more information

We are committed to growing our business in a sustainable way. We track and monitor key metrics to ensure our programs and strategies are achieving their intended purpose. As we focus on context-based and science-based targets for all of our sustainability goals, we work to ensure we aren't just saving water or reducing emissions, but that our work is aligned with science and the specific context with which we operate.

For example, increasing water efficiency can help monitor water stewardship, conserve water resources, and achieve our water goals. A water consumption metric, namely the water use intensity indicator, helps our teams track our progress per unit, as number of units produced annually may fluctuate.

GOALS

We have set sustainability goals across worker well-being, chemistry, preferred materials, reducing emissions and water use, and are making significant progress toward those goals.

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
Materials[1] 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.
Materials[1] 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℠ 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℠ 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 & 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.

OUR CARBON FOOTPRINT

HOW WE CALCULATE OUR COMPANY CARBON FOOTPRINT

Kontoor uses the Greenhouse Gas (GHG) Protocol as a basis for our corporate footprint. The categories proposed by the GHG Protocol provide a wide scope to account for emissions along the value chain.

The scope is divided into three parts: Scope 1 (direct emissions); Scope 2 (indirect emissions from purchased electricity); Scope 3 (all other indirect emissions). Our carbon footprint covers all Scope 3 categories pertinent to Kontoor Brands' operations. Ecoinvent 3.8, DEFRA 2021, IEA 2021, Green-e 2021, USEPA e-grid, and WALDB 3.5 emission factors were used to determine emissions from data provided.

OUR CARBON FOOTPRINT

In 2019, our base year, Kontoor had 15,100 employees and produced 164 million apparel units, with a total carbon footprint of 1,348 $ktCO_2e$[4] (excluding the use of sold products). This represents .089 $ktCO_2e$ per employee and $8.2x10^{-6}$ $ktCO_2e$ per apparel unit.

In 2022, Kontoor had 14,400 employees and produced 175 million apparel units, with a total carbon footprint of 1,488 $ktCO_2e$ (excluding the use of sold products). This represents 0.10 $ktCO_2e$ per employee and $8.5x10^{-6}$ $ktCO_2e$ per apparel unit.

KONTOOR'S SCIENCE-BASED TARGETS

We have set and received approval from the Science Based Targets initiative (SBTi) of our science-based targets for GHG emissions which we intend to meet by 2030, from a 2019 baseline year:

Reduce absolute Scope 1, 2 and 3 GHG emissions by 46.2% by 2030 from the 2019 base year. Our Scope 3 target covers purchased goods and services, fuel and energy related activities, and upstream transportation and distribution.

In 2022, we defined an emissions reduction action list to drive GHG emissions to meet our 46.2% emissions reduction target by 2030. To meet our SBT, we intend to:

1. Renewable Energy: Use only electricity from renewable sources and convert natural gas to solar thermal.
2. Improved Equipment: Convert the lighting in our manufacturing facilities to LED lighting and improve our conveyor technology.
3. Logistics: Convert interplant truck transport to biodiesel and increase our use of rail shipments.
4. Materials: Source 100% materials from our Preferred Materials List.
5. Process Improvements: Increase the use of slasher-dyed denim, open-end spinning, cluster manufacturing, and ozone garment finishing in our supply chain.
6. Influencing Suppliers: Help convert our Tier 1 and Tier 2 suppliers to renewable energy and have at least half of our Tier 1 and Tier 2 suppliers committed to a science-based target.
7. Circularity: Increase circularity initiatives, including garment and fiber recycling and resale.

At this time, we do not have plans to announce interim targets, but will continue to evaluate our public goals and strategy.

[4] CO_2e or carbon dioxide equivalent is a metric measure used to compare the emissions from various greenhouse gases on the basis of their global-warming potential, by converting amounts of other gases to the equivalent amount of carbon dioxide with the same global warming potential.