

# Kontoor Canada Co. – 2023 Report on Fighting Against Forced Labour and Child Labour in Supply Chains Act

## 1. Statement of Commitment

Kontoor Canada Co. (referred to herein as "Kontoor", "we", "us" or "our"), is committed to responsible sourcing and understands the importance of ensuring that forced and child labour is absent from our supply chain. This report outlines our policies, comprehensive approaches, and proactive measures taken to prevent and reduce the risk of forced or child labour and to enforce compliance with international standards and regulations, including the Canadian *Fighting Against Forced Labour and Child Labour in Supply Chains Act*. Kontoor operates and reports using a 52/53-week fiscal year ending on the Saturday closest to December 31 of each year. For the reporting purposes presented herein, all references pertain to the period from 1 January 2023 to 30 December 2023.

## 2. Structure, Activities, and Supply Chain

Kontoor Canada Co. is a corporation organized under the laws of Nova Scotia in Canada and is a subsidiary of Kontoor Brands, Inc., which is a publicly traded global lifestyle apparel company listed on the New York Stock Exchange in the United States. Kontoor's portfolio includes the Lee®, Wrangler®, and Rock & Republic® brands. We import finished apparel products into Canada and distribute and sell such products to customers in Canada.

Kontoor works with numerous factories and suppliers across the globe in the sourcing of its materials and products. We collaborate with those factories and suppliers to ensure the quality and integrity of our products. We are dedicated to sourcing materials and products from partners who uphold our values of human rights, ethics, and environmental responsibility. All factories, including those owned and operated by Kontoor and third-party sub-contractor factories, must meet our policies and standards, which we publicly disclose along with our supplier list.

## 3. Policies and Standards in Relation to Forced and Child Labour

Kontoor has established robust policies and due diligence processes specifically designed to prevent forced and child labour, which are communicated to all Kontoor contractors, agents, and suppliers ("Kontoor Authorized Facilities"). These policies outline Kontoor's prohibition of any form of forced or child labour within its facilities or supply chain.

### 3.1 Terms of Engagement and Global Compliance Principles

Our Global Compliance Principles contain sixteen baseline requirements that must be met to do business with us; however, we strongly encourage all Kontoor Authorized Facilities to exceed these principles. In terms of child and forced labour, our Global Compliance Principles are clear:

**Principle 2 - NO CHILD/JUVENILE LABOUR** - No person shall be employed at an age younger than 15 (or 14 where consistent with International Labour Organization guidelines) or younger than the age for completing compulsory education in the country of manufacture where such age is higher than 15. All Kontoor Authorized Facilities must observe all legal requirements<sup>1</sup> for work of associates under 18 years of age, particularly those pertaining to hours of work and working conditions.

**Principle 3 – NO FORCED LABOUR** - Kontoor Authorized Facilities will not use forced labor, whether indentured, bonded, prison, slave, trafficked or any other involuntary or compulsory labor. Kontoor is committed to carry out business mapping to identify parts of our supply chain most at risk of forced labor. We expect the same commitment from our suppliers.

### **3.2 Kontoor’s Code of Business Conduct**

Kontoor’s Code of Business Conduct (“Code of Conduct”) reflects our core value of treating all people with dignity and respect. We comply with the UN Guiding Principles, ILO standards, and OECD guidelines and we expect the same from our contractors, agents, and suppliers.

The Code of Conduct establishes standards, expectations and business conduct policies for everyone who conducts business on behalf of Kontoor, including associates and members of Kontoor’s Board of Directors, regardless of seniority or location. The Code of Conduct helps ensure we demonstrate leadership and strong values when interacting with each other, our customers, our business partners, and our communities. The Code of Conduct also reiterates Kontoor’s commitment to individual rights throughout our operations through our Responsible Sourcing Program, which prohibits both forced and child labour.

### **3.3 Policy on Cotton Fiber Sourcing**

This policy outlines requirements for all our cotton, from farming to mill, used in Kontoor products, including trim. The policy makes it clear that Kontoor will not knowingly engage in any business transaction or commercial relationship (direct or indirect) with any person, entity, country, or territory using forced labour.

### **3.4 Kontoor Facility Guidelines**

At Kontoor, the issue of where potential forced or child labour risks may lie in our operations and supply chain and how Kontoor assesses and manages those risks are addressed through our due diligence and audit processes based on our Facility Guidelines and relevant local laws. Before conducting business with Kontoor, each contracted factory must undergo a rigorous Factory Compliance Audit.

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<sup>1</sup> We adhere to Canadian laws with respect to services provided or offered to be provided by persons under the age of 18 years.

## **4. Due Diligence and Steps Taken to Prevent and Reduce the Risk of Forced and Child Labour**

Kontoor closely monitors the adherence to our policies and standards through established due diligence processes including, but not limited to, the following preventative steps:

### **4.1 Material Traceability and Supply Chain Mapping**

In 2023, we launched our material traceability solution (using a third-party vendor) to capture our supply chain network at the product level. Our ongoing collaboration with our vendor aims to fine-tune the system to identify and manage external supply chains. This helps in understanding the complexity of the supply chains and identifying potential risks of forced and child labour.

### **4.2 Training Provided on Forced Labour and Child Labour**

Kontoor facilitates training programs and capacity-building initiatives for suppliers and employees to raise awareness about forced labour and child labour, their risks, and ways to identify and address these issues effectively. In 2023, we conducted two training sessions covering forced labour, including UFLPA and CTPAT regulatory requirements for all facilities in our supply chain.

Kontoor employees receive annual assignments to complete online and/or facilitator-led training on our Code of Conduct. Our associates and management who directly interact with our suppliers also receive periodic updates on new policy and regulatory changes through internal and external training.

### **4.3 Social Compliance Audits**

During 2023, we conducted 686 social compliance audits to ensure adherence to our policies and standards. We use our own trained factory compliance auditors as well as independent third-party auditors to ensure compliance with our Terms of Engagement and Global Compliance Principles.

We evaluate potential contracted factories against our standards and require them to agree to our Terms of Engagement and Global Compliance Principles prior to entering our supply chain. This document provides clear guidance on Kontoor's expectations and addresses topics such as forced and child labour. It also prohibits contracted factories from engaging subcontractors to produce Kontoor products without the written permission of Kontoor.

Our on-site audit process includes scheduled and unannounced audits by our trained factory compliance auditors and independent third-party auditors. We inspect for evidence of health and safety concerns, wage and social compliance issues, forced labour, child labour, harassment-free workplace policies, and environmental issues. Regular audits, assessments, and monitoring mechanisms are in place to ensure compliance with these guidelines.

## 4.4 Risk Assessment and Management

Kontoor utilizes the results of its social compliance audits not only to ensure adherence to compliance standards, but also for implementing a comprehensive risk-based mapping and tracking system. By analyzing the findings and ratings from these audits, we are able to identify and prioritize areas of risk within our supply chain, enabling proactive risk mitigation strategies and targeted interventions where needed. The audit results serve as a crucial source of data for mapping out the risk landscape across different facilities and suppliers. The results of the social compliance audits are used to determine monitoring frequency, oversight mechanisms, intervention and remediation steps, corrective action plans, and/or facility termination.

## 5. Identifying Areas with a Risk of Forced and Child Labour

### 5.1 Forced labour

Despite having no direct presence in Mauritius, we have identified Mauritius as an area having a higher risk for forced labour involving recruitment fees for migrant workers

In 2023, Kontoor took steps to assess and manage this by supporting industry-wide initiatives, like those of the American Apparel & Footwear Association (AAFA), in partnership with the Mauritius Exporters Association (MEXA), to address and prevent forced labour. A testament to these efforts is MEXA's adoption of a new code of conduct, a significant step forward in the protection of foreign migrant workers' rights. The Government of the Republic of Mauritius is also fully supportive of these measures.

## 6. Remediation Measures for Loss of Income to Vulnerable Families

We have taken proactive measures to address the loss of income to vulnerable families, ensuring that their well-being is safeguarded during the transition away from forced and/or child labour practices.

To this effect, and in alignment with ILO Convention No. 138, Kontoor requires its suppliers to have in place both a child labour policy and an implementable child labour remediation policy and related procedures. A supplier's child labour remediation policy must address the loss of income to the affected families related to enforcement of the child labour policy. The remediation procedures include:

- Providing a minimum wage stipend to the child until the child reaches age 16 or the minimum legal working age, whichever is higher.
- Providing tuition and a uniform to attend school.
- Offering a job to the child once he/she reaches the age 16 or the minimum legal working age, whichever is higher.

- Providing health screening before departure and compensation for transportation and accommodation for a child's relatives to take the child back home or to a safe location while the child's safety is ensured.

At times, Kontoor also partners with local organizations and governments to provide helpful resources and support to children and family members involved in child labour issues. These resources may include counselling for the child and educational information on the negative effects of child labour to the family members.

## **7. Effectiveness Assessment in Preventing Forced and Child Labour**

Kontoor continuously assesses the effectiveness of its efforts to prevent and reduce the risks of forced and child labour in its supply chain. In 2023, we carried out initial onboarding audits for potential new suppliers. As a result of these onboarding audits, two potential suppliers were found to lack a policy and procedure for verifying the age limit in hiring and three other audits found evidence of recruitment fees being imposed on migrant workers by potential suppliers. As a result, all five potential suppliers were disqualified from becoming suppliers for Kontoor and thus did not enter Kontoor's supply chain. Through ongoing monitoring, evaluation, and feedback mechanisms, we measure the impact of our initiatives, and we identify areas for improvement. We also publish a yearly sustainability report, which includes information on our forced and child labour prevention measures.

### **7.1 Updates to Policies and Standards**

We regularly update our policies and standards to align with recent developments, best practices, and to continue to improve our practices to achieve maximum effectiveness.

### **7.2 Tracking Mechanism**

Tracking the performance and progress of each facility over time is another key aspect of Kontoor's risk-based approach to supply chain compliance. By monitoring the implementation of corrective action plans and evaluating the effectiveness of remediation efforts, we can track improvements in compliance. This tracking mechanism enables Kontoor to assess the impact of interventions, measure continuous improvement, and ensure sustained compliance with our standards by suppliers.

### **7.3 Grievance Mechanisms.**

We encourage workers to voice their concerns through various channels, including our Ethics Helpline and dedicated Kontoor email addresses. Kontoor's Ethics Helpline is available on its website and listed in the Global Compliance Principles, which is generally posted on each factories' notice boards. The Ethics Helpline is available 24/7/365 and in 19 languages. In addition, workers are encouraged to raise any issues with compliance auditors during workers' interviews, which take

place during social compliance audits. All reports are taken seriously, thoroughly investigated, and appropriately remediated.

**8. Conclusion**

Kontoor remains steadfast in our commitment to safeguarding workers' rights throughout our operations and beyond. Our dedication to ethical practices is unwavering, and it is reflected in our ongoing efforts to foster continuous improvement and engage in meaningful collaboration with our stakeholders. We will continue to set and maintain high ethical standards throughout our supply chain through effective and meaningful policies, proactive stakeholder engagement, and the pursuit of innovative strategies that champion the rights and well-being of workers.

**9. Attestation**

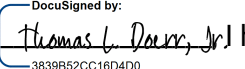
In accordance with the requirements of the Act, and in particular section 11 thereof, I attest that I have reviewed the information contained in the report for the entity listed above. Based on my knowledge, and having exercised reasonable diligence, I attest that the information in the report is true, accurate and complete in all material respects for the purposes of the Act for the 2023 reporting year.

Thomas L. Doerr, Jr.

Full name: \_\_\_\_\_

Title: EVP, General Counsel & Secretary

Date: May 31, 2024

Signature: \_\_\_\_\_  I have the authority to bind Kontoor Canada Co.