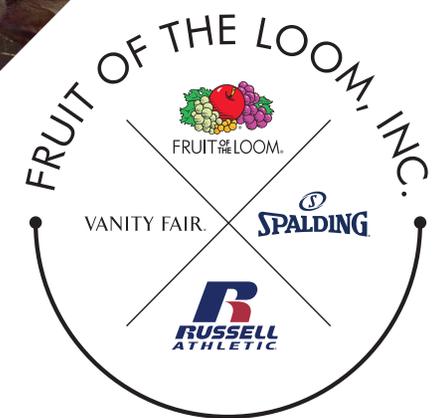
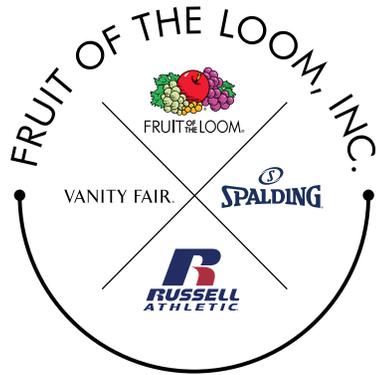


Sustainability Report

# Fruitful Futures

2020



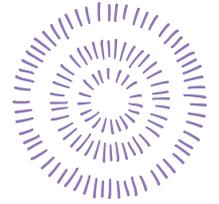


**Fruitful  
Futures**



# 2020 Sustainability Report

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# A Letter From Our CEO



Last year, we launched Fruitful Futures, our sustainability plan, along with our first sustainability report. I am pleased to share our 2020 report that documents our commitments across three key pillars – People-Centric, Planet-Conscious and Product Authenticity. Fruitful Futures has made our sustainability priorities clear across our global organization.

As we reflect on our journey and unprecedented challenges last year, we were reminded how connected we are to each other, our communities and our universe, along with the importance of building a better future for generations to come. We are excited to pursue the opportunities ahead across our environmental, social and governance platform to create long-term value to our employees, customers, consumers and business partners.

Our sustainability plan and initiatives align with the United Nations Sustainable Development Goals (SDGs). Throughout 2020, we continued to implement our initial approach and alignment with five key SDGs that make a positive difference in our Company globally. Notable accomplishments in 2020 include:

**Threads of Change** – We launched our global program for community giving, volunteering and in-kind product donations throughout the communities where we operate. We reacted quickly to natural disasters and community needs with over \$1.1M in product and monetary donations.

**Diversity & Inclusion (D&I)** – We made a commitment to develop transparent global D&I goals where our progress will be reported annually. We created a global, holistic D&I strategy that included benchmarking our workforce and identifying areas for improvement.

**Greenhouse Gas Emissions** – We made a commitment to the Science Based Targets initiative and our target was approved in this reporting cycle. 60% of our electricity was from renewable sources in 2020 which puts us well on our way to reaching our goal of 100% renewable electricity and halving our Scope 1 and 2 emissions by 2030.

These are just a few examples of how we apply our Fruitful Futures principles to the way we operate through our core values of integrity, respect for people and conducting business in an ethical and transparent manner. As you read the report, you will understand how proud and thankful I am for our global teams who worked together in 2020 to make progress toward our goals and commitments.

Melissa Burgess Taylor  
Chairman and CEO,  
Fruit of the Loom, Inc.

# Business Context

Fruit of the Loom, Inc. is a leading global company specializing in the design, manufacturing and marketing of products that bring comfort, performance and fun to everyday moments. Our family of brands has built trust, memories and lasting connections across generations.

We are headquartered in Bowling Green, Kentucky, and we have a global team of about 29,000 employees across 11 countries. Our products are sold in more than 89 countries. We make a majority of our products in our own facilities, from managing textile production to sewing and distribution.

This means we have more operational and financial control to improve our environmental and social impact. The majority of our production for North America is made in our facilities in Honduras and El Salvador. We also have production facilities in Australia, Haiti, Mexico, Morocco, Vietnam and the United States.

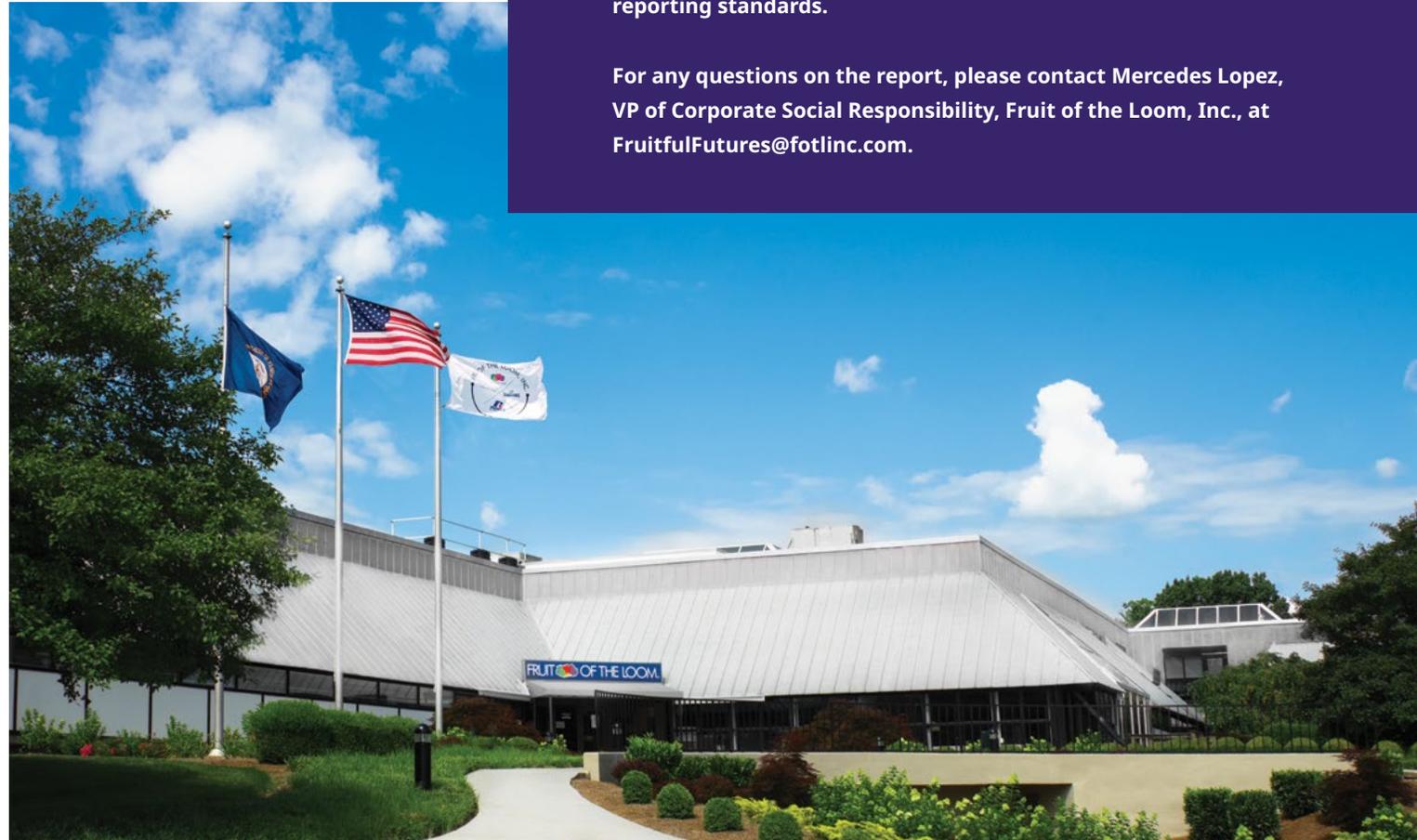
We also produce products using third-party manufacturers, and we license our brands for production and distribution by licensees. More information is available at [www.fotlinc.com](http://www.fotlinc.com).

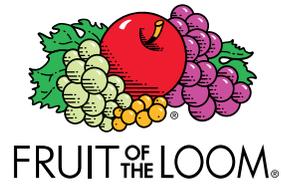
Fruit of the Loom, Inc. is a subsidiary of Berkshire Hathaway, Inc.

## ABOUT THIS REPORT

The 2020 Sustainability Report is an annual publication benchmarking the progress of our Corporate sustainability plan, Fruitful Futures. The report is prepared in accordance with the Global Reporting Initiative (GRI) Standards Core Option and covers our fiscal year 2020, from January 1 to December 31, 2020. The GRI standards are the most widely used sustainability reporting standards.

For any questions on the report, please contact Mercedes Lopez, VP of Corporate Social Responsibility, Fruit of the Loom, Inc., at [FruitfulFutures@fotlinc.com](mailto:FruitfulFutures@fotlinc.com).





JERZEES



VANITY FAIR®

**OUR VALUES**

- Respect for People
- Integrity
- Passion to Exceed Expectations
- The Will to Win, But Not at all Cost
- Teamwork
- Good Citizenship
- Make it Fun

**OUR PURPOSE**

To make great products accessible to enrich our consumers every day.

**OUR MISSION**

To create great quality products inspired by our consumers that enriches their every day. We will do this around the world by operating with integrity, respect for people and good citizenship in the communities we serve.

**OUR INTEGRATED SUPPLY CHAIN**



About 29,000 Employees Worldwide Across 11 Countries



16 Sewing and Packaging Facilities



2 Sporting Goods Manufacturing Sites



11 Distribution Centers



2 Textile Mills

We make the majority of the products we sell in our own facilities or through strategic, long-term relationships with third-party manufacturers. Here are the percentages of our products made in this fashion.

Tier 1: Sewing  
90% Own Operations

Tier 2: Textiles  
89% Own Operations

Tier 3: Yarn  
90% Strategic Long-Term Relationships

Tier 4: Raw Materials  
Strategic Relationship on Top Commodities



# 2020 Highlights



## 94%

of our cotton is sourced sustainably in the U.S.

## 35.3M

face coverings produced.



## 67%

of our employees and

## 44%

of managers are women.

## 55

energy efficiency projects across

## 12

of our facilities.



Zero waste in our own facilities for the

## 3rd year

in a row.

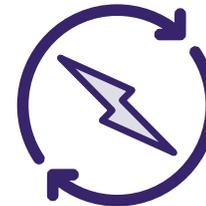
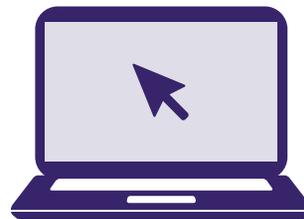


## 90%

of the products we sell are manufactured in our own facilities.

## 82%

online employee training engagement.



## 60%

renewable electricity in 2020.

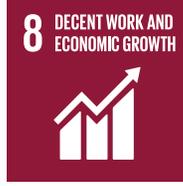
# Our Strategy

We launched Fruitful Futures, our sustainability plan, in 2020, sharing our initiatives, goals and commitments with global employees, our external partners, our customers and consumers. Our strategy was based on a materiality study completed in 2019 (See our [2019 Sustainability Report](#) to view our materiality matrix).

In 2020, we began communicating the detailed plan and commitments with more teams across the Company to help build awareness and understanding. We commenced the work by hosting a series of workshops with four of our key brands: Fruit of the Loom®, Russell Athletic®, Spalding® and Vanity Fair®. Team members from marketing, design, product innovation and communications came together to explore what the following initiatives and goals mean for each brand and their business. We continue to evaluate and work through the ideas, some of which will become future projects and programs.

## ALIGNING WITH GLOBAL GOALS

Our approach to sustainability aligns with the United Nations Sustainable Development Goals (“SDGs”). In 2020, we continued implementing our plan with five key SDGs.

	UN SDGs	Our Initiatives	Our Approach
	Achieve gender equality and empower all women and girls	<b>Inclusive Culture</b>	We built a global diversity and inclusion strategy to foster a culture of belonging for all employees. Our differences make us stronger, and we are committed to creating a workplace where everyone is treated with respect and empowered to contribute on an equal basis.
	Ensure availability and sustainable management of water and sanitation for all	<b>Saving Water</b>	We work to use less water in our processes and return water to better quality than we withdrew.
	Ensure access to affordable, reliable, sustainable and modern energy for all	<b>Renewable Energy</b>	We are increasing the use of renewable energy in our own supply chain and encouraging our suppliers to do the same.
	Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all	<b>Respectful Workplaces Fair Compensation Threads of Change</b>	We are committed to providing respectful workplaces and upholding human and labor rights. Our Threads of Change program helps give back to the communities in which we live and work.
	Ensure sustainable consumption and production patterns	<b>Reduce Greenhouse Gases Zero Waste Green Teams Ensuring Product Safety Transparency in Supply Chains Sustainable Sourcing</b>	We are constantly improving how we produce our products, from how we source our raw materials to how we deliver finished goods to the consumer.



# Sustainability Governance

Managing our sustainability plan and staying true to our goals takes teamwork. We have implemented the following governance groups:

## **Sustainability Steering Committee:**

Led by our CEO, the Sustainability Steering Committee oversees all of our goals. Additionally, the Committee considers sustainability risks and opportunities, and leads their incorporation into our long-range and annual planning processes. This Committee meets quarterly, with other meetings held as necessary to discuss further project updates or plans. It is comprised of our General Counsel, our Chief Human Resources Officer (CHRO) and our SVP of Manufacturing and Sourcing Operations and is led by our VP of Corporate Social Responsibility. Each project is managed through a scorecard which tracks progress toward goals on an annual basis.

## **Sustainability Working Group:**

The majority (89%) of our greenhouse gas footprint is in our supply chain. Our

SVP of Manufacturing and Sourcing Operations leads our work on many of our most critical goals through the management of a working group that meets every six weeks. The meetings are used to track progress toward our science-based target greenhouse gas emissions goals and to discuss operational challenges and opportunities. The group is comprised of two senior employees who report one level below the Sustainability Steering Committee: our VP of Corporate Social Responsibility, who reports to our General Counsel; and our Senior Director of Sustainability and Risk Management, who reports to our SVP of Manufacturing and Sourcing Operations.

Key Performance Indicators are set annually by Corporate and key business areas to include both financial- and sustainability-related goals. These Corporate goals are also translated to key business unit (Fruit of the Loom, Russell Athletic, Spalding and Vanity Fair) goals/ performance indicators.

## **MANAGING SUSTAINABILITY RISKS**

Our Sustainability Steering Committee considers sustainability risks and opportunities and leads their incorporation into our long-range and annual planning processes. Our business also identifies sustainability risk through our annual Enterprise Risk Assessments. Our Enterprise Risk Assessment is run by our Internal Audit Team and is based on a framework that identifies the top 10-12 risks across six areas: Business Performance, Corporate Reputation, Profitability, Brand Strength, Global Supply Chain, Customer Relationship and Employee Relationship Risks.

# Our Initiatives



## People-Centric

Enriching lives for people and communities

### Respectful Workplaces

- Human and Labor Rights — uphold human and labor rights through our Code of Conduct.
- No Child or Forced Labor — develop proactive interventions to prevent violations.
- Health, Safety and Well-being — provide safe working environments and health care.
- Freedom of Association — support workers' rights to collectively bargain.
- Learning and Development — training and initiatives to help our employees thrive.



### Inclusive Culture

- Develop a global Diversity and Inclusion strategy to ensure all feel they belong.



### Fair Compensation

- Benchmark our global operations by the end of 2021.



### Threads of Change

- Serving and investing in our communities.



## Planet-Conscious

Reducing the environmental impact of our operations

### Reduce Greenhouse Gases

- Commitment to a science-based target by 2030 based on a 2018 baseline.



### Saving Water

- 10% reduction in water intensity by 2030 based on 2018 baseline.



### Zero Waste

- Maintain zero waste in our own production facilities.
- Reduce packaging.
- Advance the circular economy through textile fiber recycling in own facilities.



### Green Teams

- Engage employees at all of our facilities to support our environmental goals.



## Product Authenticity

Sourcing sustainably from transparent supply chains

### Ensuring Product Safety

- 100% Oeko-Tex® certification for all global production made in our own facilities by 2025.



### Transparency in Supply Chains

- 100% of our global supply chain mapped to raw materials by 2025.



### Increase Sustainable Sourcing Across Our Key Materials

- 100% sustainable cotton by 2025.
- 30% recycled polyester by 2030.
- 30% recycled nylon by 2030.
- 100% recyclable paper packaging by 2022.
- Increase recycled content in packaging by 2025.
- Increase recycled plastic in basketball backboards.



# A Letter from Mercedes Lopez

## VP of Corporate Social Responsibility



**Mercedes Lopez**  
VP of Corporate Social Responsibility,  
Fruit of the Loom, Inc.

Mercedes leads our integration of sustainability plans and goals into global workstreams and creates a movement within the organization for employee engagement to drive change.

Last year, we were excited to launch Fruitful Futures, our sustainability plan and our first annual, global sustainability report, outlining the Company's achievements and commitments for the future. This moved us from a focus on responsibility to *sustainability* for our organization. We want to ensure the impact on our employees and consumers, the environment and our products is sustainable and right for the long-term interest of our business and industry.

We put a major emphasis on cross-departmental collaboration, working together to build on our shared mission. We brought together leaders from our brands and manufacturing to participate in roundtables, workshops and consumer research to turn our strategy into action.

We have embedded our plan into the Company by breaking down our long-term goals into annual targets by project. These targets are tracked quarterly and reviewed periodically with the Sustainability Steering Committee.

I am excited to continue to see the passionate collaboration within our teams and across multiple functional areas and I look forward to sharing our achievements and newest goals.



# Our COVID-19 Response

The apparel and sporting goods businesses were not immune to the pandemic in 2020. Retail and supply chains were severely affected. We temporarily paused production at our own manufacturing sites around the world — with some sites

closed for up to two months — and we experienced a decline in production which had a significant business impact. The results of this impact reverberate throughout this report.



Our immediate focus was to ensure the health and safety of our global employees and employees throughout our supply chain, through our Corporate Work Healthy | Stay Healthy program.

We developed and launched safety protocols that met the ever-changing national, state and local COVID-19 guidelines in each region.

We established programs and monitored the health of the workforce to support employees and protect workplace health.

We shared our COVID-19 safety protocols with our suppliers and continued to uphold our standards of human and labor rights in outsourced facilities through virtual assessments with suppliers.



Training was an essential component to keeping our employees safe and preventing the spread of the virus in our facilities. In addition to our Corporate Work Healthy | Stay Healthy task force, each facility created its own task force to facilitate COVID-19 training at the local level. The groups worked together to develop internal best practice solutions to educate our workforce and implement the Work Healthy | Stay Healthy programs across the globe:

Training was required for employees at various stages of the pandemic to raise awareness about the protocols and educate employees on safety guidelines to minimize positive cases in facilities.

Counseling and other resources were made available to support employees.

Remote work programs were established to support continued work and flexible schedules.



The Performance Management Process is one of our core HR programs and provides employees and managers the opportunity to have a dialogue about progress made towards goals and developmental opportunities.

In 2020, we canceled the midyear review cycle and modified the year-end review cycle. This flexibility ensured that employee performance would not be negatively evaluated as business priorities significantly shifted and employees made personal and professional adjustments to deal with the implications of the global pandemic.

# Our COVID-19 Response

We are proud of what our teams accomplished to achieve the results in this report, despite being faced with extremely challenging conditions. With the fresh perspective of lessons

learned over this reporting year, we look ahead through a new lens of optimism and opportunity to build on these experiences.



Our approach was to prioritize our efforts on business continuity plans that would support our return to full capacity and keep as many of our employees employed as possible.

We implemented temporary furloughs and offered flexible work options to support all employees, especially parents who were affected by school closures and the loss of childcare.



Upon returning to work, our first focus was the production of personal protective equipment (PPE).

We produced 35.3 million face coverings for PPE worldwide. We also donated more than 15,000 face coverings to community groups.



Our commitments to our suppliers were undeterred.

We supported our suppliers throughout the pandemic and worked with them to adapt to changes in production and delivery schedules.

We continued monitoring compliance by our suppliers through virtual assessments.



Our production pauses had both positive and negative environmental impacts.

We reduced our absolute greenhouse gas emissions in 2020, surpassing our goal largely due to production breaks, yet still implemented energy efficiency and renewable electricity projects.

We reduced our water use in absolute terms, but our target on water is based on intensity — as our production decreased in 2020, we saw an increase in water per pound of production.

Achieving the fruitful future we want to see in the apparel and sporting goods manufacturing industries requires addressing systemic issues that no one company can tackle alone. This is why we work across our supply and value chain, engaging with key stakeholders such as our suppliers, customers, non-governmental organizations (NGOs), industry associations and consumers.

# Engaging with Stakeholders

## SUPPLIERS

Our supply chain includes more than 450 suppliers, sourcing everything from finished garments to yarn, zippers and buttons to create the products that meet consumer demand. Our Code of Conduct, Benchmarks and Supplier Guidelines outline our expectations, and are translated into 37 languages and shared with our own facilities and our suppliers. We uphold our Code of Conduct through regular assessments and in-depth capacity building and training. Suppliers are also measured through performance scorecards that balance cost, quality, delivery and social compliance.

We have also identified the potential to work with strategic suppliers implementing a process improvement approach to quality and efficiency that will in turn benefit workers and their operations.

## CUSTOMERS

We work with a range of customers, from large multinational retail partners to wholesale apparel providers, to e-commerce sites. Our goal is to operate with integrity, providing best-in-class service across all channels.

We participate in customer-led sustainability initiatives, such as Walmart's Project Gigaton, to reduce greenhouse gas emissions. We submit information on our products to the Sustainability Index, maintaining a score of over 80%, and we are a founding and active member of Walmart's Merchandise Collaboration Board for Sustainability. We work with both Target and Walmart to provide facility-level information on the environmental performance of all our facilities and selected suppliers through the Sustainable Apparel Coalition's HIGG Facility Environmental Module (FEM).

## NGOS

We value interactions with NGOs that share our vision for a more equitable and sustainable industry. We collaborate with a wide range of NGOs, such as Fundemas (El Salvador), FUNDAHRSE (Honduras) and the Worker Rights Consortium.

We are an annual participant in the CDP climate change questionnaire. In 2020, we were recognized as a Supplier Engagement Leader, in the top 7% of companies for our supplier engagement on climate change, based on our CDP disclosure.





## CONSUMERS

Regular consumer research is critical to our product and brand development teams. In 2019 and 2020, we conducted consumer research to help us understand interest in sustainable product propositions across our brands.

## INDUSTRY ASSOCIATIONS

We are members of several industry associations, such as the Fair Labor Association and the American Apparel & Footwear Association. Participation in these groups provides opportunities to effect transformational change on systemic issues while increasing our knowledge and capacity through shared learning.

## OUR MEMBERSHIPS



Member since 2016



Member since 2013

**The Americas Group**

Member since 2019



Member since 2015



**FAIR LABOR ASSOCIATION**

Member since 2009



Member since 2004



Members since 2004



Member since 2019



Committed to the pledge against the use of Uzbekistan cotton since 2013 and Turkmenistan cotton since 2019.

# People-Centric



- Enriching lives for people and communities

We strive to enrich the lives of people and communities, as people are at the heart of what we do. We are dedicated to providing respectful and inclusive workplaces where everyone can thrive.



# Enriching Lives

We are committed to respecting the human and labor rights of people across our value chain, from our own employees to our suppliers and their employees. We continuously improve our approach, working together with suppliers to enhance our programs and better address the needs of employees and their communities.

We work hard to ensure a respectful and inclusive workplace where everyone feels they belong and can thrive. We provide fair and safe employment opportunities that empower employees and support career development through a focus on the following areas, which are detailed in this section of the report.

## OUR INITIATIVES

- ✔ **Respectful and Inclusive Workplaces** — upholding human and labor rights as outlined in our Code of Conduct through due diligence and in-depth supplier capacity building and training.
- ✔ **Health, Safety and Well-being** — providing safe working environments and access to health care for our own employees.
- ✔ **Freedom of Association** — supporting workers' rights to collectively bargain.
- ✔ **Learning & Development** — offering training and programs to help our employees thrive.
- ✔ **Diversity and Inclusion** — increasing representation and supporting inclusion through education and training.
- ✔ **Fair Compensation** — ensuring fair compensation and benefits for employees.
- ✔ **Threads of Change** — supporting and investing in the local community through our Threads of Change program.





## 2020 PEOPLE-CENTRIC HIGHLIGHTS

**100%**

of facilities implemented new “return to work” protocols to ensure the health and safety of our employees during the COVID-19 pandemic — our top priority in this reporting year.

**82%**

online employee training engagement.

**471,730**

products donated through Threads of Change.

**12**

owned facilities representing 85% of our global production, collected and analyzed wages using the Fair Labor Association’s (FLA) Fair Compensation Dashboard.

# Respectful and Inclusive Workplaces

## OUR CODE OF CONDUCT

Our standards for business ethics, respect for human and labor rights and environmental sustainability are documented in our Code of Conduct (the "Code"). Our Code is translated into over 37 languages, and is displayed prominently within all locations and available on our [website](#).

We typically assess facilities annually to ensure compliance with the Code using independent third-party monitoring companies such as the Worldwide Responsible Accredited Production (WRAP), Workplace Conditions Assessment (WCA) and

Business Social Compliance Initiative (BSCI). These organizations have the technical knowledge, familiarity with local language and culture, and legal expertise to help us more adequately assess local working conditions. The assessments generally include a physical visit to the facility to review the working environment, a review of documentation, such as internal policies, procedures, payroll records, training records, and private interviews with employees.

Opportunities for improvement are shared with facility staff and a corrective action plan is devised to address issues within a specified time frame.

## Our Code of Conduct - Fundamental Workplace Standards



### Employment Relationship

Terms and conditions of employment that respect people.



### Health and Safety

Workplace environment enables employees to be trained and equipped to perform their jobs safely.



### Working Hours

Regular and overtime hours are within legal limits.



### No Forced Labor

All work is voluntary, without restrictions on movement or personal belongings.



### No Harassment or Abuse

Employees are treated with respect and dignity.



### Non-Discrimination

Employees are treated equally at every stage of employment.



### No Child Labor

Employment of individuals in violation of the local mandatory school age or under the applicable legal employment age is prohibited.



### Compensation

Employees are entitled to the legal minimum wage for all hours worked, and all benefits required by law or agreed upon in a contract.



### Freedom of Association and Collective Bargaining

Employees have the right to freely associate and bargain for employment terms and conditions.



## COVID-19 IMPACT ON ASSESSMENTS

The pandemic impacted our own production facilities and those of our suppliers around the globe, initially halting production in many locations. Many on-site assessments and facility visits were canceled in the first part of the year, and with our established processes in place, we were able to quickly adjust the timing of assessments for facilities with restrictions.

By July, we began virtual assessments. We focused initially on those facilities that were past their annual due date and selected locations on a case-by-case basis. We conducted desktop virtual assessments when a scheduled on-site assessment could not take place due to the pandemic. On-site assessments were scheduled three months later.

Virtual visits facilitated by our staff included live video tours that enabled us to witness firsthand the implementation of COVID-19 safety protocols via handheld cameras. Through these desktop assessments, we were able to observe staff arriving and leaving facilities and confirm that other safety protocols were in place.

We expect to reengage with in-person, on-site facility assessments during 2021 as circumstances allow, but virtual assessments have provided a means for us to stay connected with suppliers during this time.

## BY THE NUMBERS

These numbers represent our own facilities and our partners and suppliers.



# 314

Code of Conduct assessments completed in 2020.



# 50%

of licensing partners transitioned to our new Licensee-owned Social Compliance Program – for independent supplier monitoring.



# 88%

of facilities assessed annually (up from 84% in 2019).



# 8%

of assessments delayed due to COVID-19.



# 3 months

average assessment delay during the pandemic.



## STREAMLINED ASSESSMENT APPROACH

Our goal in recent years has been to redirect our own internal resources from assessment to priority issues such as in-depth capacity building and training and supply chain mapping. We seek to achieve this in two ways: introducing a risk-based approach to the timing and types of assessments and transitioning from managing our own assessment process with third parties to accepting more industry assessments such as WRAP, WCA and BSCI.

This year, we identified low-risk subcontractors who provide embroidery and screen printing in the U.S., Japan, Australia and Hong Kong. These facilities were previously assessed as low-risk and are locations that can be visited using local resources. Instead of a full assessment, we are now allowing these low-risk facilities to complete a compliance tool created internally.

For all other facilities, we will transition to 100% use of third-party assessments in 2021. We also added a new third-party industry assessment program, Sedex Members Ethical Trade Audit (SMETA), for the first time in 2020 due to pandemic restrictions. As a multi-stakeholder initiative, SMETA was designed to minimize duplication of effort and provide members and suppliers with an assessment format they could easily share. We will continue to accept this standard in the future.

## LICENSEE CAPACITY BUILDING AND TRAINING

This year, we also focused on streamlining assessments with our licensees' facilities. In 2019, 75% of our own assessments were in licensees' facilities. To help maximize that process, in 2020, we created and launched a Licensee-owned Social Compliance Program to allow qualified licensees greater accountability for their own compliance assessments, shifting ownership of monitoring the supply chain to them.

Many of our licensees are large companies with their own social compliance teams. This shift recognizes their great work while reducing duplication in efforts and reporting. We found that these licensees are already meeting our criteria and benchmarks, and they are capable of independently managing supply chain social compliance to successfully meet our requirements.

We continue to offer support through in-depth capacity building and training to help develop more robust compliance structures with smaller licensees.

## SUPPLY CHAIN CAPACITY BUILDING AND TRAINING

In 2020, we held a virtual workshop with U.S.-based licensing partners to cover social compliance program enhancements, virtual health and safety facility visits, forced labor due diligence, Customs-Trade Partnership Against Terrorism (C-TPAT) compliance, supply chain mapping and sustainability goals. We also surveyed workshop attendees and identified areas for future collaboration and engagement with recommendations for future discussion topics.

### To support our licensees outside of training, we provide the following:

- A licensee compliance manual available on our Corporate website.
- A supplier portal including all translations of the Code of Conduct.
- Detailed Code of Conduct benchmarks.
- Supplier guidelines.
- Facility safety policy and human trafficking posters.
- Access to a SharePoint site that includes resources we developed that licensees may use to implement or improve their CSR practices.

## LOOKING AHEAD TO 2021-GRIEVANCE PROCEDURE IMPROVEMENTS

We provide a grievance channel to report any Code of Conduct violations through a dedicated email and phone line. We strictly prohibit any retaliation against persons who report violations of our Code of Conduct or participate in any investigations of possible violations. Functioning grievance mechanisms are key to resolving worker concerns and complaints, ideally at the facility level, escalating to internal confidential reporting channels and lastly to third parties, as necessary. Our goal in 2021 is to focus our grievance approach on expanding workers' voices.

### Our grievance approach enhancements planned for 2021 are:

- Develop a plan to evaluate grievance mechanisms at the facility level.
- Document a clear process for our supply chain grievance mechanism apart from the internal grievance mechanism for employees.
- Enhance the accessibility of our supply chain grievance mechanism.

# CASE STUDY

## Taiwan Supplier Recruitment Fees



Individuals moving across borders in search of work are often charged high recruitment fees to cover their travel, visas, and any accommodation costs. These fees can saddle workers with debt. Over the last few years, we have updated our policies and procedures to outline our alignment with the Employer Pays Principle that no worker should pay for a job.

Taiwan has been identified as a region that relies heavily on foreign migrant labor. In 2019, one of our suppliers in Taiwan was audited and determined to be employing migrant laborers who paid recruitment fees associated with their hire. Our Sustainability Team traveled to the facility to follow up on the remediation work by identifying the sums that needed to be reimbursed to employees. With support and collaboration between our team and the facility, remediation was completed in February 2020. An additional independent verification assessment was also conducted in October 2020 where we confirmed all reimbursement payments to employees had been made.

We will continue investing in capacity building and training in Taiwan and other countries that utilize migrant labor, and educate suppliers on how to responsibly implement recruitment practices that do not include workers paying recruitment fees.



# Health, Safety and Well-being

We are committed to providing a safe working environment for our employees and those of our suppliers around the world by implementing safety protocols and enacting equipment and operational procedures.

## GLOBAL COVID-19 RESPONSE: WORK HEALTHY | STAY HEALTHY PROGRAM

Health and safety are always significant priorities, but it became critical in 2020 amid the COVID-19 pandemic. At various points over the past year, most of our facilities were closed for some period of time as part of our COVID-19 mitigation efforts. To ensure that we could reopen and operate safely and effectively, we formed a cross-functional team to lead our “Work Healthy | Stay Healthy” program and coordinate our global response in alignment with the requirements in different countries and locations.

Our program was created to ensure standardized training on all applicable COVID-19 protocols, including face covering usage, social distancing requirements, handwashing, enhanced cleaning and more. Regular training refreshers and communications were disseminated to the workforce to keep pace with the rapid evolution of the global pandemic.



# Our Global COVID-19 Response

## NORTH AMERICA

We had closures and disruptions to all of our U.S. distribution centers due to COVID-19, but reopened with new health and safety protocols based on the Centers for Disease Control and Prevention (CDC), Occupational Safety and Health Administration (OSHA) and local guidelines to include the use of face coverings, face shields, hourly disinfecting procedures and remote Corporate office work support. We invested in new technology such as electrostatic sprayers for all U.S. and Canadian facilities and implemented four cleanings each day for high-traffic areas.

## EUROPE

In Europe, we integrated local and global pandemic guidelines, including working remotely when possible. In our warehouse, we had two separate shifts and enacted new protocols to minimize overlap and reduce infection risk. These important changes are currently still in place in 2021.

## LATIN AMERICA

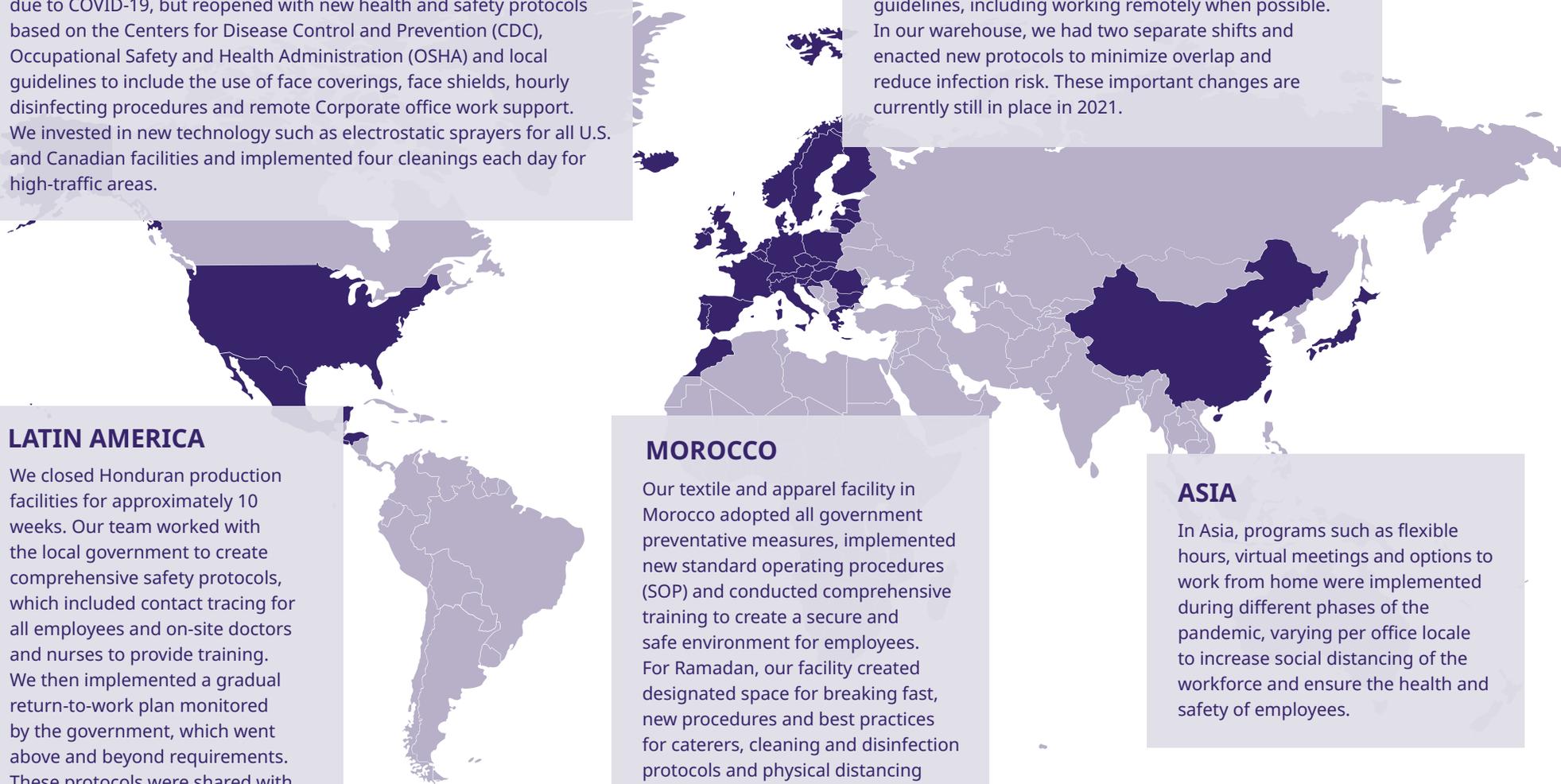
We closed Honduran production facilities for approximately 10 weeks. Our team worked with the local government to create comprehensive safety protocols, which included contact tracing for all employees and on-site doctors and nurses to provide training. We then implemented a gradual return-to-work plan monitored by the government, which went above and beyond requirements. These protocols were shared with El Salvadorian and Mexican facilities to align with local government guidelines; manufacturing was down 10-14 weeks before a gradual return to work.

## MOROCCO

Our textile and apparel facility in Morocco adopted all government preventative measures, implemented new standard operating procedures (SOP) and conducted comprehensive training to create a secure and safe environment for employees. For Ramadan, our facility created designated space for breaking fast, new procedures and best practices for caterers, cleaning and disinfection protocols and physical distancing for employees. This approach was audited and approved by Moroccan government officials.

## ASIA

In Asia, programs such as flexible hours, virtual meetings and options to work from home were implemented during different phases of the pandemic, varying per office locale to increase social distancing of the workforce and ensure the health and safety of employees.



## SUPPLIER HEALTH & SAFETY

We maintained close contact with our suppliers throughout 2020. In addition to the extra efforts the Company utilized to stay connected with suppliers operationally during pandemic disruptions, we also instituted new protocols to ensure compliance with our Code of Conduct in how our suppliers managed the disruptions and COVID-19 health and safety risks, such as conducting virtual assessments using newly created standard operating protocols. We also shared the Accord on Fire and Building Safety in Bangladesh and International Labor Organization (ILO) protocols on COVID-19 safety with our suppliers and provided virtual compliance training.

Virtual assessments revealed that some countries were ahead of others in best practices. For example, some governments mandated the use of disinfectant misting sprays that would be harmful to employee health. With the support of the ILO guidelines, we intervened to stop this practice. We also maintained frequent communications with facility compliance teams to hear challenges, provide support and identify safety hazards for remediation. Virtual assessments will continue in the future, especially in manufacturing countries where we have no physical presence or travel is difficult.

## HEALTH & SAFETY PERFORMANCE IN 2020

We record and report all incidents to help us identify areas for continuous improvement. Our recordable incident rate is below the industry standard set by the U.S. Bureau of Labor Statistics. The table to the right shows our performance from 2018-2020.

ENTIRE COMPANY	2018		2019		2020
	Fruit of the Loom, Inc.	U.S. Bureau of Labor Statistics	Fruit of the Loom, Inc.	U.S. Bureau of Labor Statistics	Fruit of the Loom, Inc.
Total Recordable Incidence Rate	0.10	0.80	0.10	0.70	0.20
Days Away From Work (DAFW) Incident Rate	0.04	0.20	0.04	0.02	0.01
Job Transfer/Restriction Incidence Rate	0.01	0.20	0.03	0.10	0.0
Other Case Incident Rate	0.05	0.40	0.03	0.40	0.10

2020 USBOL data has not been published at this time.



# Freedom of Association

Freedom of association means that employees have the right to freely associate with a union or workers' council, and bargain for employment terms and conditions once the legal requirements for union recognition have been satisfied.

Respecting workers' freedom of association and right to collective bargaining is a core principle of our Code of Conduct. Today, 50% of our owned facilities around the world have unions or workers' councils with the active participation of more than half the employee base.

We are proud of the cooperative achievements we have realized with our union partners and acknowledge that there is always room for improvement. We intend to continue investing in labor relations across all of our operations.

A key differentiator in our program is providing training for our managers and workers to improve their labor relations skills, organizational awareness and market knowledge. We build capabilities in teams to more effectively realize shared goals and manage a healthy labor relations climate in our facilities.

**We track suppliers to ensure our commitment to freedom of association is upheld throughout our global supply chain. In 2020, 160 out of 400 suppliers reported the existence of unions or workers' councils onsite. Freedom of association is a core part of our ongoing supplier training and capacity building.**



## NEW COLLECTIVE BARGAINING AGREEMENTS (CBAs)

Despite the challenges with social distancing and meeting capacity restrictions, we finalized two collective bargaining agreements in this report timeframe in our Honduras facilities using a virtual meeting setting.

**"Our successful labor model and positive dialogue with the unions gave us the ability to bounce back faster in 2020 and respond to customer demand in a positive way,"** said Edward Bardales, VP of Human Resources for Latin America.

Our facility in Vietnam has a positive relationship with a trade union organization, established in 2016, that all employees are free to join. In 2020, 100% of employees in Vietnam were part of the

union, which is managed by an executive committee of 11 people and a collective bargaining agreement is negotiated.

In our Iowa facility in the U.S., an existing collective bargaining agreement with the International Union, United Automobile, Aerospace, and Agricultural Implement Workers of America was set to expire near the time of the onset of the pandemic. With the future of the pandemic uncertain, we asked for an extension to negotiate, and the union agreed. A new agreement was finalized with the union later in 2020, which gave employees a better understanding of what protections to expect, and allowed the Company to better manage expectations, budgeting, pay and other areas of concern.



# Learning and Development

## LEARNING AND DEVELOPMENT GOALS

We started 2020 with ambitious goals to promote global professional development and continue to grow our Leadership Education and Development Program (LEAD) around the world.

We encouraged global employees to complete at least one in-depth professional development opportunity via our online learning platform, Fruit of the Loom University (FruitU). The platform provides over 17,000 on-demand courses with a range of topics to support employee growth and development. We achieved an 82% response rate, a great accomplishment given the challenges that COVID-19 presented.

In addition to our Corporate learning and development goals, each region had a unique set of goals to support local business needs, including:

- ▀ LEAN manufacturing, Lean Six Sigma Black Belt Certification and Ergonomics Certifications.
- ▀ Operational, business and management training programs.

## LEADERSHIP DEVELOPMENT PROGRAM

Our LEAD program is focused on developing leaders at all levels and is based on the Fruit of the Loom, Inc. competency model. In 2020, we welcomed 36 new LEAD I Elevate graduates, through a five-month curriculum focused on leading others. Graduates experienced a hybrid of classroom-based and virtual learning, participating in engaging and applicable content focused on building credibility, presenting in a virtual environment and leading high-performing teams. We were not able to broaden our global reach with the LEAD Program due to shifting priorities caused by COVID-19, but we are continuing the global expansion in 2021.

- ▀ Compliance training for workplace harassment prevention, safety, global anti-bribery/anti-corruption, customs trade partnership against terrorism and data privacy.
- ▀ Mental health wellness training series and an empowerment program for women in Latin America.

# LEAD Leadership Graduate Spotlight

**Christina Apple**, Senior Manager of Social Compliance, is a graduate of the 2020 LEAD I Elevate program.



**Q: Why did you want to get involved in the program?**

**A:** I was eager to participate in the program and looked forward to the opportunity to build my leadership skills further. At the start of the program, I was quite nervous because I knew it would challenge me in the areas that I needed to develop.

**Q: What was your biggest takeaway from the program?**

**A:** Two topics that stood out to me were empathy and delegation. Our discussion about empathy resonated with me and made me realize how important it is to cultivate empathy within ourselves. I think it's especially critical in a social responsibility role to put myself in

the shoes of a facility worker, facility manager, sourcing manager, licensing partner, salesperson, customer, consumer and the countless other people who are comprehending and/or experiencing our sustainability practices from very different perspectives.

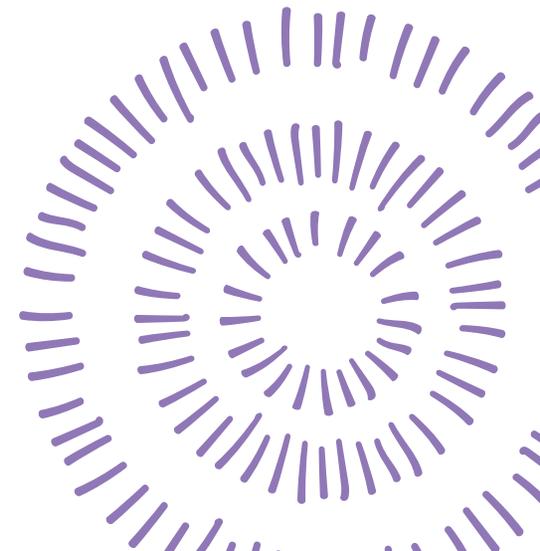
As a new manager, delegation was another subject I appreciated. Practicing different levels of delegation was both practical and applicable for learning how to effectively communicate and empower others with tasks and projects.

**Q: How do you feel the program has helped your career?**

**A:** The program created the space to reflect on our personal strengths and developmental opportunities that we

bring to our teams and the leadership qualities that we want others to experience through day-to-day interactions. The small group activities fostered the opportunity to learn about the ways my peers approach certain issues.

The coaching sessions with my manager, an experienced leader, complemented the progression of the course and helped me identify my blind spots. I feel that the program gave me more self-awareness and motivated me to speak up more often on subjects of which I am knowledgeable.



## FLEXIBILITY AND COMMITMENT

In 2020, we focused on providing a healthy and safe work environment for all employees and promoting a productive virtual work environment for the global workforce. Our learning and development resources had to be agile as rapidly changing federal, state and local COVID-19 guidelines required frequent up-to-date training and communication.

The talent development teams curated e-learning content that supported employees through the pandemic and was delivered via our FruitU platform. Content areas included tips for working remotely, time management at home, supporting mental health while working from home and managing a remote team. We saw strong adoption of these online courses from our workforce.

## DEDICATION TO EDUCATION

Promoting education is something we take very seriously, so we offer several programs that enable our employees and their families to further their education through scholarships and Company-sponsored opportunities in conjunction with local universities and learning centers.

- We have a partnership program with Western Kentucky University, located near our Corporate headquarters in Bowling Green, Kentucky, through which we offer multiple academic grants. The program provides financial support to full-time employees, as well as scholarships to the dependent children of employees attending Western Kentucky University.

- In Latin America, where most of our owned facilities are located, our Fruit of the Loom Technical Education Center (FOLTEC) delivers technical, leadership and professional training to employees and their families.

- Our strategic alliance with the University of El Salvador enabled financial support for employees studying industrial engineering, international marketing and computer systems engineering.

- Together with the Francisco Morazán National Pedagogical University (UPNFM) in Honduras, employees completed training to become proficient in electromechanics. We are the first private company to partner with UPNFM on this kind of program.

- Across Latin America, we provided English scholarships for family members of our employees.

## LOOKING AHEAD

We take with us the valuable learning and development lessons we experienced during the pandemic. Agility, flexibility and innovation were required in 2020 and these skills will serve us well as we continue to implement our global training strategy and leadership development programs in 2021 and beyond.



# Diversity & Inclusion

We are committed to creating a workplace where everyone is treated with respect and empowered to contribute equally. We want to foster a culture of belonging for all employees, and we are focused on attracting, retaining and developing diverse talent. We believe our differences make us stronger, and for this reason, we are committed to diversity and inclusion practices in our organization.

## Diversity

Understanding and valuing a collective mixture of differences between people.

## Inclusion

A collaborative, supportive, and respectful environment ensuring that people feel a sense of belonging and support from the organization.

Our goal in 2020 was to develop a diversity and inclusion program aligned with the Company’s business goals and values, beginning with a comprehensive understanding of our global workforce. We conducted extensive research on best practices and determined external benchmarks from global advisory leaders. We collected internal baseline data, which was analyzed and measured against our research and benchmarks to identify gaps in representation and to establish goals in each region. Every year we will research best practices and assess goals to build on our progress toward a more inclusive culture.

Through our analysis process, gender representation was identified as the first demographic group issue to address in our program design. We reviewed existing policies and practices to support gender representation goals, including our recruiting programs, interview process and retention efforts, as well as career and development planning.

We shared our analysis with regional HR and business leads to support the development of regional-level goal setting. We aim to complete the development of these goals in 2021, with these strategic priorities:

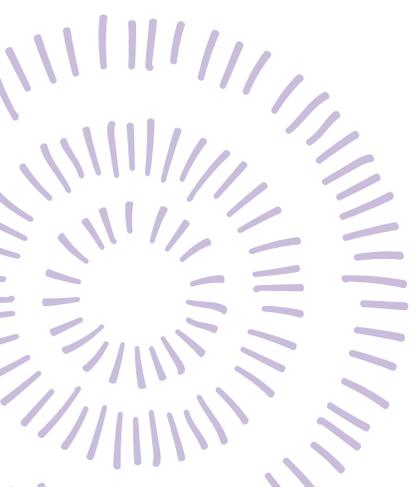
- Raise awareness and understanding about the importance of diversity and inclusion in the workplace.
- Increase global female representation across salaried positions, targeting region-specific goals.
- Establish programs and practices to improve the retention of female employees, targeting region-specific goals.

We will deliver on these priorities through a joint focus on talent management and talent acquisition, and by creating strategies to maximize our ability to attract and retain diverse talent.



**“Our workforce is more diverse and globally connected than ever before. We are committed to promoting inclusive practices and diversity throughout the employee experience to foster equity, trust, belonging and growth.”**

– Terri Wiethorn  
Chief Human Resources Officer



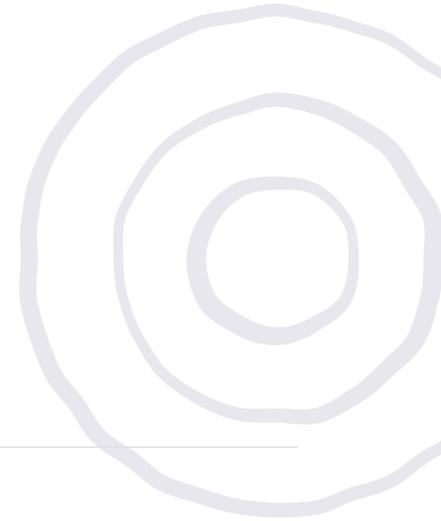
## REDEFINING OUR CRITERIA

The definitions associated with our work population numbers are different from our 2019 report. The changes in percentages reflect this redefining of our criteria, and it is not a change in performance in 2020. We implemented a new approach to employee tracking during this report timeframe, expanding the range of groups to include Executive and Senior Management, Management, Non-Manager and Hourly employees. Because of the nature of our business, these are critical distinctions for us to track internally.

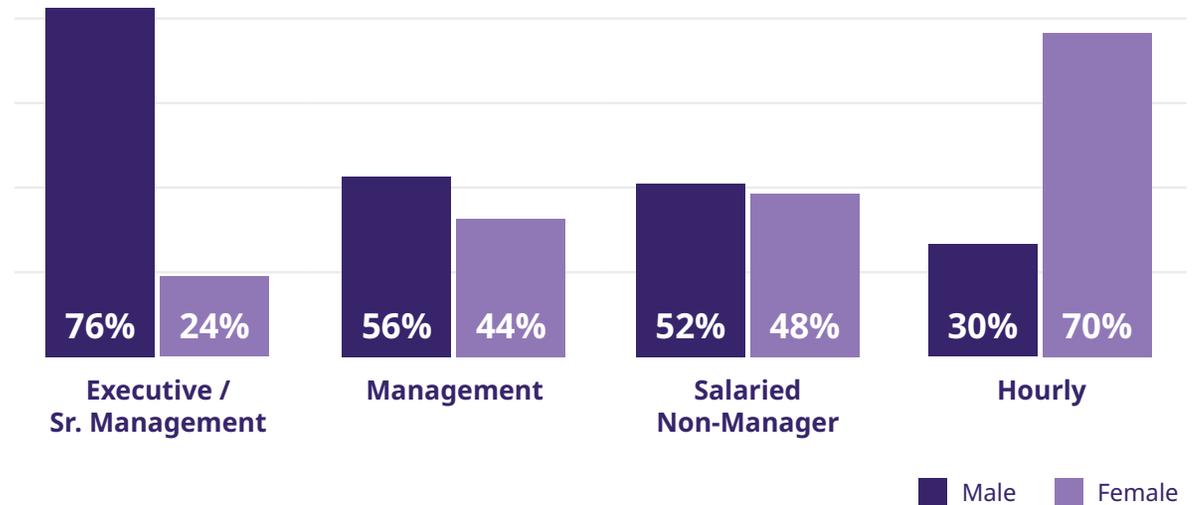
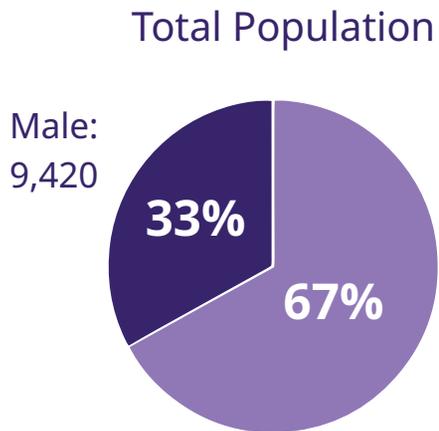
## EDUCATION AND AWARENESS

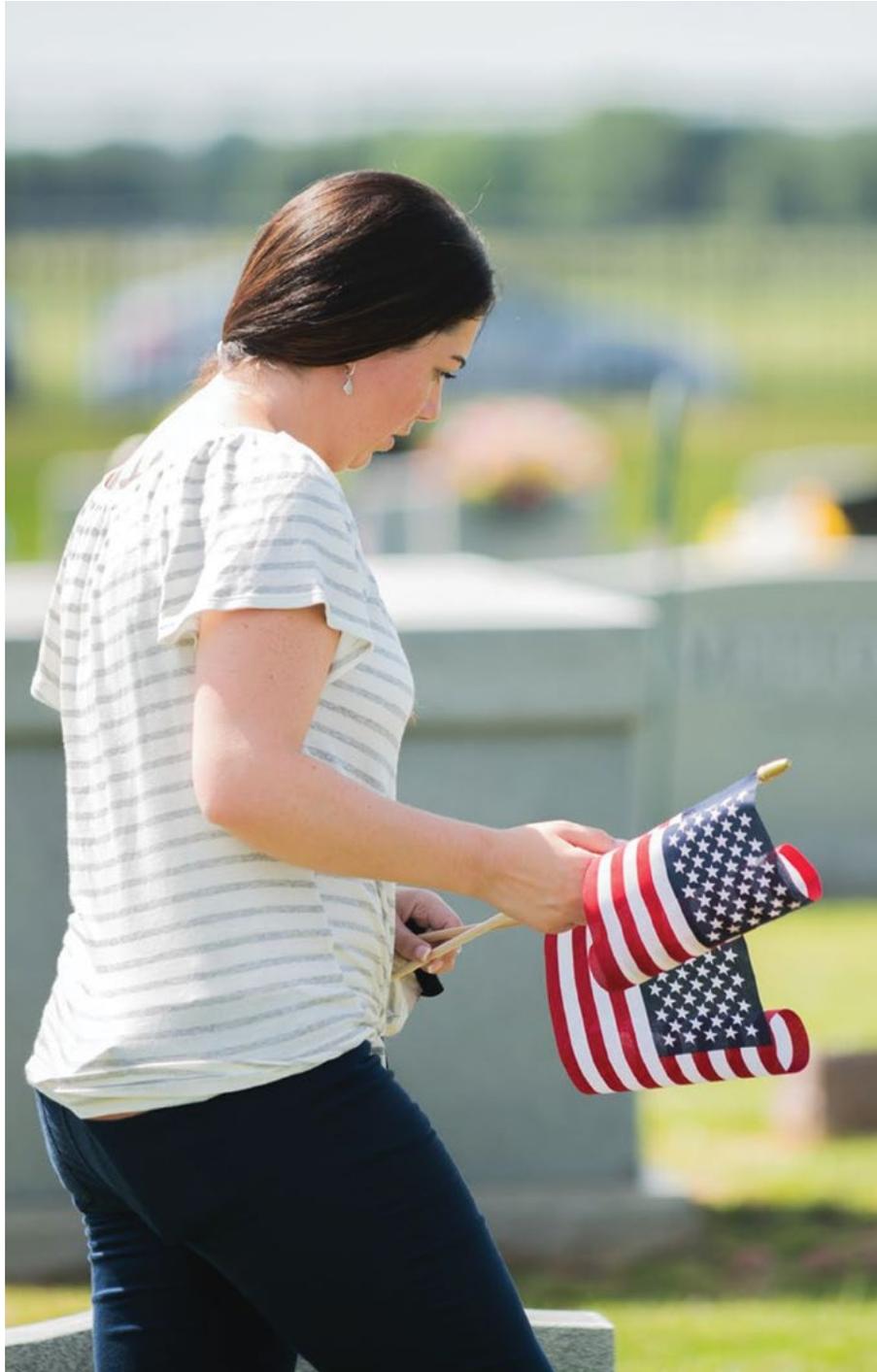
Training is a critical part of our journey to deliver on our diversity and inclusion goals. In 2020, we introduced our leadership team to our formal Diversity and Inclusion program, with 88 members of our Corporate leadership team completing Diversity, Inclusion and Unconscious Bias training led by an external advisor. The training focused on educating attendees on the unconscious motivators of behaviors and encouraged conscious decision-making.

We also identified training modules for all global managers and employees. Covering similar topics as those for our leadership team, this training is now one of our compulsory training courses delivered through our FruitU platform. We continue to monitor progress and look for additional ways to enhance learning for our employees.



## 2020 WORK POPULATION NUMBERS





### EMPLOYEE RESOURCE GROUPS — VETERANS 'PROUD TO SERVE'

In 2019, an employee resource group called Proud to Serve was formed at our Corporate headquarters to support not only veteran employees, but also those with family members serving in active duty. The mission of the group is to create a community to support, engage and promote military veterans, guard members and reservists throughout the Company, as well as allow opportunities to network with fellow military employees. Even though working remotely, the group developed a dynamic program, which included activities for Memorial Day, celebrations for Veterans Day and mailing care packages to active-duty family members of our employees.

### DONATIONS FOR VETERANS IN NEED

In 2020, donations were made on behalf of our Proud to Serve Resource Group to support active military and veterans in need. In August, face coverings were donated to support the soldiers and families of the U.S. Army 2nd Brigade, 104th Division Reserve unit, headquartered in Lexington, Kentucky.

In December, a product donation was made to the Southern Kentucky Veterans Council by our Proud to Serve Resource Group. The donation served the Homeless Veterans Program and provided local homeless veterans with warm clothes during the cold winter months.

## BRANDS ON A MISSION

Our brands also have shown their commitment to diversity and inclusion. Russell Athletic, our iconic athletic lifestyle brand, made a public commitment to level the playing field and support the Black community. The brand has four key goals:

- ✔ Growing their network of collaborators to listen and learn from a diverse community.
- ✔ Redirecting investments to enable more opportunities in education and sport.
- ✔ Enabling social channels to provide a platform for voices seeking change.
- ✔ Creating a diverse and inclusive team that reflects communities and societies at large.

Russell Athletic showed its support for a diverse list of collaborators in 2020, from Carlton Yaio, GangCorp Collective and Made in Tokyo. The partnership with GangCorp, a skateboard and lifestyle brand, included the creation of a Support Black Business T-shirt, with all proceeds going to The National Association for the Advancement of Colored People (NAACP). The brand also donated product to Black-owned small businesses to help them manage business disruption caused by the pandemic.

In June 2020, Vanity Fair made a commitment to effect meaningful, long-term changes for a more diverse and inclusive future. In keeping with that promise, Vanity Fair conducted a comprehensive internal assessment of all consumer-facing, brand-owned channels and assets to evaluate the brand's diversity and inclusion representation. Additionally, Vanity Fair partnered with an esteemed group of Black female marketing experts for a candid roundtable conversation to learn how the brand could better support women within the Black community. The brand is currently conducting planning sessions with key partners and interdepartmental teams to finalize its diversity and inclusion strategic plan.



## Women at Work

### AN INTERVIEW WITH MARIBEL VADILLO

*Maribel Vadillo is the Country Process Engineering Manager for El Salvador and Mexico. She recently shared her journey and experiences over the last 24 years as a woman in the apparel industry.*



My first job out of college was with Fruit of the Loom. Part of my success and longevity with the Company is the continued opportunity for development, both personally and professionally. In my first role, as the head of warehouse and parts, I was the first woman in the Company to hold this position. The warehouse was not typically a place where you would find a woman.

Working for all five locations in El Salvador and Mexico, I have been in my current role for almost 18 years. Throughout my career, I have relied on my capabilities and skills to build success, but I've also worked with many talented people and great leaders that helped to shape my knowledge.

I have always felt that great opportunities exist at Fruit of the Loom for anyone who is prepared, regardless of gender. Our focus is having the right person in the right position.

I have been blessed to work with many people and learn from each one of them. Currently, I have four direct reports who are all women and managers in engineering and quality control for specific departments.

There are not many companies that can provide the same environment and culture as Fruit of the Loom. This includes opportunities for growth, continuous improvement and the possibility to reach your full potential. You can always be better, both personally and professionally — it's an ongoing journey.

# Fair Compensation

## COLLABORATION WITH THE FAIR LABOR ASSOCIATION

Our fair compensation program has been developed in collaboration with like-minded organizations, such as the Fair Labor Association (FLA). We conduct wage analyses in strategic countries and facilities using the FLA's Fair Compensation Dashboard and toolkit. These tools allow for facility wage data to be compared against local living costs based on various studies, to better assess whether wages are indeed fair.

In 2020, we worked with in-country teams of 12 owned locations representing 85% of our global production in five different countries. We collected data for the top four occupations using uniform metrics and standards. Data collected included worker demographics, working hours and net wage, including cash benefits and in-kind benefits and incentives, leave pay and overtime payment information. There were union and non-union locations included in the data collection. The information was then uploaded to the FLA's Dashboard to compare against different wage benchmarks, providing multiple views to understand how each component of pay affects compensation. This simplifies measuring progress toward a specific living wage benchmark and facilitates the data comparison between factories in the same country.

## IMPROVING THE BENCHMARK DATA

The validity of our benchmarking assessment often depends on the availability and quality of the compensation benchmarks by country. Of the benchmarks available, we identified Global Living Wage Coalition's work as the desired benchmark; however, in some of the key markets in which we operate, those benchmarks do not yet exist.

In addition to the Global Living Wage Coalition benchmarks, we are collecting data available through monitoring conducted by amfori, which we joined in 2020. amfori's monitoring is unique in that it includes actual wage and living expense data at the facility level. This provides a detailed level of insight to help assess and provide an additional wage benchmark specific to that location. We believe this additional information will enhance our process.

## WHAT IS FAIR COMPENSATION?

We believe every worker has a right to compensation for a regular work week that is sufficient to meet the worker's basic needs and to provide some discretionary income. We believe overtime shouldn't be required to accomplish this.

We are committed to enabling workers in our supply chain to receive fair compensation. We support collective bargaining as one of the effective methods of ensuring fair compensation (see our [Code of Conduct](#) for more information). Globally, 31% of our supply chain is covered by collective bargaining (including, but not limited to, unions). This includes 132 of our 400 suppliers and our own facilities.

### 2016-2020 TIMELINE





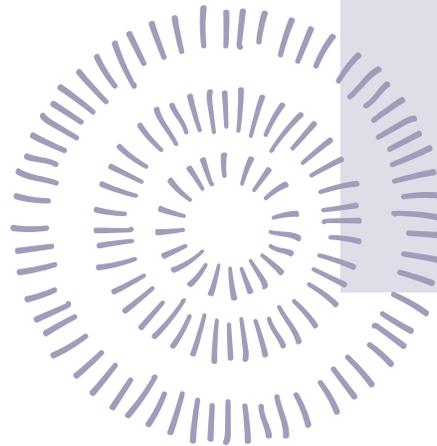
## CREATING A BLUEPRINT TO MAKE FAIR COMPENSATION PROGRESS

The Fair Compensation Blueprint is our Company's action plan to address worker wage gaps and report progress toward fair compensation. It was developed using the FLA's blueprint guidance and includes our criteria and goals for the future. The blueprint identifies countries where we have the most significant footprint, countries with minimum wage challenges, and countries with a history of compensation and working hour violations as our focus for the next selection of locations to collect wage data. The nexus of these criteria helps us set our goals.

In 2021, we will collect data for our owned facilities in Haiti and Australia. This will complete the benchmarking of our owned locations. In 2022, we will continue to operationalize our Blueprint by collecting wage data for Vietnam and Bangladesh. These are the countries

identified as meeting all the criteria documented in our Blueprint. We will also update the data for all owned locations to inform, demonstrate and report progress. See the Fair Compensation timeline visuals to the right.

We will use our [Code of Conduct](#) compliance and sustainability process to monitor countries where we do not have a significant footprint. If we identify any compensation and working hours opportunities, we will remediate and ensure management systems and policies provide sustainable solutions. As we move forward with our Blueprint, we will continue to engage with our internal and external stakeholders to identify priority areas of focus and to pilot opportunities to drive change.



## 2022-2024 TIMELINE

2022

1. Collect Bangladesh and Vietnam strategic suppliers wage data
2. Update Canada, Mexico, Vietnam and Morocco

2023

1. Analyze data collected
2. Communicate and engage
3. Develop Blueprint
4. Operationalize

2024

1. Measure progress
2. Report

# Threads of Change

We are committed to giving back to the communities in which we live and work. Threads of Change is our global program for community giving, volunteering and providing in-kind gifts through product donations. The program is delivered through our employees, our Company and our brands.

In 2020, we responded to a number of needs in our global communities, including COVID-19 and natural disasters. Despite the challenges presented by the pandemic, our employees continued their focus on fundraising and community support, while the Company donated both cash and in-kind products.

## RISING TO THE CHALLENGE OF COVID-19

During the pandemic, our employees, our Company and our brands continued to support those in need globally through donations and community outreach.

When the need for PPE was recognized around the world, several of our locations donated face coverings to those in need, either manufactured at our facilities or purchased and distributed locally.



Face coverings were donated to:

The Armed Forces of El Salvador

The U.S. Army Reserve

The communities in which we operate in both Honduras and Vietnam

## NATURAL DISASTER SUPPORT

The pandemic was not the only challenge faced around the world in 2020, as many regions were also struck by natural disasters. Our manufacturing facilities in Australia, Vietnam and Honduras reacted swiftly to support those impacted by the brushfires, typhoon and hurricanes in their respective countries.



## THREADS OF CHANGE IMPACT IN 2020

**471,730**

total pieces of in-kind product donated (representing \$368,600).

More than

**\$473,550**

in corporate donations.

Nearly

**\$266,750**

in employee donations.

**2,400**

total hours volunteered.

## EMPLOYEES GIVING BACK

Even throughout the pandemic quarantine, employees were still able to participate in various giving events. In 2020, employees from our Palmetto Distribution Center in Summerville, South Carolina participated in “Walk for Water.” The virtual walk was in partnership with Water Mission, which builds safe water, sanitation and hygiene solutions in developing countries and disaster areas worldwide.

Employees from Bowling Green, Kentucky participated in the United Way of Southern Kentucky Virtual Giving Campaign, raising more than \$200,000. The Company was recognized as a top 10 corporate and employee contributor to the United Way in 2020.

Overall, our product in-kind donations increased during this report time period, while our volunteer hours were severely impacted by remote working and physical distancing.



## OUR BRANDS GIVING BACK

Several of our brands provided product donations and funds to support organizations and communities in 2020.

Our Sherrin brand worked with the Australian Football League (AFL), the governing body of Australian Rules Football and long-term brand partner, to provide relief from the brushfires affecting the South Coast of Australia during 2020.

“Many regions impacted by the brushfires were the heartland of grassroots support for the AFL,” said Chris Lambert, Managing Director of Sherrin.

Sherrin and the AFL worked together to create a custom football, in an orange color to reflect the colors worn by State Emergency Service workers. The ball included 230 grassroots AFL clubs from towns impacted by the fires. In addition to being used in a charity fundraiser game led by the AFL, 100% of proceeds from the sale of the balls benefitted the impacted communities.

Fruit of the Loom participated in a *Buy Some, Gift Some* program and donated products to help transform the lives of families transitioning out of homelessness. This program on [Fruit.com](http://Fruit.com) was a partnership with the nonprofit Humble Design in Detroit,

Chicago and Seattle. In total, 38,885 home furnishing pieces were donated to Humble Design in 2020.

Spalding made a financial contribution to the Mamba and Mambacita Sports Foundation, a nonprofit organization dedicated to creating a positive impact for athletes and young women in sports in underserved communities. This foundation was created through the vision and memory of Kobe and Gianna Bryant, who were killed in a helicopter crash in 2020. Spalding has partnered with KOBE INC. since 2017 on a three-year collaboration.

Russell Athletic launched a *Buy One, Give One* program entitled [Hope for Hospitals](http://Hope for Hospitals), an initiative dedicated to donating everyday essentials to hospital staff across the U.S. Between May 5 and May 31, 2020, for every Russell Athletic quarter-zip sweatshirt purchased on [RussellAthletic.com](http://RussellAthletic.com), the brand donated one quarter-zip or a similar item to a healthcare hero. Over 2,000 garments were donated to frontline workers through the campaign.

Russell Athletic also partnered with the NJ Skateshop team to help support local shops with sales declines due to the pandemic. Throughout the partnership, community skate shops received custom Russell Athletic Classic Cotton T-shirts to support their businesses. In total, 286 products were donated to the local skate shops during this report timeframe.





# Planet- Conscious



- Reducing the environmental impact of our operations

We are committed to reducing our greenhouse emissions across our entire supply chain, from sourcing raw materials to consumer use and disposal of our products.



# Our Changing World

In 2018, the Intergovernmental Panel on Climate Change (IPCC) issued a warning that global warming must not exceed 1.5°C by 2030 if we are to avoid the worst impacts of climate change. This requires governments and businesses to halve emissions by 2030. In 2020, three communities in which our Company has a major presence experienced the type of extreme weather events that are

predicted to increasingly occur in their regions due to rapid climate change: Australia battled a fierce brushfire, Vietnam was hit with a typhoon that flooded more than 34,000 homes and Honduras was devastated by two massive hurricanes. These unpredictable circumstances strengthened our resolve to continue our work in reducing our impacts on the planet.

## OUR INITIATIVES

► **Reduce Greenhouse Gases** — commitment to a science-based target by 2030 based on a 2018 baseline.

- 100% renewable electricity by 2030.

► **Saving Water** — 10% reduction in water intensity by 2030 based on a 2018 baseline.

► **Zero Waste** — maintain zero waste in our own facilities.

- Reduce packaging.

- Advance the circular economy through textile fiber recycling in our own facilities.

► **Green Teams** — engage employees at all sites to support our environmental goals.

## 2020 PLANET-CONSCIOUS HIGHLIGHTS

# 60%

renewable electricity  
in 2020.

# 55

energy efficiency projects  
across 12 locations.



## OUR COMMITMENTS

In 2019, we committed to the Science Based Targets initiative (SBTi) to set greenhouse gas (GHG) reduction targets in line with climate science. The Science Based Targets initiative is a collaboration between the Carbon Disclosure Project (CDP), World Resources Institute (WRI), the World Wildlife Fund (WWF) and the United Nations Global Compact (UNGC). During the course of 2020, we worked on our target which was approved by SBTi in 2021.

We are committed to the following targets:

- ▶ To reduce absolute Scope 1 and 2 GHG emissions 50% by 2030 from a 2018 base year.
- ▶ To reduce absolute Scope 3 GHG emissions covering purchased goods and services, and fuel and energy related activities 30% by 2030 from a 2018 base year.
- ▶ To increase annual sourcing of renewable electricity from 40% in 2018 to 100% by 2030.

*The target boundary includes biogenic emissions and removals from bioenergy feedstocks.*



## 2020 PROGRESS

Scope 1 covers our direct energy use at our facilities and Company vehicles, while Scope 2 is all of our purchased energy, such as electricity and steam. Our strategy for reducing our Scope 1 and 2 goals is to increase energy efficiency and our use of renewable sources of energy.

We reduced our emissions by 34.7% in 2020: 18.7% was due to production pauses, 15% was due to our increasing investment in renewable electricity and 1% was due to energy efficiency gains. We believe this underlying emissions reduction demonstrates that we are on track to achieve our 2030 reduction goals.

Our Scope 3 emissions target covers everything in our upstream and downstream supply chain. Over 81% of our Scope 3 emissions come from purchased raw materials — yarn, fabric, rubber and packaging, for example. Our reduction strategy is a combination of sourcing more sustainable raw materials and engaging our suppliers on emissions reduction. Much of the work that we had planned to do against these goals was delayed in 2020 due to the pandemic. However, toward the end of the year, good progress was made on planning, and we see a positive outlook for meeting our goals within the proposed timeline (see [Sourcing Sustainably](#) in Product Authenticity for more detailed updates).

### SCOPE 1 & 2 — EMISSIONS (MTCO<sub>2</sub>e)

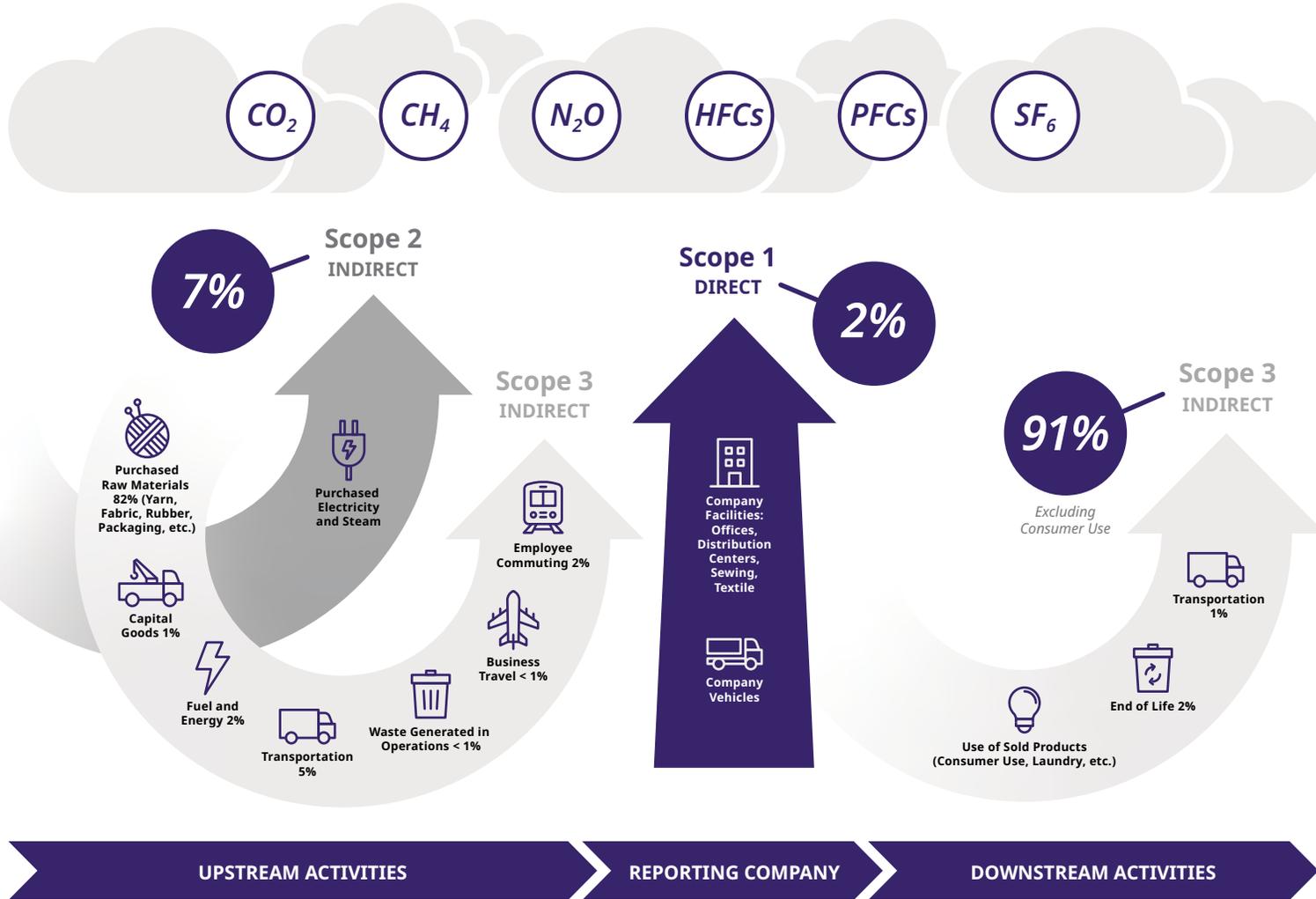
	Global		
	2018	2019	2020
Scope 1	58,713	44,392	24,054
Scope 2 Location	125,850	126,682	93,635
Scope 2 Market-Based	103,809	101,260	70,918
<b>TOTAL: (Scope 1 &amp; Scope 2 Market-Based)</b>	<b>162,522</b>	<b>145,652</b>	<b>94,972</b>



# Our Footprint

CO<sub>2</sub> - Carbon Dioxide  
CH<sub>4</sub> - Methane  
N<sub>2</sub>O - Nitrous Oxide

HFCs - Hydro Fluorocarbon  
PFCs - Perfluorocarbon  
SF<sub>6</sub> - Sulfur Hexafluoride



# Energy Use

We saw a 45% decline in our direct and indirect energy use in 2020, almost entirely due to production pauses across the world in response to the pandemic.

In the first quarter, we revised our renewable energy contracts in line with our commitment to use 100% renewable electricity by 2030. Because our production levels were lower than anticipated, we purchased 60% of our electricity from renewable sources globally in 2020, a 33% increase from 2019. This was equivalent to 34% of all our U.S. purchased electricity. In Honduras, 100% of our purchased electricity was renewable. This is well ahead of where we had hoped to be in 2020 and our goal is to maintain at least this level of investment in renewables in 2021.

The majority of our renewable electricity in 2020 was through the purchase of Renewable Energy Credits (REC). However, 18% of our renewable electricity was generated through on-site solar energy systems at several of our facilities in El Salvador and Honduras.

**In the first quarter, we revised our renewable energy contracts in line with our commitment to use 100% renewable electricity by 2030.**

## RENEWING OUR BIOMASS USE

Since 2015, we have owned and operated a biomass energy generation facility in Choloma, Honduras, located less than a mile from our textile facility. In previous years, we sold the energy to the Honduras energy grid. The site was not operational in 2020 because there was insufficient demand from the national grid for this energy.

In 2020, we began a new approach where the power plant supplied our textile facility, enabling us to directly power the facility with steam and energy created from biomass. Previously, that facility had utilized coal-generated steam from another local power company. Sourcing energy from our own biomass plant will help us realize significant greenhouse gas emission savings in future years.

# 60%

Renewable Energy in our own operations from on-site renewables and REC purchase.





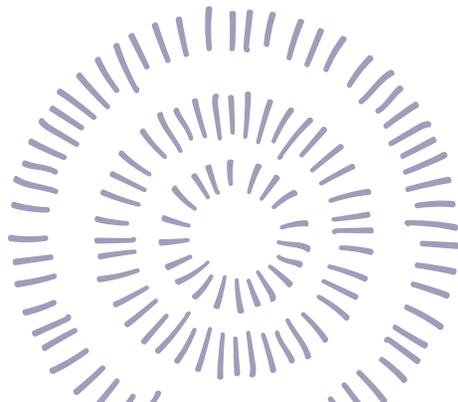
## ENERGY EFFICIENCY PROJECTS 2020

Despite the pandemic, we invested in 55 energy efficiency projects across 12 of our owned facilities in 2020 as part of our process improvement management approach. We introduced process-engineering over 20 years ago as a discipline within our manufacturing operations. Process engineering is a continuous improvement approach that commits businesses to the application of statistical tools and resources for employees across the supply chain.

Every facility of ours has a process engineering manager who reports through regional, national and global levels. This team of engineers works to improve processes, such as machine utilization, through periodic assessments, and to identify new projects for improvement across a range of metrics. The system empowers local managers to identify improvements, while the global network ensures that once an improvement is realized and validated, it can quickly scale across all facilities and regions.

In 2020, our process-engineering efforts led us to invest in a new smart rinse technology at our textile facility in Honduras. Our textile facilities represent 41% of our total energy use, with the dyeing of fabric being our most energy-intensive process. Through trial, our teams identified an opportunity to reduce rinse cycles based on fabric composition and color. For example, a cotton T-shirt requires a longer rinse cycle than synthetic fabrics like polyester, which requires up to 14% less rinsing. We also discovered variations in colors that reduce rinsing times. This led to a savings of 22,416 cubic meters (m<sup>3</sup>) of water and 56,173 kWh. This technology was replicated in our Morocco facility, and we shared the approach with our supplier, Caracol, which also saw significant savings (see case study with Caracol).

While the vast majority of our energy efficiency gains in 2020 were due to the production stoppages, the cumulative impact of our energy efficiency projects is in line with our annual goals for reduction and has put us well on our path to meet our efficiency goals.



### SCOPE 1 -

#### DIRECT ENERGY USE

##### Energy Types (MWh)

	Global		
	2018	2019	2020
Fuel	23,584	30,730	18,540
Diesel	9,421	6,732	3,795
Gasoline	710	650	371
Jet Fuel	3,627	3,331	623
Coal	149,072	104,532	55,703
Propane	7	3	2
Acetylene	29	7	1
Natural Gas	17,076	18,112	10,682
<b>TOTAL (MWh):</b>	<b>203,526</b>	<b>164,098</b>	<b>89,717</b>

### SCOPE 2 -

#### INDIRECT ENERGY USE

##### Energy Types

	Global		
	2018	2019	2020
Steam (MWh)	129,347	133,336	108,383
Electricity (MWh)	95,514	89,027	49,397
Renewable Electricity Total (MWh)	63,273	73,400	74,146
On-site Biomass Generated Power (MWh)	114,224	26,697	
On-site Solar (kWh)	11,945	15,163	13,912
Balsmar			2,824
Nuevo Dia			1,269
Joya de Ceren			1,427
Lamatepec			2,927
Maya			1,510
Santa Ana			2,454
Tela			1,501



## CASE STUDY

## Influencing our Suppliers

A key part of our emissions reduction strategy for our Scope 3 emissions is working directly with our suppliers on energy efficiency and renewable energy.

Caracol, a supplier located in Honduras, has comprehensive textile process capabilities from yarn receiving, knitting, batching, bleach and dyeing, napping, printing, cutting and two sewing operations. In a regular week, Caracol has a production capacity of six million pounds of fabric, representing 60-65% of the textile production in the region.

Since the beginning of our strategic partnership with Caracol, we have shared our process improvement management approaches for quality, cost, safety, inventory management, environmental, efficiency and energy improvement.

We collaborate with Caracol to supervise and support the textile operation through weekly performance reviews, technology process improvements and environmental audits. As a result of shared investments in improvements, Caracol is now a self-sustained facility, able to produce its own process water, steam and electricity, with backup systems. The facility also has invested in software to manage production, process control systems, water and heat recovery, and performance.

During the last few years, our Company has developed a strategic plan to upgrade all textile equipment to the latest technology to optimize energy, steam and water consumption. We have collectively replaced 44 dyeing machines, eight pads, four open-width compactors, 10 cutters and four open-width spreaders. The collective impact of these equipment upgrades has been energy savings of over \$1 million and savings of 18,550 MT CO<sub>2</sub>e. In 2020 alone, we have collaborated on the optimization of knitting areas and reduction of dyeing reworks/readds with an impact of 2,300,000 kWh reduction and a saving of approximately 94,000 cubic meters (m<sup>3</sup>) of water.

This has been a great partnership for over 20 years, and we are excited to see how we can continue to work together on our shared values and mission.

# Saving Water

Water is a precious resource, and one that is critical for the apparel industry. Our 2019 water hotspot analysis revealed that across a product's total life cycle, the biggest use of water in apparel comes in the growing of cotton (62%), followed by consumers laundering their clothes at home (37%) and finally, the use of water in manufacturing with processes such as dyeing textiles (1%).

We are committed to increasing the efficiency of water in our value chain by working with sustainable cotton farmers who use less water (see [Sourcing Sustainably](#)) and by reducing water use in our own facilities. We reduced our water intensity, or the amount of water used per pound of fabric, by 11% in 2018 (based on a 2013 baseline). In 2019, we set a new initiative to reduce our water intensity even further by 2030 using 2018 as our base year.

## Our Water Target Initiative

We are committed to a 10% reduction in water intensity by 2030 across all global locations based on a 2018 baseline.

## OUR PROGRESS

We reduced the absolute amount of water we used in our facilities in 2020, due in most part to production pauses. However, this decrease in production impacted the overall efficiency of our operation, and we saw an increase in water intensity in 2020.

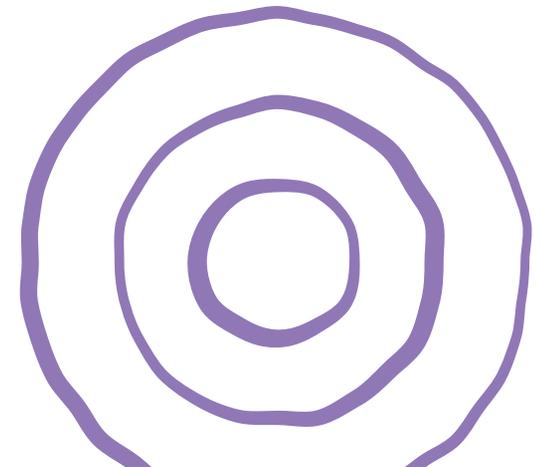
In response, we introduced three key efficiency projects in 2020 that have helped us significantly reduce our water usage. The first of these is a heat recovery project that recovers cooling water from dye jets by sending it to an external tank for later use, resulting in water savings of 28,951 m<sup>3</sup>. The second is a smart rinse project that optimizes the ratio of rinse water needed based on fabric water retention and color recipe, resulting in water savings of 23,416 m<sup>3</sup>. Finally, the third is a business analytics project that provides automatic alerts for known machine failures that may produce dyeing defects or reworks. This has the potential to reduce total dye rework time by 30% and also saved 12,327 m<sup>3</sup> of water in 2020.

## WASTEWATER

In addition to a reduction in water intensity, we are also committed to improving water quality. We do this by using greener chemicals and integrating new standards to lessen the impact of textile dyes on people and the planet (read more on our progress in [Ensuring Product Safety](#)). Our textile facilities have on-site wastewater treatment plants, so we are able to return water to the system at the same quality or better than what we withdrew.

## WATER PERFORMANCE

Water in Gallons	2018	2019	2020
Total Water Withdrawal in m <sup>3</sup>	3,461,398	3,767,556	2,629,980
Water Intensity (m <sup>3</sup> /kg of production)	0.0595	0.0569	0.0609
Water Intensity Variation from 2018 Baseline (% of variation)	0.00%	-4.44%	2.30%



# Meeting Our Zero Waste Target

## ZERO WASTE TO LANDFILL

For our business, COVID-19 meant intermittent disruptions in our manufacturing facilities all year long. Although this resulted in a decrease in product volume, it also meant less waste from our facilities.

**For the third year in a row, we were able to meet our Zero Waste target.**

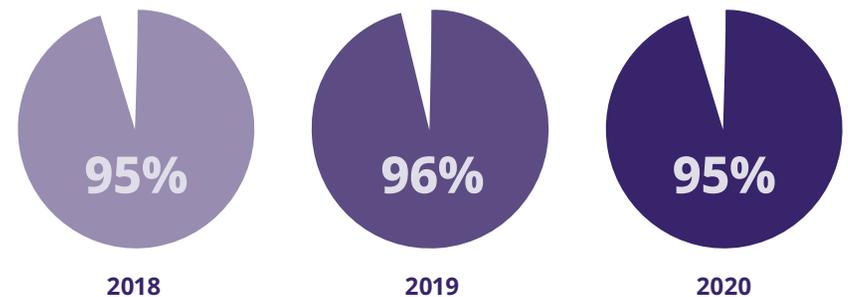
Starting in 2018, our annual goal has been to divert at least 95% of our waste from landfills — covering all our facilities from manufacturing to distribution and offices. In 2020, we diverted just over that, exceeding the Zero Waste International Alliance business recognition program requirements to divert 90% or more of all discarded resources from landfills. One of the ways we have been able to do this is through better utilization of fabric in our facilities. This includes cutting patterns in just the right way to generate less scrap and implementing design software that reduces the need for product samples.



## WASTE CONSUMPTION (METRIC TONS)

Waste	2018	2019	2020
Landfill	2,135	1,543	1,376
Recycled Total	16,698	15,911	11,356
Recycled Cloth	26,616	23,691	16,667
Hazardous Waste	10	3	6
<b>PERCENT RECYCLED</b>	<b>95%</b>	<b>96%</b>	<b>95%</b>

## PERCENTAGE OF WASTE RECYCLED IN OUR OWN FACILITIES



## Designing Out Waste Through 3D Modeling



PPE Gown, Created in VStitcher  
by FOTL team

In 2019, our product development team began to investigate the concept of 3D design as a way to enhance business efficiency and reduce resource waste. The Company started by training a small team of pattern makers, engineers, and designers and exploring the ways that Browzwear's suite of 3D design solutions, including VStitcher and Lotta, could be incorporated into the product development cycle. The first stage of 3D adoption was leveraging the software as a proof-of-concept tool where designers could present designs digitally to internal stakeholders.

However, toward the end of the training program, the pandemic hit, confining the teams to remote working, just as they were challenged to produce PPE garments, such as protective face coverings, which became a critical resource during the pandemic.

Soon after, we were challenged to make non-surgical isolation gowns — disposable gowns used when there is a medium to high risk of contamination. This was a completely new product type for the Company that had not been explored previously, requiring the product development team to design the product offering entirely from scratch. The gowns were to be produced in different styles, meaning that different materials and constructions were needed, which proved to be challenging at the time due to global material shortages and limited resources.

"As we began to investigate how we could present and deliver the products in the fastest and most efficient way possible, we realized that we had the answer at our fingertips," said Jamie Aikins, VP of Process Improvement. "We could effectively create the garments in 3D without being limited to the availability of resources."

"With Browzwear's VStitcher, our designers and pattern makers were able to start from scratch, construct and visualize each pattern piece on a 3D model, and analyze its fit and function," said Aikins. "Due to the lack of fabrics

available, we took existing fabrics and tweaked them digitally to get it as close to the exact fabric as possible."

Although the Company was early on in its 3D adoption process, by having the right set of tools in place, the teams could jump right in when the time came to present PPE prototypes digitally to customers during the pandemic, when in-person meetings were simply out of the question.

With the success of the PPE project, we are now working to expand our efforts in 3D and further embed it within the Pattern Development and Garment Fitting product development process, as well as across departments.

"As we continue to implement 3D technology into our product development process and look toward making it a part of our day-to-day, we are ready to gear up toward leveraging 3D to reduce the amount of fabric waste throughout the prototype approval cycle," said Mercedes Lopez, VP of Corporate Social Responsibility. "By being able to leverage such technology, not only are there gains in the product development time frame, but we can also quickly explore the potential of new products and markets and see how it can impact the fabric utilization. This insight can help us in our goals to reduce fabric waste. We look forward to reaching a point in the near future where we no longer require significant physical samples."

The benefits of 3D for our Company:

- Enhanced Communication Between Departments
- Sales and Marketing Tool
- Increase in Rapid Decision Making
- Reduction in physical samples for design intent

# Waste - Packaging



## ELIMINATING PACKAGING

In Europe, where a majority of our business is shipping to distributors, we have made a concerted effort to eliminate wholesale poly bags when transporting products between our own facilities. In 2020, we removed the poly bag packaging and carton liners from our Fruit of the Loom and Russell Athletic products, such as tees, polos and sweats.

In the U.S., our next focus is on wholesale poly bags used in customer accounts where there is no printing, and in Europe, we are working with our supplier to reduce the amount and type of plastic used for dress shirt bags. Where we cannot eliminate packaging, we are working to include more sustainable materials, such as recycled content. (See [Sourcing Sustainably](#) for more information on our progress.)

## EDUCATING CONSUMERS ON RECYCLING

In 2019, we joined How2Recycle, a standardized labeling system that clearly communicates recycling instructions to the public, and we committed to include more consumer-facing messaging about recycling on our packaging. A challenge to this commitment has been that customers are requesting radio frequency identification (RFID) labels (which are not recyclable) on packaging to better manage inventory. We are working on an innovation project to find a solution to make the polybags recyclable while still incorporating these RFID labels.

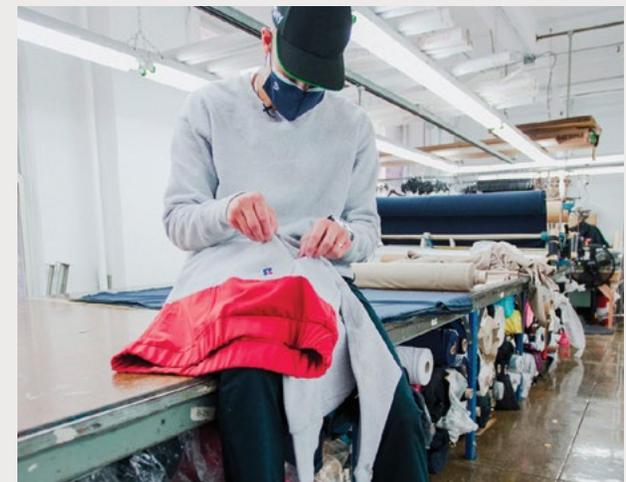
CASE STUDY

## Upcycled Street Fashion

We partnered our Russell Athletic brand with retail brand and custom apparel maker KITH in 2020 for an upcycled collection of streetwear. The limited-release collection featured vintage Russell Athletic pieces collected from all over the U.S. that were cut and entirely reconstructed according to a patchwork pattern to create one of four silhouettes. Each item created was completely unique, a “one of one,” and represented the blending of the past and present through the enduring quality of Russell Athletic fleece material.

A similar limited-release upcycled collection developed with Russell Athletic overstocked items and designers Nicole McLaughlin and Dao-Yi Chow launched in April 2021, rising to the needs of changing consumer attitudes around the consumption of apparel.

Just as in pulling together fine collections like these, we continue to gather new ideas and innovations from across all of our brands, our supply chain and our entire Company network around the globe, bringing it all together in the service of responsibility to the environment, our communities and each other. It takes all of us.



# Product Authenticity



- Sourcing Sustainably from Transparent Supply Chains

We are committed to transparency, responsible chemical use and sourcing sustainably-produced key raw materials that will reduce our environmental footprint, have a positive social impact and meet consumer needs.

# Product Authenticity Progress

A key differentiator in our Fruitful Futures plan is expanding our focus beyond reducing the environmental impact of our own operations to reducing the environmental impact of our products across the total value chain as well. We identified three initiatives to further our ambition to create more sustainable products.

## OUR INITIATIVES

- ✓ **Ensuring Product Safety** — 100% third-party certified by Oeko-Tex® for all global production made in our own facilities by 2025 to ensure textiles are safe for people.
- ✓ **Transparency in Supply Chains** — 100% of our global supply chain mapped to raw materials by 2025.
- ✓ **Increase Sustainable Sourcing of Key Materials** — such as cotton, polyester, nylon, packaging and plastic for basketball backboard systems. More details are outlined under Sourcing Sustainably within this section.

In 2020, we held a series of workshops with our brand marketing and innovation teams to explore how our sustainability goals can be integrated into our strategic plans. We are now implementing ideas from those workshops and we continue to track our progress against our goals.

## 2020 PRODUCT AUTHENTICITY HIGHLIGHTS

### Product Safety Progress

**100%**

of our European products are Oeko-Tex® certified.

**100%**

of our yarn suppliers are Oeko-Tex® certified.

### Transparency Progress

**100%**

of our cotton supply chain mapped to raw materials.

**15%**

of our total supply chain mapped to raw materials.

### Sustainable Sourcing Progress

**94%**

of our cotton sourced sustainably in the U.S.

**100%**

recyclable paper-based materials used in retail packaging.

**87%**

of retail packaging uses recycled plastic.





# Ensuring Product Safety

In 2020, we announced our goal to have all products made in our owned facilities certified by Oeko-Tex® by 2025. All of our products sold in Europe already meet this certification, and we are now well underway to certifying one of our largest Fruit of the Loom product lines in the U.S., a men's T-shirt. The groundwork for this achievement was laid in 2020.

We relied on the processes already in place in our Oeko-Tex® certified Morocco textile facility to expand certification to our textile facility in Honduras, including submitting product samples for lab testing.

**OEKO-TEX®**  
CONFIDENCE IN TEXTILES

We also surveyed all of our suppliers to identify those already certified by Oeko-Tex®, which has been a positive exercise to share our strategic vision and collaborate on the use of certifications. In 2020, 12% of our suppliers were certified, including 100% of our yarn suppliers. We will continue to engage with all of our suppliers to elevate quality by supporting them in achieving certification.

All of our products continue to comply with all applicable regulations outlined in the Restricted Substances List published by the American Apparel & Footwear Association (AAFA), which is held by Sphera2, a third-party online system. Oeko-Tex® certification adds another layer of compliance to ensure product safety and transparency for our consumers.

# Transparency in the Supply Chain

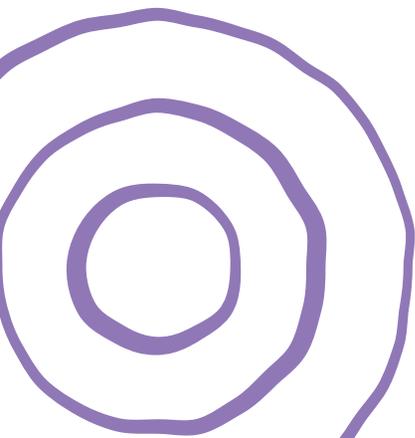
In 2020, 90% of the products we sold were made by us — by our employees in our facilities. This gives us the opportunity to produce our products in an ethical and environmentally responsible way. But while a majority of our best-loved fabrics are woven and sewn by us, we still source a range of garments and other items from a network of suppliers at over 450 facilities. We take great care in choosing our suppliers and ensuring they meet the standards set out in our Code of Conduct. We maintain a publicly available list of those suppliers on our website, and have done so since 2013. We do this because we believe transparency in supply chains is in all of our best interests. Transparency on where our products are made and by whom, as well as the materials that make them up, helps us raise standards on quality, human and labor rights and the environmental impact across our entire supply chain.

## OUR COMMITMENT

In 2019, we published our commitment to map 100% of our supply chain to raw materials by 2025. This means working with all of our suppliers to gain visibility into their own supply chain sourcing, from raw materials to final assembly of products.

## OUR PROGRESS

By the end of 2020, we had mapped 100% of our cotton supply chain to raw materials. This is a significant milestone as cotton is our most purchased material, representing 85% of our total supply chain by volume. Based on guidelines from the Fair Labor Association (FLA) and the International Labor Organization (ILO), we developed a process to collect factory data, employee demographics and Code of Conduct policies from all suppliers. We triangulated the data with desktop research and insights from global indices to monitor for any risks in the supply chain. This analysis is shared with business managers to inform decision making.



# Advancing Supply Chain Transparency



## Labor Risks in Xinjiang

Our commitment to transparency and investment in establishing our supply chain mapping capability proved essential as the emerging issue of government-sanctioned forced labor in the Xinjiang Uyghur Autonomous Region (XUAR) became critical in 2019 and 2020. We were able to pivot our program to focus on the cotton supply chain, incorporating relevant indicators and quickly identifying risks. We engaged several suppliers to discuss our findings and have reached an agreement on a broad range of remediation actions, including exiting suppliers that could not meet our compliance expectations.

We continue to update our Modern Slavery statement annually with actions taken to address forced labor risk. However, the challenges in Xinjiang, and from forced labor more broadly, highlight to us the critical importance of our goal of mapping 100% of our supply chain on all materials, and our efforts to enhance the process of data collection, analysis and risk profiling within our supply chain.



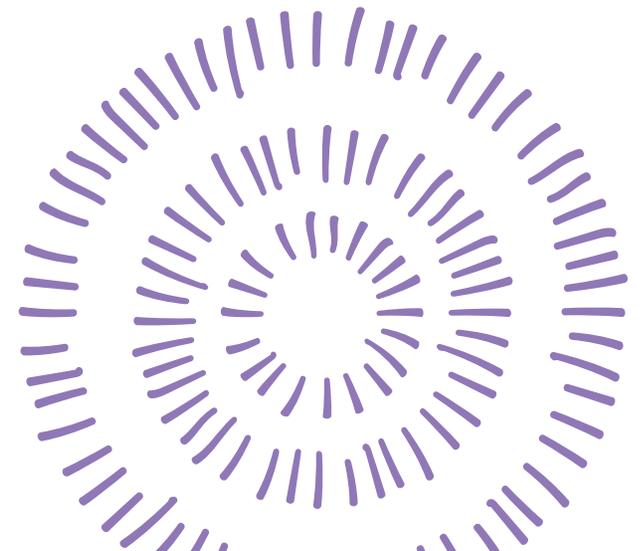
## Automated Systems

In 2021, we invested in a software system that will simplify our mapping process and risk profiling. This solution will send out automated questionnaires to suppliers and cascade them through their own supply chains. This automation will be critical to our efforts to map 100% of our products to raw materials by 2025. Weaving transparency requirements into contract negotiations and having a system to process and store data will be critical to achieving this goal.



## New Verification Protocol

The next area we identified for development is a protocol that will help us verify self-disclosed supplier information to further our risk mitigation steps. This project is being developed in 2021 as a collaborative effort between our CSR, customs compliance and legal teams.



# Sourcing Sustainably

Over two-thirds of our carbon footprint is in our upstream supply chain, also referred to as our Scope 3 emissions (see our [2019 Sustainability Report](#) for our Corporate Footprint). The emission impacts come from growing natural fibers like cotton or extracting fuels to make synthetic fibers like polyester and nylon, as well as the energy required to spin all these yarns into the fibers we use in our products. Our commitment to source more sustainable raw materials is one of our core strategies to reduce our carbon footprint. Sourcing from cotton farmers who are working to lower emissions through innovative farming practices, or sourcing recycled materials that have a lower carbon footprint than virgin materials, are critical for us to meet our carbon reduction goals.

We have focused our program on our top-purchased raw materials:

- ▶ 100% sustainable cotton by 2025.
- ▶ 30% recycled polyester by 2030.
- ▶ 30% recycled nylon by 2030.
- ▶ 100% recyclable paper packaging by 2022, and increase recycled content in packaging by 2025.
- ▶ Increase recycled plastic for basketball backboard systems.

## SUSTAINABLE COTTON

In 2019, we reported that 89% of our cotton was sustainably sourced from the U.S. In 2020, we redefined our scope to include U.S. cotton used by our Moroccan facility. Through this recalculation, we are now sourcing 94% sustainable cotton from the U.S.

We are also members of Cotton LEADS, which promotes and measures efforts to address environmental impacts of sustainable cotton production, including water use, soil health, biodiversity, pest management and energy consumption. We began talks with COTTON USA in 2020, a non-profit organization that works to support the traceability and sustainability of U.S. cotton, and became members in early 2021.

For the remaining 6% of our cotton that is sourced outside of the U.S., we plan to source sustainable cotton through the Better Cotton Initiative (BCI). The BCI is a nonprofit, multi-stakeholder governance group that promotes better standards in cotton farming and practices across 21 countries. We conducted our due diligence on BCI in 2020, and we will complete our membership process in 2021.

As members of BCI and COTTON USA, we will work with all suppliers to ensure that the cotton in our finished products meets standards set forth by those organizations. This alliance underscores our commitment to consistently deliver quality, essential goods now and for the future.



# 30 BY 30

## RECYCLED POLYESTER

Integrating recycled polyester comes with challenges for our business. There are quality differences in the fiber due to different sources, limited availability and higher prices due to the higher demand. Our sourcing and marketing teams worked closely with yarn and fabric suppliers to define a list of priority styles to transition to recycled polyester. We began collaborating with our key suppliers on a plan to procure recycled fiber/yarn, as well as prepare their manufacturing facilities to handle higher volumes of recycled polyester. COVID-19 delayed this testing in 2020, but it has now resumed, and we plan to begin the transition to recycled polyester by the end of 2021 for several product lines.

## RECYCLED NYLON

We made progress on our goal to source 30% recycled nylon by 2030, by identifying potential suppliers for both recycled nylon and spandex. These fibers are primarily used in our women's underwear lines. We have more work to do to develop the right consumer proposition for recycled materials in intimate apparel, and we made a strategic decision to focus our efforts on polyester for the short term.

## RECYCLED CONTENT IN PACKAGING

We made great strides with recycled content in packaging in 2020, and we are well on our way to achieving our first goal of incorporating 60% post-consumer recycled content into 100% of our poly bags utilized for our retail sales in the U.S. At the end of 2020, 87% of our poly bags met these criteria, which is the equivalent of 61 tons of recycled content from 14.7 million poly bags in 2020 alone. For now, 60% recycled content is the maximum we can use in our packaging in the U.S. to maintain visual clarity of the pack, an important factor for distributors, retailers and consumers.

For e-commerce bags, we are transitioning to 100% recycled content, 90% of which is post-consumer recycled content, and the remaining 10% is post-industrial. At the end of 2020, 26% of our styles sold through e-commerce were using this recycled bag. We are expecting to reach 100% by the end of 2021.



## RECYCLED PAPER AND PAPER FROM SUSTAINABLE FORESTS

We set a goal to ensure all the paperboard used in our primary and secondary packaging would be recyclable by 2022. By removing laminates to improve recyclability, we were able to achieve this goal ahead of our target date. Furthermore, we are now using up to 40% recycled corrugate in our secondary packaging and cartons. For these pieces, it's important that we balance structural integrity with recycled content.

We have also made progress on retail packaging. We began working with Forest Stewardship Council (FSC) Certified suppliers in 2020, and in 2021, we will roll out FSC packaging for Ladies and Fit for Me packaging. We are evaluating multiple options to develop an approach to increase the amount of sustainably sourced materials used in our paper packaging.



## RECYCLED PLASTIC IN SPORTING GOODS

Demand for our Spalding basketball systems skyrocketed in 2020 as consumers looked for more activities they could do safely at home during the pandemic. This delayed our plans to look for alternative materials or processes to increase the amount of recycled material in our products.

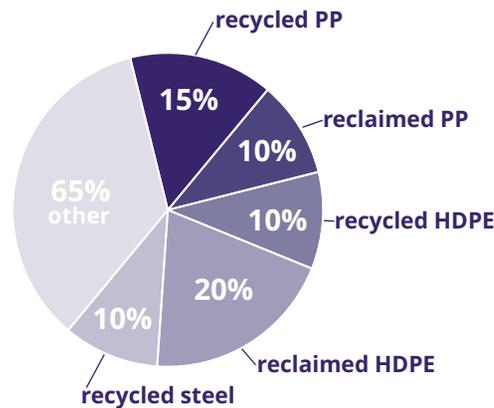
Our basketball systems are made of a combination of low carbon steel, high-density polyethylene (HDPE) and polymer polypropylene (PP). Except for our steel frame acrylic and polycarbonate backboards, which are assembled using adhesives, the remaining packaging and product components can be disassembled for recycling.

We are seeing a big shift in our industry to increase the percentage of reclaimed and recycled content across these materials, while balancing performance. The challenge with molded thermo-plastic-based materials used for backboards and bases is the overall performance degradation from increasing recycled content. The only way to compensate for this is to put new additives into the plastic.

We have been able to incorporate 10% recycled steel, 20% reclaimed HDPE, 10% recycled HDPE, 10% reclaimed PP and 15% recycled PP into our backboard

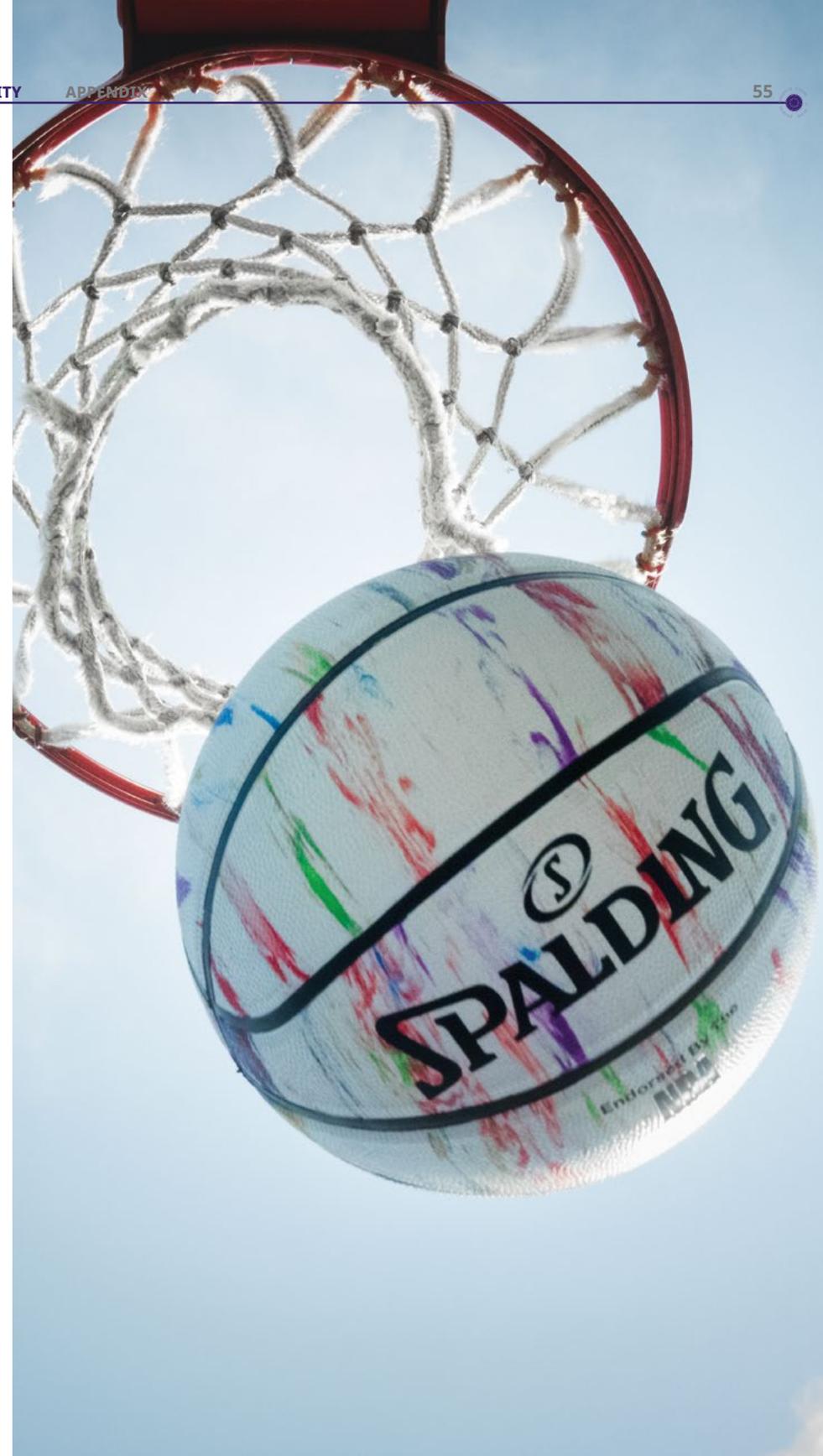
systems. By 2022, our goal is to increase the amount of recycled HDPE to 15% and reclaimed PP to 25%, while maintaining the same amount of recycled steel, reclaimed HDPE and recycled PP.

In 2021, we will focus on utilizing substitutes for internal packaging material, to reduce the use of expanded polystyrene (EPS) and individual component plastic poly bags.



## RUBBER

Rubber is a key material used in our basketballs. Our current focus is on mapping our rubber to raw materials. For more information see our 2019 report.

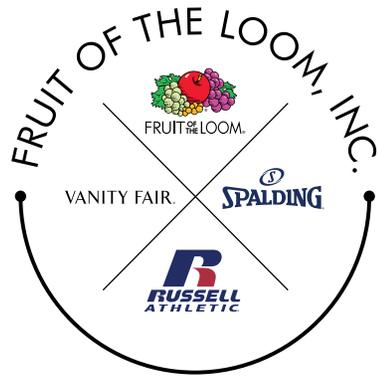




**“What we do today is woven inextricably into tomorrow. In everything we make, from sourcing to sale, we continue to look for opportunities to ensure the products we make set the standard in social and environmental responsibility.”**

- Melisa Burgess Taylor  
Chairman and CEO, Fruit of the Loom, Inc.





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# Global Reporting Initiative (GRI)

## Content Index

GRI Standard	Disclosure	Page Number(s) and/or URL(s)	Omission		
			Part Omitted	Reason	Explanation
<b>GRI 101: Foundation 2016</b>					
<b>General Disclosures</b>					
<b>GRI 102: General Disclosures 2016</b>	<b>Organizational profile</b>				
	102-1 Name of the organization	Business Context Pg 4			
	102-2 Activities, brands, products, and services	Business Context Pg 5			
	102-3 Location of headquarters	Business Context Pg 4			
	102-4 Location of operations	Business Context Pg 4			
	102-5 Ownership and legal form	Business Context Pg 4			
	102-6 Markets served	Business Context Pg 4			
	102-7 Scale of the organization	Business Context Pg 4			
	102-8 Information on employees and other workers	Business Context Pg 4			
	102-9 Supply chain	Business Context Pg 5			
	102-10 Significant changes to the organization and its supply chain	Our Covid-19 Response Pgs 11, 12			
	102-11 Precautionary Principle or approach	Sustainability Governance Pg 8			
	102-12 External initiatives	Respectful & Inclusive Workplaces Pg 18			
		Engaging with Stakeholders Pg 13			
	102-13 Membership of associations	Engaging with Stakeholders Pgs 13, 14			
	<b>Strategy</b>				
	102-14 Statement from senior decision-maker	A Letter From Our CEO Pg 3			
	<b>Ethics and integrity</b>				
	102-16 Values, principles, standards, and norms of behavior	Business Context Pg 5			
	<b>Governance</b>				
102-18 Governance structure	Sustainability Governance Pg 8				
<b>Stakeholder engagement</b>					
102-40 List of stakeholder groups	Engaging with Stakeholders Pg 13				
102-41 Collective bargaining agreements	Freedom of Association Pg 25				
102-42 Identifying and selecting stakeholders	Our Strategy Pg 7				



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<b>GRI 102: General Disclosures 2016</b>	102-43 Approach to stakeholder engagement	Engaging with Stakeholders Pgs 13, 14				
	102-44 Key topics and concerns raised	Our Strategy Pg 7				
	<b>Reporting practice</b>					
	102-45 Entities included in the consolidated financial statements	Not included		Fruit of the Loom, Inc. is a privately held company. Financial statements are not publicly disclosed.		
	102-46 Defining report content and topic Boundaries	Business Context Pg 5, Our Initiatives Pg 9				
	102-47 List of material topics	Our Strategy Pg 7, Our Initiatives Pg 9				
	102-48 Restatements of information	NA				
	102-49 Changes in reporting	Diversity & Inclusion Pg 29		We redefined our Work Population Criteria, and provide context for this change in the paragraph 'Redefining Our Criteria'.		
	102-50 Reporting period	Business Context Pg 4				
	102-51 Date of most recent report	Business Context Pg 4				
	102-52 Reporting cycle	Business Context Pg 4				
	102-53 Contact point for questions regarding the report	Business Context Pg 4				
	102-54 Claims of reporting in accordance with the GRI Standards	Business Context Pg 4				
	102-55 GRI content index	Appendix Pg 57				
102-56 External assurance	Partial			The GHG Footprint for Scopes 1 and 2 has been externally assured.		
<b>Material Topics</b>						
<b>300 Series (Environmental Topics)</b>						
<b>Materials</b>						
<b>GRI 103: Management Approach 2016</b>	103-1 Explanation of the material topic and its Boundary	Sourcing Sustainably Pg 53				
	103-2 The management approach and its components	Sourcing Sustainably Pg 53				
	103-3 Evaluation of the management approach	Sourcing Sustainably Pgs 53, 54, 55				
<b>GRI 301: Materials 2016</b>	301-1 Materials used by weight or volume	Not included due to market sensitivity.				
<b>Energy</b>						
<b>GRI 103: Management Approach 2016</b>	103-1 Explanation of the material topic and its Boundary	Our Changing World Pg 38, Our Footprint Pg 40, Energy Use Pg 41				
	103-2 The management approach and its components	Pg 39				
	103-3 Evaluation of the management approach	Energy Use Pgs 41, 42				
<b>GRI 302: Energy 2016</b>	302-1 Energy consumption within the organization	Energy Use Pg 42				
	302-4 Reduction of energy consumption	Energy Use Pg 41				
	302-5 Reductions in energy requirements of products and services	Energy Use Pg 42				

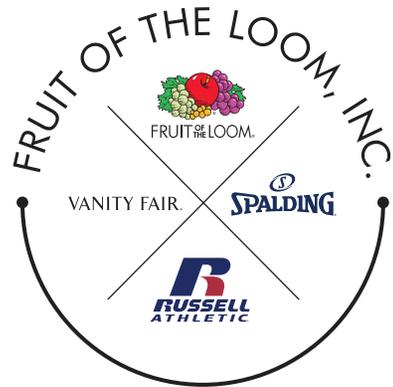


GRI Standard	Disclosure	Page Number(s) and/or URL(s)	Omission		
			Part Omitted	Reason	Explanation
<b>Water</b>					
<b>GRI 103: Management Approach 2016</b>	103-1 Explanation of the material topic and its Boundary	Saving Water Pg 44			
	103-2 The management approach and its components	Saving Water Pg 44			
	103-3 Evaluation of the management approach	Saving Water Pg 44			
<b>GRI 303: Water 2016</b>	303-1 Water withdrawal by source	Saving Water Pg 44			
	303-3 Water recycled and reused	Saving Water Pg 44			
<b>Emissions</b>					
<b>GRI 103: Management Approach 2016</b>	103-1 Explanation of the material topic and its Boundary	Our Commitments Pg 39			
	103-2 The management approach and its components	Our Commitments Pg 39			
	103-3 Evaluation of the management approach	Our Commitments Pg 39			
<b>GRI 305: Emissions 2016</b>	305-1 Direct (Scope 1) GHG emissions	Our Commitments Pg 39			
	305-2 Energy indirect (Scope 2) GHG emissions	Our Commitments Pg 39			
	305-3 Other indirect (Scope 3) GHG emissions	Our Footprint Pg 40			
	305-5 Reduction of GHG emissions	Our Commitments Pg 39			
<b>Effluents and Waste</b>					
<b>GRI 103: Management Approach 2016</b>	103-1 Explanation of the material topic and its Boundary	Meeting our Zero Waste Target Pg 45, Waste – Packaging Pg 47			
	103-2 The management approach and its components	Meeting our Zero Waste Target Pg 45			
	103-3 Evaluation of the management approach	Meeting our Zero Waste Target Pg 45, Waste – Packaging Pg 47			
<b>GRI 306: Effluents and Waste 2016</b>	306-2 Waste by type and disposal method	Meeting our Zero Waste Target Pg 45			
<b>400 Series (Social Topics)</b>					
<b>Employment</b>					
<b>GRI 103: Management Approach 2016</b>	103-1 Explanation of the material topic and its Boundary	Business Context Pg 5, Respectful and Inclusive Workplaces Pg 18, Fair Compensation Pgs 33, 34			
	103-2 The management approach and its components	Respectful and Inclusive Workplaces Pg 18, Fair Compensation Pgs 33, 34			
	103-3 Evaluation of the management approach	Fair Compensation Pgs 33, 34			
<b>GRI 401: Employment 2016</b>	401-3 Parental leave	We offer parental leave at all of our locations around the world. <a href="#">See our 2019 report for details.</a>			
<b>Occupational Health and Safety</b>					
<b>GRI 103: Management Approach 2016</b>	103-1 Explanation of the material topic and its Boundary	Health, Safety and Well-being Pgs 22, 24			
	103-2 The management approach and its components	Health, Safety and Well-being Pgs 22, 23, 24			

GRI Standard	Disclosure	Page Number(s) and/or URL(s)	Omission		
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<b>GRI 103: Management Approach 2016</b>	103-3 Evaluation of the management approach	Health, Safety and Well-being Pgs 22, 23, 24			
<b>GRI 403: Occupational Health and Safety 2016</b>	403-2 Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	Supplier Health and Safety Pg 24			
<b>Training and Education</b>					
<b>GRI 103: Management Approach 2016</b>	103-1 Explanation of the material topic and its Boundary	Learning and Development Pg 26			
	103-2 The management approach and its components	Learning and Development Pg 26			
	103-3 Evaluation of the management approach	Learning and Development Pg 26, Dedication to Education Pg 28			
<b>Diversity and Equal Opportunity</b>					
<b>GRI 103: Management Approach 2016</b>	103-1 Explanation of the material topic and its Boundary	Diversity & Inclusion Pg 29			
	103-2 The management approach and its components	Diversity & Inclusion Pg 29			
	103-3 Evaluation of the management approach	Diversity & Inclusion Pgs 30, 21, 32			
<b>GRI 405: Diversity and Equal Opportunity 2016</b>	405-1 Diversity of governance bodies and employees	Diversity & Inclusion Pg 30			
<b>Non-discrimination</b>					
<b>GRI 103: Management Approach 2016</b>	103-1 Explanation of the material topic and its Boundary	Respectful and Inclusive Workplaces Pg 18			
	103-2 The management approach and its components	Respectful and Inclusive Workplaces Pg 18			
	103-3 Evaluation of the management approach	Respectful and Inclusive Workplaces Pg 18			
<b>GRI 406: Non-discrimination 2016</b>	406-1 Incidents of discrimination and corrective actions taken	Taiwan Supplier Recruitment Fees Pg 21			
<b>Freedom of Association and Collective Bargaining</b>					
<b>GRI 103: Management Approach 2016</b>	103-1 Explanation of the material topic and its Boundary	Freedom of Association Pg 25			
	103-2 The management approach and its components	Freedom of Association Pg 25			
	103-3 Evaluation of the management approach	Freedom of Association Pg 25			
<b>GRI 407: Freedom of Association and Collective Bargaining 2016</b>	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Freedom of Association Pg 25			
<b>Child Labor</b>					
<b>GRI 103: Management Approach 2016</b>	103-1 Explanation of the material topic and its Boundary	Respectful and Inclusive Workplaces Pg 18			
	103-2 The management approach and its components	Respectful and Inclusive Workplaces Pg 18			
	103-3 Evaluation of the management approach	Respectful and Inclusive Workplaces Pg 18			
<b>GRI 408: Child Labor 2016</b>	408-1 Operations and suppliers at significant risk for incidents of child labor	Respectful and Inclusive Workplaces Pg 18			



GRI Standard	Disclosure	Page Number(s) and/or URL(s)	Omission		
			Part Omitted	Reason	Explanation
<b>Forced or Compulsory Labor</b>					
<b>GRI 103: Management Approach 2016</b>	103-1 Explanation of the material topic and its Boundary	Respectful and Inclusive Workplaces Pg 18, Fair Compensation Pgs 33, 34			
	103-2 The management approach and its components	Respectful and Inclusive Workplaces Pgs 18, 19, 20, 21			
	103-3 Evaluation of the management approach	Looking Ahead to 2021 – Grievance Procedure Improvements Pg 21			
<b>GRI 409: Forced or Compulsory Labor 2016</b>	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	Taiwan Supplier Recruitment Fees Pg 21			
<b>Human Rights Assessment</b>					
<b>GRI 103: Management Approach 2016</b>	103-1 Explanation of the material topic and its Boundary	Respectful and Inclusive Workplaces Pg 18			
	103-2 The management approach and its components	Respectful and Inclusive Workplaces Pg 18			
	103-3 Evaluation of the management approach	Respectful and Inclusive Workplaces Pg 18			
<b>GRI 412: Human Rights Assessment 2016</b>	412-2 Employee training on human rights policies or procedures	Respectful and Inclusive Workplaces Pg 20			
<b>Local Communities</b>					
<b>GRI 103: Management Approach 2016</b>	103-1 Explanation of the material topic and its Boundary	Threads of Change Pg 35			
	103-2 The management approach and its components	Threads of Change Pg 35			
	103-3 Evaluation of the management approach	Threads of Change Pg 35			
<b>GRI 413: Local Communities 2016</b>	413-1 Operations with local community engagement, impact assessments and development programs.	Threads of Change Pg 36			
<b>Supplier Social Assessment</b>					
<b>GRI 103: Management Approach 2016</b>	103-1 Explanation of the material topic and its Boundary	Respectful and Inclusive Workplaces Pg 18			
	103-2 The management approach and its components	Respectful and Inclusive Workplaces Pg 18			
	103-3 Evaluation of the management approach	Respectful and Inclusive Workplaces Pg 20			
<b>GRI 414: Supplier Social Assessment 2016</b>	414-1 New suppliers that were screened using social criteria	100% of new suppliers audited against Code of Conduct.			
	414-2 Negative social impacts in the supply chain and actions taken	Supply Chain Capacity Building and Training Pg 21			
<b>Marketing and Labeling</b>					
<b>GRI 103: Management Approach 2016</b>	103-1 Explanation of the material topic and its Boundary	Ensuring Product Safety Pg 50, Waste – Packaging Pg 47			
	103-2 The management approach and its components	Transparency in the Supply Chain Pg 50			
	103-3 Evaluation of the management approach	Transparency in the Supply Chain Pg 50, Advancing Supply Chain Transparency Pg 51			
<b>GRI 417: Marketing and Labeling 2016</b>	417-1 Requirements for product and service information and labeling	Waste – Packaging Pg 47, Ensuring Product Safety Pg 50			



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