

HANES
Brands Inc

SUSTAINABILITY

2021 SUMMARY REPORT



HANESBRANDS CEO LETTER

Dear Stakeholders,

At HanesBrands, we have a clear purpose: We are creating a more comfortable world for every body.

Our more than 59,000 associates are deeply committed to this purpose, and sustainability is its foundation. Sustainability is integrated into everything we do — from our iconic brands to sourcing our materials to manufacturing our great products to operating our global distribution network. For decades, we've worked to comfort those in need, and our environmental work is aimed at ensuring the planet is comfortable for years to come.

We're proud of our leadership in this area, and we know there's more to do. We've set ambitious 2025 and 2030 goals focused on people, our planet and our products. We have taken action to create and track our sustainability metrics, as well as align with environmental, social and governance (ESG) frameworks that help us advance our initiatives and better communicate our objectives and accomplishments.

We are taking our social and environmental practices to another level. We're reducing our energy, water and packaging use. We're committed to eliminating single use plastics and waste at our global plants. We recently set emissions reduction targets through the Science-Based Targets Initiative.

We continue to build on the support we provide to our associates around the world. We launched company-wide diversity training and created mentoring programs as we work to create opportunity for all.

We're also building the communities around the world where we live and work. And of course, we donate essential clothing and resources to those most in need.

One of our global values is *Do What's Right*. We live that value every day — acting ethically, responsibly and with transparency and doing the right thing for the planet. Together, through our sustainability commitments and shared journey, we will continue to realize our vision of making the world more comfortable for every body.



STEPHEN B. BRATSPIES
Chief Executive Officer

TRANSPARENT REPORTING
UNDER LEADING FRAMEWORKS
AND STANDARDS



HANESBRANDS VALUE CHAIN

1 SOURCING OF RAW MATERIALS

- About **61%** of the cotton used to make HanesBrands' apparel is grown in the U.S. by farmers using leading environmental practices.
- U.S. cotton farming has **reduced its greenhouse gas emissions** by 30% and uses 31% less land since 1980.
- Our U.S. cotton is spun into yarn **in the United States**.
- Due diligence programs are in place to **track the source** of foreign cotton and yarn.

2 MANUFACTURING

- Nearly **70%** of HanesBrands' total unit volume comes from facilities owned or controlled by HanesBrands, with locations balanced between the Eastern and Western hemispheres.
- HanesBrands' US-sourced yarn is sent to **fabric mills owned by HanesBrands** in El Salvador and the Dominican Republic that **rely heavily on biomass renewable energy**, and is sewn largely at Hanes-owned facilities in the region.
- All facilities, owned and contracted, go through an in-depth 265 question **labor compliance audit**.
- **48%** of HanesBrands' total electricity comes from renewable sources.
- HanesBrands has reduced global energy use by **7%** and water use by **8%** in just the last two years.

3 TRANSPORTATION

- Transporting raw and finished products is done largely by sea and land – significantly **less expensive and emitting far less greenhouse gases** than by air.
- Heavy focus on limiting air transport as part of our 2030 Science-Based Target goals.

4 PACKAGING

- 2025 goal to reduce packaging weight by **25%** and eliminate single-use packaging.
- Projects are being implemented that reduce packaging weight by **5%** and single-use plastics by **15%** from a 2019 baseline.









5 WASTE MANAGEMENT

- Managing waste has long been a focus at HanesBrands – especially the waste generated at our manufacturing facilities.
- Nearly **\$2 million** in yearly revenue is generated from selling our manufacturing waste to recyclers. Much of those proceeds are reinvested in our local community-development efforts.
- Today, about **92%** of waste from operations is diverted from landfill.

6 CONSUMER USE

- About 50% of GHG's emitted from a T-shirt over its life cycle comes from heating water in the laundry room.
- Our goal is to educate the consumer to wash in cold water.
- In partnership with Tide™, we generated over **800 million** consumer impressions in 2021 driving the benefits of washing in cold.

PROGRESS AGAINST OUR 2030 COMMITMENTS

Goal		2021 Progress	Target Date	United Nations Sustainable Development Goals Alignment
People	<ul style="list-style-type: none"> We will contribute to improving the lives of at least 10 million people. 	1.4 million lives impacted	2030	  
	Volunteerism <ul style="list-style-type: none"> We will encourage our associates to average at least 8 volunteer hours per year. 	Salaried associates average 9 volunteer hours per year	2030	
	Diversity, Equity & Inclusion <ul style="list-style-type: none"> We will increase the number of people of color at the senior manager level and above in the U.S. to 25% and maintain the percentage of women in the U.S. at senior manager level and above at 50% or more. 	16% people of color at or above senior manager level 49% women at or above senior manager level	2025	
Planet	Emissions* <ul style="list-style-type: none"> We are committing to a 50% reduction in Scope 1 & 2 emissions and a 30% reduction in Scope 3 emissions. 	11% reduction in Scope 1 and 2 emissions Scope 3 reductions will be calculated in 2022	2030	 
	Energy* <ul style="list-style-type: none"> We will reduce energy use in our owned facilities by 25% and support our key suppliers to do the same. 	7% reduction	2030	
	Renewable Electricity <ul style="list-style-type: none"> We will use 100% renewable electricity in our owned operations through direct investment and renewable energy credits, where reasonably possible. 	48% renewable electricity	2030	
	Water* <ul style="list-style-type: none"> We will reduce water use in our owned operations by 25%. 	8% reduction	2030	
	Wastewater <ul style="list-style-type: none"> We will align our wastewater with Zero Discharge with Hazardous Chemicals (ZDHC) wastewater standards. 	Performed gap analysis	2025	
	Waste <ul style="list-style-type: none"> We will achieve zero waste across our operations and support key suppliers to do the same. 	92% of waste diverted from landfill	2025	
	Higg Facility Environment Module (FEM) <ul style="list-style-type: none"> We will work only with facilities that have completed the Higg FEM process and will include Higg FEM scores in our facility evaluations. 	245 owned and contractor facilities (approx. 50%) have completed Higg FEM self-assessment	2025	
Product	Materials <ul style="list-style-type: none"> We aim to use 100% sustainable cotton and 100% recycled/biodegradable polyester in all HanesBrands products. 	61% sustainable cotton 17% recycled/biodegradable polyester	2025	
	Single Use Plastics* <ul style="list-style-type: none"> We aim to eliminate single-use plastics in our product packaging. Any that remains must be commonly recyclable or compostable. 	Projects being implemented that reduce single-use plastics by 15%	2025	
	Packaging Weight* <ul style="list-style-type: none"> We aim to reduce packaging weight by 25%. 	Projects being implemented that reduce packaging weight by 5%	2025	

* from 2019 baseline

PEOPLE

OUR ASSOCIATES

- HanesBrands welcomes, listens and embraces everyone. **Our culture is built on strong values and ethics.**
- We offer **opportunities for advancement and training at all levels** and over 1,000 leadership and training courses.
- The **health and wellness of our associates is important to us** with extensive medical clinics in our manufacturing facilities and headquarters.

HUMAN RIGHTS/ RESPONSIBLE SOURCING

- Our **Global Standards for Suppliers** and **Global Human Rights Policy** call for all our suppliers to conduct themselves with honesty and integrity, to fully comply with the law, and to treat associates with dignity and respect.
- We audit facilities against a 265-question labor compliance audit protocol.
- We have a **zero tolerance policy** against issues such as child labor, wage violations, serious health and safety violations and sexual or physical harassment or abuse.

COMMUNITY ENGAGEMENT AND PHILANTHROPY

- Our Green for Good program, funded by savings from our plant recycling efforts, has provided **5,300** people with access to medical services and over **1,000** life-changing surgeries since inception.
- In 2021, we donated **9.4 million units** of essential clothing to over 80 organizations globally to support those in need.
- Our employees **devote tens of thousands of volunteer hours every year** to support charitable work.

DIVERSITY, EQUITY AND INCLUSION

Our **59,000 associates** represent incredible diversity of background, ethnicity, culture, religion, gender, sexual orientation and age.

We launched extensive **company-wide diversity training** and created mentoring programs.

GLOBAL WORKFORCE

65% are women.

46% of management positions are held by women.

BOARD OF DIRECTORS

30% are women.

20% are People of Color.

U.S. WORKFORCE (Based on 2020 EEO-1 report)

71% are women.

49% of senior manager and above positions are held by women.

39% are People of Color.

16% of senior manager and above positions are held by People of Color.

GLOBAL ETHICS AND COMPLIANCE

- Our **Global Code of Conduct** that underpins our Global Ethics and Compliance program is translated into 23 languages.
- We have **Code of Conduct Officers** in all 33 countries in which we operate. They are advocates for fairness, serving as trainers and resource providers for the program.

OUR PURPOSE

We are creating a more **comfortable** world for **every body**

OUR VALUES

PLAY TO WIN

We expect to win, working together to drive results. We push ourselves to simplify and innovate. When we fail, we learn from it. We will break with the past when necessary to move forward.

ACT LIKE OWNERS

We take action. We build relationships across functions so we can see the company holistically and seek out opportunities for improvement. We're willing to sacrifice in one area if that leads to our overall success.

DO WHAT'S RIGHT

We behave ethically. We are transparent. We share information about the factors influencing our actions. Our behaviors align with our values. Our products make the world a better place.

CREATE OPPORTUNITY FOR ALL

With success comes opportunity. Everyone is respected and included. We provide opportunities for all associates to reach their Full Potential.



PLANET

CLIMATE

- We've set new **Science-Based Targets** calling for a 50% reduction in scope 1 & 2 and a 30% reduction in scope 3 emissions by 2030.
- Since 2019, we've already reduced scope 1 and 2 emissions by **11%** and energy intensity by **7%**.
- Our goal is for our operations to be powered by **100% renewable electricity** by 2030. Today, we are at 48%.

WASTE

- We are now **diverting 92%** of our facility waste from landfills, recycling more than 75 million pounds of fabric-cut parts, corrugate, plastic and other materials annually.
- Our **Green for Good** program, funded annually with \$900,00 in proceeds from waste recycling, funds targeted community improvement projects in education, healthcare and disaster relief assistance.

WATER

- HanesBrands is committed to **optimizing water use** throughout our value chain. We've reduced water use intensity by 8% since 2019.
- We **monitor water withdrawals** from local water basins serving our textile facilities, then track this data against industry tools. This helped us affirm that our textile facilities (the biggest consumers of water) are not located in water-stressed regions.

WASTEWATER AND CHEMICAL MANAGEMENT

- HanesBrands has put in place rigorous, industry-leading **wastewater and chemical management programs** at our owned facilities. All chemicals considered for use in those facilities must receive advance corporate-level approval and meet all legal requirements and our high, self-imposed standards.
- HanesBrands is committed to meeting the wastewater standards of the **Zero Discharge of Hazardous Chemicals initiative** by 2025.
- **100%** of wastewater from our major manufacturing facilities is treated with state-of-the-art wastewater treatment plants – more than **2 billion gallons** per year.

AMBITIOUS, RIGOROUS AND SCIENCE-BASED EMISSION REDUCTION GOALS



SCIENCE
BASED
TARGETS

DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

50% reduction in Scope 1 & Scope 2 emissions by 2030

30% reduction in Scope 3 emissions by 2030

Targets submitted to SBTi in 2021 based on 1.5°C or less limits for Scopes 1 and 2 and well below 2°C limit for Scope 3



2021 Climate Change "A-"



For 12 years in a row, we've earned Energy Star Partner of the Year or Sustained Excellence awards from the U.S. EPA.



PRODUCT

MATERIALS

- We will use **100% sustainable cotton** by 2025. We are now at 61%, using 181 million pounds of sustainable cotton last year.
- We will use **100% recycled/biodegradable polyester** in our products by 2025. We are now at 17%. The amount of recycled polyester that we've used in our products over the past five years is equivalent to recycling **750 million** plastic bottles.

CIRCULARITY

- We've kickstarted the use of circular economy practices by partnering with yarn mills to manufacture **reclaimed and recycled cotton**.
- To accelerate our journey toward a circular economy, we've set a goal for each of our brands to launch at least one **fully circular product or initiative** by 2025.

PACKAGING

- Our aspiration is to completely phase out single use plastic by 2025. What can't be phased out must be commonly **recyclable or compostable**.
- We partnered with **How2Recycle** in the U.S.- printing guides to recycling on nearly 500 million product packages. Similarly, in Australia and New Zealand, we have partnered with the **Australian Packaging Covenant Organization** to add the Australasian Recycling Label to all product packaging.
- From embracing recycled paper and cardboard packaging to **reducing overall packaging volume 25%** by 2025, our global brands will reimagine the packaging that will help us deliver products safely to consumers in a low-waste economy.



AWARDS & RECOGNITIONS



World's Most Ethical Companies,
2021 & 2022



"A-" Score CDP Climate Change Report,
2019 & 2021,
"A" in 2020



Energy Star Partner of the Year,
2010-2021



Cleaner Production Award:
Water Category, 2021



Barron's 100 Most Sustainable
Companies, 2020 & 2021



"AA" MSCI Rating, 2022



"A" Score Ethical Fashion Report, 2021
"A+" Score Ethical Fashion
Report, 2019



CODESPA Award, 2022



FUNDAHRSE Seal, 2019 & 2021



Spirit of North Carolina Award, 2019 & 2020



2020 Arts-Integrated Workplace Award



<https://hbisustains.com/our-2030-goals>

Please visit our website for comprehensive information about our efforts to improve the lives of people, protect the planet and generate world-class sustainable product.



CAUTIONARY STATEMENT CONCERNING FORWARD-LOOKING STATEMENTS

The materials we have filed or will file with the Securities and Exchange Commission, or the "SEC," contain, or will contain, certain forward-looking statements regarding business strategies, market potential, future financial performance and other matters. Forward-looking statements include all statements that do not relate solely to historical or current facts, and can generally be identified by the use of words such as "may," "believe," "will," "expect," "project," "estimate," "intend," "anticipate," "plan," "continue" or similar expressions. Forward-looking statements inherently involve many risks and uncertainties that could cause actual results to differ materially from those projected in these statements. Where, in any forward-looking statement, we express an expectation or belief as to future results or events, such expectation or belief is based on the current plans and expectations of our management and expressed in good faith and believed to have a reasonable basis, but there can be no assurance that the expectation or belief will result or be achieved or accomplished. The following include some but not all of the factors that could cause actual results or events to differ materially from those anticipated: our ability to migrate our production and manufacturing operations to lower-cost centers around the world; the highly competitive and evolving nature of the industry in which we compete; our ability to effectively manage our inventory and reduce inventory reserves; any failure by us to successfully streamline our operations; retailer consolidation and other changes in the apparel essentials industry; our ability to keep pace with changing consumer preferences in intimate apparel; any loss of or reduction in sales to any of our top customers; financial difficulties experienced by any of our top customers; risks associated with our foreign operations or foreign supply sources, such as disruption of markets, changes in import and export laws, currency restrictions and currency exchange rate fluctuations; the impact of economic and business conditions and industry trends in the countries in which we operate on our supply chain; any failure by us to protect against dramatic changes in the volatile market price of cotton, the primary material used in the manufacture of our products; costs and adverse publicity arising from violations of labor and environmental laws by us or any of our third-party manufacturers; our ability to attract and retain key personnel; our substantial debt and debt service requirements which restrict our operating and financial flexibility, and impose significant interest and financing costs; rapid technological changes; future financial performance, including availability, terms and deployment of capital; and the outcome of any pending or threatened litigation. The foregoing factors and others are described in greater length in our materials filed with the SEC. These forward-looking statements and such risks, uncertainties and other factors speak only as of the date they are made. We expressly disclaim any obligation or undertaking to disseminate any updates or revisions to any forward-looking statement contained in any materials we have filed or will file with the SEC, to reflect any change in our expectations with regard thereto or any other change in events, conditions or circumstances on which any such statement is based other than required by law.