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HANESBRANDS INC.

## 2023 TCFD REPORT



## FORWARD-LOOKING STATEMENTS

This 2023 TCFD Report contains information that may constitute “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. 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,” “could,” “will,” “expect,” “outlook,” “potential,” “project,” “estimate,” “future,” “intend,” “anticipate,” “plan,” “continue,” “aim,” “goal,” “target,” “metric,” “scenario,” or similar expressions. However, the absence of these words or similar expressions does not mean that a statement is not forward-looking. All statements regarding our intent, belief and current expectations about our strategic direction, prospects and future results are forward-looking statements and are subject to risks and uncertainties that could cause actual results to differ materially from those implied or expressed by such statements. These risks and uncertainties include, but are not limited to: our ability to execute, and realize benefits, successfully, or at all, from the recently completed sale of the global *Champion* business; our ability to successfully implement our strategic plans, including our supply chain restructuring and consolidation and other cost savings initiatives; trends associated with our business; the rapidly changing retail environment and the level of consumer demand; the effects of any geopolitical conflicts (including the ongoing Russia-Ukraine conflict and Middle East conflicts) or public health emergencies or severe global health crises, including effects on consumer spending, global supply chains, critical supply routes and the financial markets; our ability to deleverage on the anticipated time frame or at all, which could negatively impact our ability to satisfy the financial covenants in our credit agreement or other contractual arrangements; any inadequacy, interruption, integration failure or security failure with respect to our information technology; future intangible assets or goodwill impairment due to changes in our business, market conditions, or other factors; significant fluctuations in foreign exchange rates; legal, regulatory, political and economic risks related to our international operations; our ability to effectively manage our complex international tax structure; our future financial performance; and our ability to execute on our current or evolving business strategies related to sustainability matters, and achieve related expectations, including as a result of evolving regulatory and other standards, processes, scenario analyses, and assumptions, the pace of scientific and technological developments, increased costs and the availability of requisite financing, and changes in carbon markets. Management believes that these forward-looking statements are reasonable as and when made. However, caution should be taken not to place undue reliance on any such forward-looking statements. Such statements speak only as of the date when made and we undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

More information on factors that could cause actual results or events to differ materially from those anticipated is included from time to time in our reports filed with the Securities and Exchange Commission, including our Annual Report on Form 10-K for the year ended December 30, 2023, under the caption “Risk Factors”, and available on the “Investors” section of our corporate website, [www.Hanes.com/investors](http://www.Hanes.com/investors). The contents of our corporate website are not incorporated by reference in this 2023 TCFD Report.

This 2023 TCFD Report and related information made available on or through our website does not cover all information about our business. The inclusion of information or references in this 2023 TCFD Report, including the use of “materiality,” “significant” or similar terms, should not be construed

as a characterization regarding the materiality or importance of such information to our business or financial results or that such information is necessarily material to investors or other stakeholders for purposes of federal, state and local securities and other laws, regulations and requirements.

The goals and targets presented in this 2023 TCFD Report or made available on or through our website are aspirational and not guarantees or promises that such goals and targets will be achieved. In addition, historical, current and forward-looking information included in this 2023 TCFD Report may be based on standards, methodologies and practices for measuring progress that are still developing, internal controls and processes that continue to evolve, and assumptions that are subject to change. Accordingly, such historical, current and forward-looking information, including goals and targets and underlying assumptions and data, may be subject to modifications in future reports due to developing standards, methodologies, practices, laws and regulations; unknown events and circumstances; and changes to controls and processes.

Certain sustainability-related historical data, goals, and targets presented, discussed, referenced or otherwise included in this 2023 TCFD Report may have been revised to reflect updates made as a result of our internal review processes and developing standards, methodologies, practices, laws and regulations, and changes to controls and processes and may be further modified or reconsidered in light of the recently completed sale of the global *Champion* business. Neither future distribution of this 2023 TCFD Report nor the continued availability of this 2023 TCFD Report in archive form or otherwise on our website should be deemed to constitute an update or re-affirmation of this data as of any future date. Any future update will be provided only through a public disclosure indicating that fact.

Any reference to our support of, work with, or collaboration with a third-party organization within this 2023 TCFD Report does not constitute or imply an endorsement by us of any or all of the positions or activities of such organization.

## HanesBrands 2023<sup>1</sup> TCFD Report<sup>2</sup>

### Introduction

HanesBrands recognizes that climate change is creating both risks and opportunities for our organization. The impacts of climate change are real, and we take them seriously. We will continue to analyze climate change and its potential effects. We aim to meet TCFD expectations; doing so is part of our overall commitment to transparency.

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<sup>1</sup> The risk assessments and scenario analyses contained in this report were performed in 2023, unless otherwise indicated.

<sup>2</sup> This report was prepared prior to the sale by Hanesbrands Inc. (hereinafter referred to as “Hanesbrands,” “HanesBrands,” or “Hanes”) of its global *Champion* business, which closed on September 30, 2024. As a result, the information in this 2023 TCFD Report includes the impact of the global *Champion* business prior to its sale. The company is in the process of considering and evaluating its business following the sale of the global *Champion* business, including the climate-related impacts on and risks to its business excluding *Champion*. The information provided in this 2023 TCFD Report, including with respect to goals and metrics established prior to the sale of the global *Champion* business, may be modified and reconsidered by the company’s management in light of the closing of the sale.

We are a truly global company with operations in dozens of countries. Unique in the apparel industry, we also own or control factories that produce about two-thirds of our total unit volume. These owned and controlled factories are spread across the Americas and Asia. We have particularly large owned capacity in the Dominican Republic, El Salvador, Honduras and Vietnam. We source the remaining volume from contractors in the traditional apparel sourcing model.

We are diversified in all aspects of our business, giving us flexibility, resilience and market insight that is unparalleled in the industry. Our raw material supply and manufacturing are particularly well diversified, with risk management in mind. We have optimized this model over time so that it is protected from and resilient to disruptions and provides us proper perspective and visibility across our value chain.

## Governance

### Board-level oversight

Commitment to sustainability begins at the very top at HanesBrands: our Board of Directors. Our Board oversees our sustainability strategy, and our Audit and Governance and Nominating Committees have direct responsibility for overseeing our sustainability program. The Audit Committee has primary responsibility for the “Planet” and “Product” pillars of our ESG strategy, including those aspects related to climate change, water usage, waste management, greenhouse gas emissions, chemical management, raw material sourcing, packaging and product liability. The Audit Committee also oversees the enterprise risk management (ERM) process, which includes evaluating actual and potential climate-related risks and opportunities for HanesBrands’ business. The Audit Committee receives updates from HanesBrands’ executive management team regarding key risks facing the company – including climate-related risks and management’s mitigation plans. The Governance and Nominating Committee coordinates oversight of our ESG strategy and communications, as well as our corporate governance policies and practices.

### Management-level role and responsibilities

Senior-level management is responsible for both assessing and managing climate-related risks and opportunities. HanesBrands’ CEO, who is a member of the company's Board of Directors, oversees business strategy and climate-related policy for the company.

The HanesBrands CEO and senior executive management regularly review risk management initiatives, including those related to climate change, through ongoing management processes. Defined enterprise risks are also monitored through our formal ERM process and managed by executive “risk owners” who provide direction to management with responsibility in their respective business functions. This process is reviewed for effectiveness and overseen by the Audit Committee of the Board.

Day-to-day responsibility for sustainability rests under the purview of our Executive Vice President of Global Supply Chain. He, along with our Director of Corporate Safety and Sustainability, work to ensure organizational alignment and evaluate enterprise-wide sustainability risks, manage our environmental and social initiatives and partnerships, and drive our long-term sustainability goals. These goals are outlined in detail at [www.HBISustains.com](http://www.HBISustains.com).

## Climate-related risks & opportunities

HanesBrands recognizes the importance of identifying and assessing the impacts of climate-related risks and opportunities over the short, medium and long-term. We evaluate both transitional and physical climate-related risks to determine the relative importance of each climate-related risk in alignment with our ERM framework. Transition risks are associated with the transition to a low-carbon global economy and include the assessment of current and emerging regulatory, technology, legal, market and reputational risks. Physical risks come from the direct impacts of climate change. They can be short-term events such as extreme weather events and more long-term changes in weather patterns.

We consider climate-related risks and opportunities over the short-term (0-1 year), medium-term (1-3 years) and long-term (3+ years) time horizons. The tables below outline our relevant climate-related physical and transition risks and their potential impacts to our business operations.

### Physical risks

Risk Type	Risk	Description	Time horizon	Potential business impact & mitigation
Acute	Extreme weather events	Extreme weather events, such as hurricanes, cyclones, and extreme precipitation, can lead to flooding, transportation infrastructure damage, power outages and other impacts disrupting supply chains and operations. Extreme weather events can impact manufacturing facilities, distribution centers and office locations and affect employees' ability to get to work. There can also be costs associated with building repairs and the replacement of damaged inventory and finished products. Moreover, it can cause delays in the production and transportation of goods and affect consumer spending if inventory is limited or if retail stores are shut down or difficult to access.	Short-term	Extreme weather events can introduce costs associated with repairing damaged facilities and decreased revenues if production declines in the short-term. Our facilities are strategically placed to minimize damage from hurricanes in Central America and the Caribbean, and we have a flexible business model for our production, allowing us to move production to another facility quickly, if needed.
Acute	Extreme temperatures	A changing climate can bring more extreme temperatures - both extreme heat and extreme cold - which strain existing systems and societal functions. The increased frequency and intensity of heat waves can reduce employee productivity. Higher temperatures can increase costs associated with cooling requirements and cooler temperatures can increase heating requirements. The increased energy demand resulting from these additional heating and	Medium-term	Most of our facilities are equipped with air conditioning, which can maintain comfortable temperatures even during days with extreme temperatures. This might marginally increase operating costs.

		cooling needs during extreme temperature events can put additional strain on the grid and lead to increased risk of power outages.		
Chronic	Drought and water stress	Water shortage and related drought can affect the ability to produce raw materials such as cotton, which can lead to decreased supply and/or greater price volatility. It can also lead to mandatory water restrictions which can affect production capacity, as well as increased costs for water.	Long-term	Our facilities are strategically placed in locations with abundant water resources and available water infrastructure to treat the water. We are unlikely to experience shortage of water and limitations on water usage. Taxes on water could increase, which would increase our operating costs, but we are working to decrease the intensity of our water use in the future, which would limit our exposure.

**Transition risks**

<b>Risk Type</b>	<b>Risk</b>	<b>Description</b>	<b>Time horizon</b>	<b>Potential business impact</b>
Market	Increased cost of raw materials	Expected fluctuations in crude oil or petroleum prices could affect energy costs, transportation costs, and the cost of petroleum-based and derivative materials used. Moreover, shifting weather patterns can impact the production of naturally derived materials such as cotton, introducing shortages and increasing its price.	Short-term	An increased cost of raw materials may lead to increased production costs, decreasing our margins if we're unable to pass this cost to our customers.
Technology	Investment in R&D and innovation	HanesBrands may need to invest in R&D and innovation to deliver on shifting consumer demands for products with a lower carbon footprint. This could include identifying and implementing more efficient manufacturing processes to reduce emissions and water use in production and/or developing new technology to design and create products from materials with a lower environmental impact.	Medium-term	Investment in R&D and innovative product development and manufacturing could be significant, but we maintain adequate CAP-EX budgets to effectively manage needs.

Reputation	Increased stakeholder scrutiny	Increasingly, investors, suppliers, consumers, and other stakeholders are monitoring and assessing companies on climate-related performance. HanesBrands continues to develop products and processes to meet increasing consumer interest and transparently reports goals and progress at <a href="http://www.HBISustains.com">www.HBISustains.com</a> .		Failure to achieve GHG reduction targets, or a perception that the targets lack ambition and/or are deemed to be insufficient, could adversely effect HanesBrands' reputation, brand image and ability to attract both capital and talent, potentially impacting its financial position and performance.
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**Opportunities**

Opportunity Type	Opportunity	Description	Time horizon	Capitalization readiness
	Use of lower-emission sources of energy	Transitioning to renewable energy can help lower the risk of being subject to increased energy costs and decrease emissions, making HanesBrands less vulnerable to emerging carbon taxes. Such efforts will also help achieve HanesBrands' 2030 goal to reduce Scope 1 and 2 emissions by 50%. This can include pursuing onsite renewable projects such as solar and biomass, or procuring renewable energy through vPPA agreements.	Short-term	Increasing our procurement and reliance on renewable energy can achieve cost savings and improved corporate and brand image.
	Use of more efficient production and distribution services	Pursue and implement circularity by optimizing manufacturing processes to reuse and recycle natural resources and materials, including in products and packaging, thereby reducing waste and extending the lifecycle of key materials. HanesBrands' vertically	Medium-term	This would allow us to have lower costs, improved efficiencies and reduced waste.

		integrated structure allows for greater control and flexibility to implement operational efficiency measures and process improvements.		
	Shift in consumer preferences	Consumer preferences are shifting towards more sustainably produced apparel, presenting HanesBrands with the opportunity to tell its story of sustainable manufacturing and to develop products aligned with this emerging trend. If HanesBrands can meet market demand, it can drive a competitive advantage, capture market share and increase revenues. HanesBrands' vertically integrated supply chain positions the company well to meet changing consumer preferences and produce products and styles to align with current demand.		Our sales may increase if customers are looking for more sustainable products and manufacturing processes. We already have significant efforts underway. For much more detail, see <a href="http://www.HBISustains.com">www.HBISustains.com</a> .

### Scenario analysis & resilience

In 2020, HanesBrands conducted scenario analysis on physical risks found to be the most relevant for our business through stakeholder engagement. We modelled precipitation events and drought under the RCP4.5 (2-4°C) and RCP8.5 (above 4°C) scenarios to assess the various impacts across two plausible future worlds. We projected results out to 2030 and 2050 for the 100 locations that we included in the analysis to determine the effects in the short and long-term. We found that drought risk is more significant to our primary facilities, which are textile and garment manufacturing facilities, than extreme precipitation. However, the locations of these facilities are well situated to minimize these risks and avoid significant disruption to our business. We see relatively little increased risk to our operations through 2030 but risks do potentially increase by 2050, particularly under the RCP8.5 scenario.

Our work to-date has prepared the company well to mitigate and manage climate-related risks to our business. We have disaster planning and recovery programs in place to limit damage and resume operations quickly. We have comprehensive insurance coverage so that aggregate risk is largely limited

to insurance deductibles, but we recognize that availability and cost of insurance is a potential future risk. However, we have the capacity and previous experience to self-insure, if necessary.

Further, we built a diverse and resilient supply chain. We also make and source materials and goods not only from many different facilities and vendors, but also from many different regions of the world. The scenario analysis results have influenced our business strategy by affirming our position that our supply chain will continue to serve us well under future climate scenarios. The redundancy built into our business model will continue to enable us to manage potential business interruption.

In 2023, HanesBrands conducted scenario analysis on carbon policy mechanisms to evaluate our business’ exposure and preparedness to the transition risk of carbon pricing. We leveraged carbon pricing data from the six scenarios designed by the Network for Greening the Financial System (NGFS). NGFS scenarios were developed by central financial institutions from eight major economies, and they build on Intergovernmental Panel on Climate Change (IPCC) assessments, socio-economic assumptions and three different integrated assessment models to explore the implications of climate-related transition and physical risks. Each of the six NGFS scenarios integrates carbon price assumptions which serves as an indicator for the level of transition risk exposure. The carbon prices detailed by NGFS represent a proxy for varying levels of policy ambition and are influenced by the timing of policy implementation, distribution of policy mechanisms across regions and sectors and technology deployment. By looking across six different scenarios, HanesBrands can better prepare for the uncertainty around future transition risk exposure.

Below we summarize results from the carbon pricing analysis for the Current Policies and Below 2°C scenarios defined by NGFS. Although the analysis assessed HanesBrands’ exposure across six scenarios, these two scenarios were selected to focus on in greater depth because the Current Policies scenario reflects a business-as-usual scenario with limited global climate action and the Below 2°C scenario sheds light on the implications of a scenario in which climate action is more ambitious and warming is limited to less than 2°C. These results are reflective of potential carbon pricing implications for Scope 1 and 2 emissions assuming HanesBrands’ emissions follow a reduction pathway aligned with its science-based target of achieving a 50% reduction by 2030. The analysis assumed 100% of HanesBrands’ carbon footprint will be subject to a carbon price which may or may not reflect the reality of carbon pricing implementation.

Summary of potential financial exposure from carbon pricing policies in 2030 for Scope 1 and 2 emissions:<sup>3</sup>

Scenario	NGFS Carbon Price Assumption <sup>4</sup>	Financial Impact
Below 2°C	\$82/ton CO2e	\$10M
Current Policies	\$3/ton CO2e	\$0.4M

This analysis assessed implications for HanesBrands if they were to follow a business-as-usual growth pathway and a pathway that achieves SBT-aligned emissions reductions. The results highlighted the

<sup>3</sup> Scenario modeling was prepared by Anthesis using various sources of information, including surveys, interviews with HanesBrands’ management, and publicly-available financial information from the company’s 2022 fiscal year.

<sup>4</sup> Prices represent an average global carbon price based on NGFS data and are expressed in 2022 USD amounts.

value of pursuing and achieving emissions reductions as a strategy to reduce carbon related risk exposure. Investments related to achieving HanesBrands' science-based target may result in cost savings associated with avoided exposure to future carbon pricing. HanesBrands is committed to taking action to support and remain competitive in a low carbon future and initiatives in line with achieving Scope 1 and 2 emissions reductions will improve resilience and competitiveness.

## Risk management

HanesBrands identifies, assesses, and manages risks, including climate-related risks, through our comprehensive enterprise risk management (ERM) processes. HanesBrands ERM function applies the principles, framework and process described in the ISO 31000:2009 Risk Management Principles and Guidelines. These guidelines include distinct steps to identify, assess, treat and report risks.

The ERM function managers facilitate risk management reporting and escalation from business leads and function management to executive management. Senior executive management ("C Suite") has primary responsibility for developing and implementing high-level strategies to manage climate-related risk to meet organizational objectives. The ERM function and the Audit Committee of the Board of Directors oversee the risk framework design and review and evaluate the effectiveness of risk-management processes and action plans. Governance, strategy, oversight, and communications flow from the top down, beginning with the Board of Directors and the Audit Committee, to oversee management identifying and addressing risks, including environmental and climate change risks, associated with the business. HanesBrands' ERM function facilitates the risk management process and manages the risk framework design and integration with company strategies. The ERM function provides regular updates throughout the year to executive management and the Audit Committee on emerging and defined risks.

The ERM Steering Committee is chaired by the CEO and includes the most senior executives of the company, including the Chief Financial Officer and Group Presidents. The ERM Steering Committee is charged with identifying new risks and tracking identified risks, along with developing and implementing risk-mitigation plans. The ERM Steering Committee meets quarterly to review and evaluate the effectiveness of risk-management processes and action plans, to oversee the risk framework's integration with company strategy, and to provide input on the overall risk management framework and policies, including policies designed to identify and address environmental and climate-related risks.

Each defined risk presented by the ERM function is considered across short, medium, and long-term time horizons for its potential to impact factors including but not limited to sales, profitability, business reputation, continuity across the business and the environment. Any risks deemed potentially significant to the company at large are sorted into broader risk categories for ongoing oversight, management, and review at future meetings. Executive management and the ERM function coordinate to assign risk oversight owners to each category to supervise current risk management activities, future action planning and progress against targets.

In 2023, HanesBrands worked with Anthesis, a sustainability consulting firm, to conduct a climate risk and opportunity assessment. Climate-related physical and transition risks were considered in the context of HanesBrands' operations and evaluated based on the level of potential impact, likelihood of occurring and vulnerability to the risk. A survey was distributed to stakeholders across the business to

evaluate each risk on a 1-5 scale for impact, likelihood and vulnerability. Stakeholder interviews were then conducted to gather further input on relevant past climate-related impacts and vulnerabilities to further assess the significance of each risk. Risks were then prioritized against each other based on assigned ratings and qualitative stakeholder input.

## Metrics & Targets

HanesBrands has climate-related targets around emissions reduction, energy efficiency, waste diversion and water intensity against which we track progress. Our science-based targets were approved in early 2023, and we are tracking progress against these. We aim to reduce our direct emissions (Scope 1 & 2) by 50% by 2030 and our indirect emissions (Scope 3) by 30% by 2030. We also have a target to reduce energy use by 25% and achieve 100% renewable electricity by 2030. By 2025, we aim to achieve zero waste across our operations and support our suppliers to do the same. Moreover, we aim to reduce our water use in our owned operations by 25% by 2030. Below you can see the progress we have made so far towards these targets against a 2019 baseline. You can learn much more about our sustainability program and goals by visiting [www.HBISustains.com](http://www.HBISustains.com).

GHG's	2019 (baseline)	2021	2022
<b>Absolute Scope 1 GHG's</b> (metric tons CO2e)	89,357	78,698	55,682
<b>Absolute Scope 2 GHG's</b> (metric tons CO2e)	128,184	116,646	94,879
<b>Total Scope 1 &amp; 2 Absolute GHG Emissions</b> (metric tons CO2e)	217,541	195,345	150,561
<b>% Absolute Scope 1 &amp; 2 GHG Variation</b> (from 2019 baseline)	0.0%	-10.2%	-30.8%
<b>Scope 1 &amp; 2 GHG Emissions Intensity</b> (kg CO2e per finished textile pound)	0.77	0.625	0.617
<b>% Scope 1 &amp; 2 GHG Intensity Variation</b> (from 2019 baseline)	0.0%	-18.8%	-19.9%

<b>ENERGY</b>	<b>2019 (baseline)</b>	<b>2021</b>	<b>2022</b>
<b>Absolute Energy</b> (million BTUs)	3,211,761	3,352,067	2,833,857
<b>Energy Intensity</b> (MMBTUs per 1000 finished textile pounds)	11.367	10.717	11.607
<b>% Energy Intensity Variation</b> (from 2019 baseline)	0.0%	-12.1%	2.1%
<b>% Renewable Energy</b> (% of total energy that is renewable)	43.1%	51.5%	55.0%
<b>% Electricity of Total Energy</b>	38.7%	36.3%	36.5%
<b>% Renewable Electricity of Total Electricity</b>	44.7%	49.1%	49.4%

<b>WATER</b>	<b>2019 (baseline)</b>	<b>2021</b>	<b>2022</b>
<b>Total Water Use</b> (1000 gallons)	2,371,657	2,433,871	1,908,572
<b>Water Use Intensity</b> (gallons per finished textile pound)	8.394	7.781	7.817
<b>% Water Use Intensity Variation</b> (from 2019 baseline)	0.0%	-7.3%	-6.9%

<b>WASTE</b>	<b>2019 (baseline)</b>	<b>2021</b>	<b>2022</b>
<b>Total Waste Pounds Diverted from Landfill</b>	101,302,464	119,990,977	98,325,523
<b>Total Waste Pounds to Landfill</b>	12,791,578	11,122,128	9,087,106
<b>% Landfill Diversion Rate</b>	88.79%	91.52%	91.50%