



**HANES**  
*Brands Inc*

**2019**  
**CARBON**  
**DISCLOSURE**  
**PROJECT**  
CLIMATE CHANGE  
INFORMATION  
REQUEST

## Welcome to your CDP Climate Change Questionnaire 2019

### C0. Introduction

#### C0.1

**(C0.1) Give a general description and introduction to your organization.**

HanesBrands is on a mission to be the apparel industry's leader in social responsibility and environmental stewardship.

As one of the leading – and largest – marketers of everyday basic innerwear and activewear apparel in the Americas, Europe, Australia and Asia/Pacific, the company has both the responsibility and commitment to work continually toward creating a more responsible company. Powered by some of the world's strongest apparel brands, including Hanes, Champion, Bonds, Maidenform, DIM, Bali, Playtex, JMS/Just My Size, Nur Die/Nur Der, L'eggs, Loveable, Wonderbra, Berlei, Alternative, Bras N Things and Gear for Sports, Hanes is keen to lead by example and learn from others.

The company takes great pride in our strong reputation for ethical business practices and the success of our Hanes for Good corporate responsibility program, which includes an intense focus on environmental stewardship. As part of the latter, Hanes is committed to the responsible management of energy, carbon, emissions, water, wastewater, chemicals, and waste in all of our facilities worldwide. And, the company has the ability to direct its environmental programs and performance, because it owns the significant majority of its manufacturing and supply chain operations – unique in the apparel industry.

The company's results speak to the strength of its programs and performance. For example, Hanes has reduced energy consumption by almost 22 percent since 2007, and shifted more than 40 percent of the energy the company does use to renewable resources. As a result of these and other performance metrics, HanesBrands has been recognized by the U.S. Environmental Protection Agency Energy Star program for an unprecedented 10 years – first as a Partner of the Year (2010-2011) followed by Sustained Excellence Awards from 2012-2019 – and remains the only apparel company to earn sustained excellence honors in the program's 27-year history.



But there is more work to do, which is why Hanes set aggressive 2020 and 2030 environmental-performance goals and reports annually on its progress. Compared to our 2007 baseline performance, by 2020 Hanes is committed to:

- Reduce energy consumption by 40 percent;
- Reduce 2020 CO2e emissions by 40 percent and 2030 CO2e emission by 50 percent;
- Reduce water use by 50 percent;
- Increase our renewable energy use to 40 percent; and,
- Achieve zero waste by diverting from landfill all non-regulated waste from our company-owned operations.

On behalf of the company’s 68,000 employees, its investors and the communities in which it operates across the globe, the company is focused on making a positive and lasting contribution to our world now and in the years to come.

## C0.2

**(C0.2) State the start and end date of the year for which you are reporting data.**

	Start date	End date	Indicate if you are providing emissions data for past reporting years
Row 1	January 1, 2018	December 31, 2018	No

## C0.3

**(C0.3) Select the countries/regions for which you will be supplying data.**

- Argentina
- Australia
- Brazil
- Canada
- China
- Czechia
- Dominican Republic
- El Salvador
- France

Germany  
Honduras  
Indonesia  
Italy  
Mexico  
New Zealand  
Philippines  
Puerto Rico  
Romania  
Slovakia  
South Africa  
Spain  
Thailand  
United Kingdom of Great Britain and Northern Ireland  
United States of America  
Viet Nam

## C0.4

**(C0.4) Select the currency used for all financial information disclosed throughout your response.**

USD

## C0.5

**(C0.5) Select the option that describes the reporting boundary for which climate-related impacts on your business are being reported. Note that this option should align with your consolidation approach to your Scope 1 and Scope 2 greenhouse gas inventory.**

Operational control



## C1. Governance

### C1.1

**(C1.1) Is there board-level oversight of climate-related issues within your organization?**

Yes

#### C1.1a

**(C1.1a) Identify the position(s) (do not include any names) of the individual(s) on the board with responsibility for climate-related issues.**

Position of individual(s)	Please explain
Chief Executive Officer (CEO)	<p>HanesBrands' CEO, who is a member of the company's Board of Directors, sets business strategy and climate-related policy for the company. Our environmental and climate-related policies are integrated in the company's long-term business strategy, enterprise risk management (ERM) process, environmental management program and corporate social responsibility (CSR) initiatives. Each of these holistically managed areas are led by a team of HanesBrands' most senior executive management ("C suite"), including the CEO.</p> <p>The CSR Oversight Committee and ERM Steering Committee meet quarterly and include the CEO, CFO, Chief Administrative Officer and Group Presidents, the management team leading all parts of the company. These committees are responsible for overseeing environmental and climate policy implementation and managing environmental and climate-related issues as part of the company's strategy and risk-evaluation framework.</p>
Board-level committee	<p>The Board of Directors is elected by HanesBrands stockholders to oversee the health and overall success of the company's business. Included in its responsibilities is assessing the company's short- and long-term strategies, which includes environmental and climate-related policies and initiatives. The Board is also ultimately responsible for the oversight of HanesBrands' risk-management function, including those risks that are environmental/climate related. The Board has delegated the primary oversight of the company's enterprise risk management (ERM) process to the Audit Committee. The Audit Committee receives regular updates from HanesBrands' executive management team regarding key risks facing the company -- including climate-related risks -- and management's mitigation plans.</p>

## C1.1b

### (C1.1b) Provide further details on the board’s oversight of climate-related issues.

Frequency with which climate-related issues are a scheduled agenda item	Governance mechanisms into which climate-related issues are integrated	Please explain
Scheduled – all meetings	Reviewing and guiding strategy Reviewing and guiding major plans of action Reviewing and guiding risk management policies Reviewing and guiding annual budgets Reviewing and guiding business plans Monitoring implementation and performance of objectives Overseeing major capital expenditures, acquisitions and divestitures Monitoring and overseeing progress against goals and targets for addressing climate-related issues	<p>The Board of Directors is elected by HanesBrands stockholders to oversee the health and overall success of the company’s business. Included in its responsibilities is assessing the company’s short- and long-term strategies, which includes environmental and climate-related policies and initiatives. The Board is also ultimately responsible for the oversight of HanesBrands’ risk-management function, including those risks that are environmental/climate related. The Board has delegated the primary oversight of the company’s Enterprise Risk Management (ERM) process to the Audit Committee. The Audit Committee receives regular updates from HanesBrands’ executive management team regarding key risks facing the company -- including climate-related risks -- and management’s mitigation plans.</p> <p>Risks related to climate and weather, along with other potential environmental disasters, are included in the ERM evaluation and reporting process. The company’s executive management own these risks and provide updates to the Board as needed, depending on the priority of the specific risk. Climate-related risks are evaluated in accordance with the ERM risk-priority category to which they are assigned, and proactive risk mitigation strategies and disaster recovery plans are developed. For example, in this reporting year Hurricane Florence directly impacted our distribution operation in North Carolina. We responded rapidly in accordance with the established disaster recovery strategy developed through the ERM process and with the oversight of the Audit Committee. Because of strong Board oversight and management commitment to addressing our climate-related risks through the ERM process, we were able to restore operations in accordance with our recovery plans, minimize downtime and provide support to employees and the community.</p>

## C1.2

**(C1.2) Provide the highest management-level position(s) or committee(s) with responsibility for climate-related issues.**

Name of the position(s) and/or committee(s)	Responsibility	Frequency of reporting to the board on climate-related issues
President ☞ <sub>1</sub>	Both assessing and managing climate-related risks and opportunities	Quarterly
Risk committee ☞ <sub>2</sub>	Both assessing and managing climate-related risks and opportunities	Quarterly
Corporate responsibility committee	Both assessing and managing climate-related risks and opportunities	Quarterly

☞<sub>1</sub> Group President Global Supply Chain, IT and e-Commerce

☞<sub>2</sub> Enterprise Risk Management Steering Committee

## C1.2a

**(C1.2a) Describe where in the organizational structure this/these position(s) and/or committees lie, what their associated responsibilities are, and how climate-related issues are monitored (do not include the names of individuals).**

The President, as noted in C1.2, row 1, is HanesBrands' Group President, Global Supply Chain, IT and e-Commerce, who is an executive officer of the company reporting directly to the CEO. This officer has responsibility for global supply chain operations, environmental management and strategy, and, as a member of HanesBrands' enterprise risk management (ERM) Steering Committee, is the formal Supply Chain Network Optimization and Business Continuity risk owner. This ownership includes managing climate, weather and disaster-related risks that could impact the company's supply chain operations. This officer also oversees the development and maintenance of contingency plans to address potential business interruptions caused by storms interrupting our textile operations and shipping lanes in the Caribbean, unseasonal weather disrupting preferred cotton supplies and volatile fuel prices, among others. This officer coordinates with executive management, the ERM Steering Committee and the other company personnel who monitor climate, weather and disaster-related issues. Updates are prepared quarterly and/or managed more frequently depending on urgency and the nature of the risk.

The ERM Steering Committee is chaired by the CEO and includes the most senior executives of the company, including the CFO, Chief Administrative Officer and Group presidents – all of whom are officers of the company -- along with presidents of the company’s commercial businesses. The ERM Steering Committee is charged with identifying the 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, oversee the risk framework’s integration with company strategy, and provide input on the overall risk management framework and policies, including policies designed to identify and address environmental and climate-related risks. By way of example, the Group President Global Supply Chain, IT and e-Commerce and Chief Administrative Officer share ownership of overall business continuity risk. It is their responsibility to consider HanesBrands’ current management strategy for business continuity risk and oversee the development and progress of future action plans to address any necessary adaptations. In the reporting period, a survey delivered by the ERM Steering Committee to employees at the director level and above provided an opportunity to monitor developing risks across the company, including environmental and climate-related risks. At the request of the business continuity risk owners, the survey results were shared with the business analytics team who used the ERM survey data to inform production and sales forecasts in consideration of identified risks. This is now an annual process that supplements our risk monitoring process and brings significant developing risks to the attention of our most senior management.

The Corporate Social Responsibility (CSR) Oversight Committee is chaired by the CEO and comprised of the most senior executives (“C Suite”) of the company, CFO, Chief Administrative Officer and Group presidents – all of whom are officers of the company -- along with presidents of the company’s commercial businesses. The CSR Oversight Committee meets quarterly to provide direction, monitor results and oversee the implementation of environmental policies, environmental management and other CSR priorities.

## C1.3

**(C1.3) Do you provide incentives for the management of climate-related issues, including the attainment of targets?**

Yes

## C1.3a

**(C1.3a) Provide further details on the incentives provided for the management of climate-related issues (do not include the names of individuals).**



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**Who is entitled to benefit from these incentives?**

President

**Types of incentives**

Monetary reward

**Activity incentivized**

Emissions reduction target

**Comment**

The Group President Global Supply Chain, IT and e-Commerce's incentive compensation is linked to performance metrics that are tied to the overall profitability of the company, which includes managing climate related risks and opportunities. For example, the Group President has set aggressive 2020 goals to reduce greenhouse gas emissions by 40%, reduce energy usage by 40%, reduce water usage by 50%, increase renewable energy usage to 40% and eliminate waste disposal in landfills. These goals drive initiatives that result in significant cost savings, which contributes to improving the company's profitability and reduces business interruption risks.

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**Who is entitled to benefit from these incentives?**

Chief Operating Officer (COO)

**Types of incentives**

Monetary reward

**Activity incentivized**

Emissions reduction target

**Comment**

The Chief Global Manufacturing Operating Officer who reports directly to the Group President Global Supply Chain, IT and e-Commerce, receives monetary incentives linked in part to reducing operating costs, which includes achieving environmental sustainability goals that are set



by the Group President. The Chief Global Manufacturing Operating Officer manages the execution of long-range plans designed to achieve the company's goals.

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**Who is entitled to benefit from these incentives?**

Facilities manager

**Types of incentives**

Monetary reward

**Activity incentivized**

Energy reduction target

**Comment**

Facility Managers receive monetary incentives based on performance criteria linked with and partially dependent on reductions of emissions, energy use and water use. Facility managers play a key part in identifying, developing, and implementing energy and environmental initiatives and providing leadership and motivation to their teams. Energy expenditures within the supply chain contribute to overall conversion cost targets.

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**Who is entitled to benefit from these incentives?**

Energy manager

**Types of incentives**

Recognition (non-monetary)

**Activity incentivized**

Energy reduction target

**Comment**



Energy managers at our manufacturing facilities and distribution centers translate HanesBrands' annual energy, carbon, and water-reduction goals into energy-saving actions and projects at their respective facilities. Also as part of their annual goals, energy managers pursue our internal President's Energy Efficiency Award and the U.S. Environmental Protection Agency's Challenge for Industry award. To date, 60 of our facilities have achieved the President's Energy Efficiency Award and 25 of our facilities have earned the Challenge for Industry award, which requires facilities to reduce energy usage intensity 10% or more during a five-year period. The achievements of energy managers and facilities are recognized internally through on-site celebrations in Hanes' global company newsletter ("Common Thread") which goes out to all 68,000 employees in their native languages and on the company's global intranet (Zone). Externally, environmental stewardship accomplishments are highlighted on company websites press releases/media outreach and integration in brand communications.

## C2. Risks and opportunities

### C2.1

**(C2.1) Describe what your organization considers to be short-, medium- and long-term horizons.**

	From (years)	To (years)	Comment
Short-term	0	1	
Medium-term	1	3	
Long-term	3		Long term risk management time horizon can vary depending on the risk identified.

### C2.2

**(C2.2) Select the option that best describes how your organization's processes for identifying, assessing, and managing climate-related issues are integrated into your overall risk management.**

Integrated into multi-disciplinary company-wide risk identification, assessment, and management processes



## C2.2a

**(C2.2a) Select the options that best describe your organization's frequency and time horizon for identifying and assessing climate-related risks.**

	Frequency of monitoring	How far into the future are risks considered?	Comment
Row 1	Six-monthly or more frequently	>6 years	According to the Intergovernmental Panel on Climate Change's (IPCC) WG1AR5 report and model, there will likely be a shift to more intense storms as temperatures increase. As it relates to managing tropical storm risks, therefore, our ERM process identifies actions required to build resiliency into operations that are at risk.

## C2.2b

**(C2.2b) Provide further details on your organization's process(es) for identifying and assessing climate-related risks.**

HanesBrands identifies, assesses and prioritizes all risks, including those that are climate related, through its comprehensive enterprise risk management (ERM) process. HanesBrands ERM 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.

At the company level, climate-related risks that could have a significant impact on the business are identified by the ERM function through quarterly risk identification interviews with senior executive management, business function management and leads, and an annual survey process with employees at the director level and above. The internal risk identification process is supplemented with third-party global risk reporting that highlights emerging risks by industry sector, geography and velocity.

At the asset level, climate-related risks are identified and assessed by staff and through facility inspections as part of the company's property loss risk control program. Cross-functional teams are charged with managing risks associated with the environment, workplace safety and facility security. Property loss inspections help identify physical vulnerabilities to climate or weather-related risks that span HanesBrands' global textile manufacturing, bleaching, dyeing, cutting, sewing and distribution facilities. Any findings resulting from facility inspections are documented and addressed by



management. Significant identified risks are escalated to senior executive leadership and the ERM Steering Committee to inform the company’s risk definitions and action plans.

Substantive financial impacts are defined broadly in the ERM Steering Committee’s review process, and identified risks escalated and disclosed to the ERM Steering Committee are reviewed quarterly. Each risk is considered for its potential to impact factors including but not limited to profitability, shareholder return, business reputation, the environment and continuity across the business. Any risks deemed potentially significant to the company at large are sorted into broader categories (e.g. supply chain network optimization, business continuity and reputational risk) for ongoing oversight and management. The ERM Steering Committee assigns risk oversight owners to each category to supervise current risk management activities, future action planning and progress against targets with forward-looking key Risk Indicators.

## C2.2c

### (C2.2c) Which of the following risk types are considered in your organization's climate-related risk assessments?

	Relevance & inclusion	Please explain
Current regulation	Relevant, always included	Current regulatory risks, including those that are climate related, are considered quarterly through the corporate enterprise risk management (ERM) process. For example, our operations in the European Union (EU) were impacted by increased utility costs resulting from the EU’s decision to reduce CO2 emissions by 2.2 percent for the 2021 – 2030 time period. The prices for CO2 emissions allowances reacted strongly, moving from 7 Euros per tonne in November 2017 to more than 25 Euros per tonne in April 2019. The EU expects CO2 emission certificate prices to range from 25-30 Euros per tonne, with proceeds going to generate investments in carbon-reduction projects. These cost increases are impacting electricity rates throughout Europe. As a direct result, HanesBrands is pursuing further energy-saving projects in our European textile manufacturing and sewing operations to offset increased utility costs.
Emerging regulation	Relevant, always included	Emerging regulatory risks, including those that are climate related, are considered quarterly through the corporate enterprise risk management (ERM) process. Emerging climate-related regulatory risks are categorized by the specific nature of the risk. For example, HanesBrands monitors its supply chain energy costs globally. As utilities adjust to regulatory pressures incentivizing or discouraging investment in renewable energy sources and a modernized grid infrastructure, there is potential for associated costs to be passed to customers. HanesBrands has mitigated this risk through investment in renewable energy and reached its 2020 goal to achieve a 40% renewable energy portfolio ahead

		of schedule. These regulatory pressures can also lead to incentives improving the payback period on clean-energy investments (e.g. solar panels).
Technology	Relevant, always included	Technological risks, including those that are climate-related, are considered quarterly through the corporate Enterprise Risk Management (ERM) process. Risks are categorized by the specific nature of the risk. For example, any risks that could be associated with implementing our climate-related data tracking system in our facilities falls under our Supply Chain Network Optimization risk definition. However, risks to our brands and corporate image associated with the failure of this system would fall under the Reputational risk definition.
Legal	Not relevant, explanation provided	Were the company to experience any climate-related litigation claims, these would be considered through the corporate Enterprise Risk Management (ERM) process. No such claims have been filed to date, and the company continues to be deliberate in its efforts to eliminate waste and improve energy and water use efficiency in our company-owned supply chain. As an example, the company was proud to earn US Environmental Protection Agency Energy Star Partner of the Year recognition for the 10th consecutive time. This external recognition validates the effectiveness of our energy-management program and challenges the company to achieve our 2020 goals to cut energy use and greenhouse gas emissions by 40% versus our 2007 baseline.
Market	Relevant, always included	Market risks, including those that are climate-related, are considered quarterly through the corporate Enterprise Risk Management (ERM) process. This risk type is directly addressed through the company's Marketplace Changes risk definition. For example, HanesBrands' consumer insights team has identified through internal and third-party market research that eco-citizenship is one of the top megatrends influencing consumer preferences in domestic and international markets. Hanes listens and responds to consumer preferences. Our EcoSmart products, featuring yarns made from recycled plastic, fit this trend and the company's commitment to environmental stewardship.
Reputation	Relevant, always included	Reputational risks, including those that are climate related, are considered quarterly through the corporate Enterprise Risk Management (ERM) process. Reputational risk is one of our formally defined risk categories; depending on the specific nature, climate-related reputational risks could also be considered under our Marketplace Changes. HanesBrands acknowledges that consumers are demanding corporate transparency on climate-related issues now more than ever – and the company has voluntarily disclosed its environmental performance on HanesforGood.com and through select third parties – such as CDP – for a number of years. Further, Hanes continues to invest in its company-owned supply chain to promote resource efficiency and avoid negative environmental impacts. For example, the company has invested millions of dollars in state-of-the-art wastewater treatment systems at its fabric manufacturing



		sites and in biomass renewable energy facilities to protect the natural resources the company and local communities in the Dominican Republic and El Salvador depend on.
Acute physical	Relevant, always included	Acute physical risks, including those that are climate-related, are considered quarterly through the corporate Enterprise Risk Management (ERM) process. Broadly speaking, the ERM process seeks to identify uncertain events before they happen so contingency plans are in place. For example, in this reporting year Hurricane Florence directly impacted one of our distribution operation in North Carolina. Hanes responded rapidly in accordance to our pre-planned disaster recovery strategy developed through the ERM process under the oversight of the Audit Committee. Because of strong Board oversight and management commitment to addressing our climate-related risks through the ERM process, the company was able to restore operations in accordance with our recovery plans while minimizing downtime and providing support to employees and the community.
Chronic physical	Relevant, always included	Chronic physical risks, including those that are climate-related, are considered quarterly through the corporate Enterprise Risk Management (ERM) process. This type of risk would generally fall into HanesBrands' Supply Chain Network Optimization and Business Continuity risk definitions, both of which are overseen by Hanes' Group President Global Supply Chain, IT and e-Commerce. For example, the company has disaster recovery contingency plans in place for every facility in our company-owned supply chain across the globe. These contingency plans are informed through inspections carried out annually by our property loss risk control program. Climate-related chronic physical risks, such as sea level changes, droughts, floods and an increased expected frequency of extreme weather events, are considered in the development of contingency plans. That allows the company to identify facility-level exposures to these risks through tools such as flood maps and we develop contingency plans accordingly.
Upstream	Relevant, always included	Upstream risks, including those that are climate related, are considered quarterly through the corporate Enterprise Risk Management (ERM) process. Climate-related upstream risks could fall into any of the company's defined risk categories., Speaking broadly, HanesBrands is aware of climate-related upstream risks relating to raw material prices. Both cotton and packaging materials used in our global operations could be impacted by changing climate possibly leading to increased production costs. This risk is not unique to Hanes and would impact all manufacturers who rely on cotton and/or packaging commodities.  HanesBrands manages this risk in a variety of ways. Exposure to cotton price volatility is limited by price hedging using futures contracts and primarily selecting our cotton from low- or no-irrigation regions of the southeastern United States where sophisticated technologies and environmentally friendly growing practices are employed.. In this reporting period,



		the company partnered with Cotton Inc., the United States Department of Agriculture, and other industry and retail partners to support farmer adoption of cover crops and new technologies, such as water sensors, to promote soil health and efficient use of resources.
Downstream	Relevant, always included	Downstream risks, including those that are climate-related, are considered quarterly through the corporate Enterprise Risk Management (ERM) process. The many forms of downstream risk could potentially fall into several of our defined risk categories. A specific example: our large retail customers have increased efforts to partner with industry leaders on sustainability and climate-related initiatives. For example, Walmart has publicly announced an initiative to reduce emissions in the global value chain by 1 billion metric tons – a gigaton – by 2030. HanesBrands is an active participant (a “giga-guru”) in this initiative, aptly named Project Gigaton, and is a contributing member on projects aimed at improving soil health, increasing cotton yields per gallon of water use, and developing products that reduce greenhouse gas emissions from our operations.

## C2.2d

### (C2.2d) Describe your process(es) for managing climate-related risks and opportunities.

HanesBrands manages climate-related risk through its Enterprise Risk Management (ERM) process. Risk Management reporting and escalation move from business leads and function management to executive management and the ERM Steering Committee, which is chaired by the CEO. Senior executive management (“C Suite”) have overall responsibility for developing and implementing high-level strategies to manage climate-related risk to meet organizational objectives, such as the company’s 2020 goal to reduce greenhouse gas emissions 40 percent per pound of finished fabric versus our 2007 baseline. The ERM Steering Committee and, ultimately, the Audit Committee of the Board of Directors oversees the risk framework design and reviews and evaluates 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, both ensuring management is effectively 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 quarterly updates on emerging and defined risks for ERM Steering Committee review.

Climate-related risks are prioritized according to potential impact on shareholder value. Significant risks identified through the ERM process are formally defined and assigned a senior executive risk owner who oversees future action plans to mitigate the risk’s potential business impacts. The risk manager cooperatively works with business leads to develop a strategy and Key Risk Indicators to track performance. Climate-related opportunities are



prioritized in the same manner. Through effective management of risk, the company has found opportunities to compete more effectively. For example, Hanes has invested in renewable energy by constructing on-site biomass plants at our textile manufacturing facilities in El Salvador and the Dominican Republic. This allows the company to produce process steam and electricity leading to better management of costs versus grid electricity and market fuel prices. Biomass investments has also self-generated and self-retired equivalent Renewable Energy Credits (RECS) that the company uses to increase its renewable energy portfolio, which reduces Scope 1 emissions.

#### Case Studies:

##### Transition Risk – Current Regulation

Current regulatory risks, including those that are climate-related, are considered quarterly through the corporate Enterprise Risk Management (ERM) process. For example, our operations in the European Union (EU) were impacted by increased utility costs as a result of the EU's decision to reduce CO2 emissions 2.2 percent for the 2021 – 2030 time period. The prices for CO2 emissions allowances reacted strongly, moving from 7 Euros per tonne in November 2017 and to more than 25 Euros per tonne since April 2019. The EU expects CO2 emission certificate prices to be in a range of 25-30 Euros per tonne, with proceeds designated for carbon-reduction projects. These cost increases are impacting electricity rates throughout Europe. As a direct result, Hanes is pursuing further energy-saving projects throughout our European textile manufacturing and sewing operations to offset increased utility costs.

##### Physical Risk – Acute

Acute physical risks, including those that are climate-related, are considered quarterly through the corporate Enterprise Risk Management (ERM) process. Broadly speaking, the ERM process seeks to identify uncertain events before they happen so contingency plans are in place. For example, in this reporting year Hurricane Florence directly impacted our distribution operation in North Carolina. We responded rapidly in accordance to our pre-planned disaster recovery strategy developed through the ERM process under the oversight of the Audit Committee. Because of strong Board oversight and management commitment to addressing our climate-related risks through the ERM process, we were able to restore operations in accordance with our recovery plans, minimizing downtime and providing support to employees and the community.

## C2.3

**(C2.3) Have you identified any inherent climate-related risks with the potential to have a substantive financial or strategic impact on your business?**

Yes

## C2.3a

**(C2.3a) Provide details of risks identified with the potential to have a substantive financial or strategic impact on your business.**

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**Identifier**

Risk 1

**Where in the value chain does the risk driver occur?**

Direct operations

**Risk type**

Physical risk

**Primary climate-related risk driver**

Acute: Increased severity of extreme weather events such as cyclones and floods

**Type of financial impact**

Reduced revenue from decreased production capacity (e.g., transport difficulties, supply chain interruptions)

**Company- specific description**

Tropical storms with strong winds and floods are occurring more frequently and are anticipated to continue in the future. HanesBrands' textile operations in the Dominican Republic and Puerto Rico have experienced varying degrees of physical impacts due to Hurricane Maria and other powerful storms. Our company-owned fabric manufacturing facilities in the Caribbean produce knit fabrics necessary for a variety of products, including our well-known "Beefy T" line. Prior planning and acting on emergency preparedness plans allowed us to minimize disruption to our Caribbean operations when these storms hit. Further, we require company facilities around the world be designed and constructed following international building codes to withstand strong storms and other extreme events, making it unlikely a storm would cause a total loss. Even so, we maintain comprehensive insurance coverage for physical losses and maintain operational contingency plans designed to maximize resiliency in case of down time resulting from facility damage or loss. According to these contingency plans, a loss of our Dominican Republic fabric manufacturing may lead us to move fabric production volume to other internal manufacturing locations or to external partners. This would allow the company to meet our business obligations by supplanting the lost fabric facility to other internal operations or to third-party vendors.



Moving operations outside of our supply chain may add cost. These cost increases could continue for 12-to-18 months while we construct or purchase replacement fabric manufacturing capacity, adjust production schedules at other company-owned facilities and/or transition capacity to additional third-party fabric vendors. We carry sufficient inventory, however, to manage these types of transitions.

**Time horizon**

Medium-term

**Likelihood**

Unlikely

**Magnitude of impact**

Medium-low

**Are you able to provide a potential financial impact figure?**

Yes, an estimated range

**Potential financial impact figure (currency)**

**Potential financial impact figure – minimum (currency)**

0

**Potential financial impact figure – maximum (currency)**

88,000,000

**Explanation of financial impact figure**

Impacts from acute climate events vary depending on the severity and location of a storm. For this disclosure, the impact at our Dominican Republic plant, Dos Rios, is assumed to be 50% of the maximum foreseeable loss identified by our loss prevention and insurance program, plus potential production loss during up to 4 months needed to shift production to other facilities (i.e., (structural + utilities) x 50% + production losses = \$US 88 Million).

Financial impacts are defined broadly by the ERM Steering Committee, which has responsibility for identifying, quantifying and managing

HanesBrands' physical risks as a part of our overarching ERM process. Financial impacts associated with losses related to damage caused by a named tropical storm are also insured and limited to the company's insurance program deductible. In addition, the company maintains operational contingency plans that leverage a diverse supply chain designed to maximize resiliency in case of a facility loss.

### **Management method**

Risk from the increasing severity of powerful storms is comprehensively managed through careful planning and advanced preparations. First, we carefully choose where to locate our facilities based on geographical and geologic site surveys, taking into account flood plains, tectonic activity and common hurricane paths. Next, our facilities are constructed in accordance with international building codes for protection against wind, water and fire damage. We audit our facilities regularly to ensure the appropriate property loss mechanisms are in place. Further, we maintain detailed routing plans for each of our styles as contingency plans in case issues arise with the preferred option. For example, there are approximately 100 different routes to manufacture the Beefy T line. Finally, we communicate with our facilities every day and continually monitor any weather events that could create a loss. In event of a catastrophic loss, however, professional engineering fees related to reconstruction and repair can range from 0% to 2% of the physical loss (i.e., facility loss only, excluding business interruption). For example, the facility loss would be  $2\% \times \$76,300,000 = \$1,500,000$ . This cost is also covered by the company's insurance program.

### **Cost of management**

1,500,000

### **Comment**

The cost of management is included in our comprehensive Enterprise Risk Management process. The company's business continuity plan, which is reviewed by the ERM Steering Committee, identifies risks from extreme weather impacting product flow and raw materials. The risks are known, manageable and quantified. Elements of the plan include managing risks through the company's global supply chain and through loss prevention measures that prepare sites for potential catastrophic impacts.

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### **Identifier**

Risk 2

### **Where in the value chain does the risk driver occur?**

Supply chain

**Risk type**

Physical risk

**Primary climate-related risk driver**

Chronic: Changes in precipitation patterns and extreme variability in weather patterns

**Type of financial impact**

Increased operating costs (e.g., inadequate water supply for hydroelectric plants or to cool nuclear and fossil fuel plants)

**Company- specific description**

Significant fluctuations in climate patterns could lead to change in weather, droughts, floods, etc., creating industry wide volatility in the price of various input costs for our clothing products, such as cotton or petroleum-related materials like polyester, or in our operations, such as in utilities, freight and wages. These climate change risks can also adversely impact physical plant operations and schedules.

**Time horizon**

Medium-term

**Likelihood**

About as likely as not

**Magnitude of impact**

Low

**Are you able to provide a potential financial impact figure?**

Yes, an estimated range

**Potential financial impact figure (currency)**

**Potential financial impact figure – minimum (currency)**

0

**Potential financial impact figure – maximum (currency)**

4,000,000

### **Explanation of financial impact figure**

Financial impacts related to chronic climate events are difficult to estimate, but a broad range of industrywide input costs on commodities such as cotton, chemicals and other raw materials, transportation, energy and water could be impacted by droughts or floods. For example, HanesBrands' cotton commodity costs variance could range from \$US 0 to \$US 4 million alongside the rise and fall of the global cotton market.

### **Management method**

The risks of input commodity cost increases are known, quantifiable, and managed. For example, HanesBrands maintains tolerance models identifying how the business is impacted in the event floods or drought impacts cotton prices, or new climate regulation impacts the price of polyester. Further, risk associated with climate change such as raw material costs, energy costs, and availability of water led the company to implement its Global Energy and Environmental Sustainability policy, which establishes extensive and very detailed procedures to ensure a consistent, global approach to energy management, resource conservation and minimization of emissions.

Costs related to managing chronic climate-related issues are industrywide and would vary depending on the precise risk; however, HanesBrands' incremental transportation and potential processing costs required to manage changes in cotton quality could range from \$US 0 to \$US 1.5 million. This is based on increasing freight cost by 25% and 5-10% longer process time required to remove indigenous mineral content. For the purposes of this disclosure, the cost of management is assumed to be the mid-point of the above range (50% of 1.5 mm = \$750,000)

### **Cost of management**

750,000

### **Comment**

Cost related to managing chronic climate related issues, such as impacts from long- term drought, is uncertain and would vary depending on the precise risk; however, management costs are a part of the overall ERM process.

---

### **Identifier**

Risk 3

**Where in the value chain does the risk driver occur?**

Direct operations

**Risk type**

Transition risk

**Primary climate-related risk driver**

Policy and legal: Increased pricing of GHG emissions

**Type of financial impact**

Increased operating costs (e.g., higher compliance costs, increased insurance premiums)

**Company- specific description**

Changes in regulation of carbon and other GHG emissions as hazardous air pollutants could have a financial impact on the company, affecting both capital and operating costs. For example, during this reporting year HanesBrands has continued to experience increased energy costs in Europe as a direct result of carbon emissions taxes levied as part of the European Union's Paris Agreement obligations. In addition, regulatory actions taken to address urgent environmental conditions, such as urban smog, availability of water, floods, and violent storm risks, present additional risks -- including mandates to reduce manufacturing capacity that could increase both capital and operating costs.

**Time horizon**

Medium-term

**Likelihood**

More likely than not

**Magnitude of impact**

Low

**Are you able to provide a potential financial impact figure?**

Yes, an estimated range

**Potential financial impact figure (currency)**

**Potential financial impact figure – minimum (currency)**

0

**Potential financial impact figure – maximum (currency)**

500,000

**Explanation of financial impact figure**

Financial impacts related to changing climate policy vary by country and are difficult to predict since these costs are directly related to activities countries implement to accomplish specific Nationally Developed Contribution (NDC) commitments that were ratified by the COP21 Paris Agreement. However, our utility costs could increase \$US 0K to \$US 500K due to carbon taxes added to the cost of electricity and natural gas. For example, added carbon taxes in France (where HanesBrands has operations) have contributed to increased electricity and natural gas costs.

**Management method**

HanesBrands manages the cost increases impacting electricity rates in the European Union as a result of their Paris Agreement obligations through its energy management program as defined in the Global Energy and Environmental Sustainability policy and through the pursuit of energy savings projects in its textile and sewing operations to offset increased utility costs. Examples in our Hanes Europe Innerwear business include energy efficient air compressors, LED lighting, steam boiler optimization, air conditioning controls, etc.

Cost of management is uncertain but could range from \$US 5K to \$US 20K for consulting fees. These management costs would vary depending on the precise risk; however, the overall ERM process addresses these costs as part of the overall contingency planning process. For the purposes of this disclosure, management costs are assumed to be the mid-point of this range (50% of \$20,000=\$10,000)

**Cost of management**

10,000

**Comment**

Management costs would vary depending on the precise risk; however, the overall ERM process addresses these costs as part of the overall contingency planning process.



## C2.4

**(C2.4) Have you identified any climate-related opportunities with the potential to have a substantive financial or strategic impact on your business?**

Yes

### C2.4a

**(C2.4a) Provide details of opportunities identified with the potential to have a substantive financial or strategic impact on your business.**

---

**Identifier**

Opp1

**Where in the value chain does the opportunity occur?**

Direct operations

**Opportunity type**

Energy source

**Primary climate-related opportunity driver**

Use of lower-emission sources of energy

**Type of financial impact**

Returns on investment in low-emission technology

**Company-specific description**

HanesBrands is continuing to evaluate expanding its renewable energy portfolio in the Dominican Republic and Central America by investing in renewable energy projects to install solar photovoltaic arrays to supply renewable electricity to the company's facilities in these regions. A potential project in the Dominican Republic is expected to be a 2MW array, which would create an opportunity to reduce GHG emission by

1,621.5 MT CO<sub>2</sub>e. These types of projects will contribute to accomplishing the company's 2020 goals to reduce CO<sub>2</sub>e emission by 40% and increase use of renewable energy to more than 40% of the company's total energy requirements. According to the National Renewable Energy Laboratory "PVWatts Calculator", the 2 MW system is expected to generate 2,921,592 kwh of renewable electricity annually. This is based on an average solar radiation factor of 5.42 kwh/m<sup>2</sup>/day.

**Time horizon**

Medium-term

**Likelihood**

More likely than not

**Magnitude of impact**

Medium

**Are you able to provide a potential financial impact figure?**

Yes, an estimated range

**Potential financial impact figure (currency)**

**Potential financial impact figure – minimum (currency)**

0

**Potential financial impact figure – maximum (currency)**

400,000

**Explanation of financial impact figure**

Annual returns from the 2 MW solar array investment will vary depending on market electricity rates, but at current rates the financial impact is expected to be \$0.4 million annually from electricity cost savings versus grid prices in the Dominican Republic. Cost to install is estimated to be \$US 2.0 million at \$1.00 per installed watt. The investment in this low emission technology is expected to reduce GHG emissions 1,621.5 MT CO<sub>2</sub>e annually.

**Strategy to realize opportunity**

HanesBrands has developed a long-range energy plan that identifies specific projects required to accomplish 2020 environmental sustainability goals to reduce CO<sub>2</sub>e emission by 40% and increase renewable energy to more than 40% as compared to a 2007 baseline. The 2MW solar array is one of several strategic projects that has been identified in the long-range plan. The cost to install a 2MW solar array is estimated to be \$2.0 million, which is based on proposals received from solar-development companies. The average cost to install a fixed panel solar array is currently estimated to be \$1.00 per installed watt.

**Cost to realize opportunity**

2,000,000

**Comment**

Multiple financial options are currently under review.

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**Identifier**

Opp2

**Where in the value chain does the opportunity occur?**

Customer

**Opportunity type**

Resilience

**Primary climate-related opportunity driver**

Participation in renewable energy programs and adoption of energy-efficiency measures

**Type of financial impact**

Increased market valuation through resilience planning (e.g., infrastructure, land, buildings)

**Company-specific description**

The company's strategy to improve resilience includes installing backup power generation, redundant utility systems, reducing energy usage and the associated GHG emissions through investments in infrastructure and energy efficiency projects. An example of this type of investment is the recent heat-recovery project that was completed in one of our Central America operations. Wastewater heat is recovered through a shell

and tube heat exchanger to preheat process make-up water, reducing the demand for steam, which increases steam generation reserves, and reduces GHG emissions.

**Time horizon**

Current

**Likelihood**

Virtually certain

**Magnitude of impact**

Medium

**Are you able to provide a potential financial impact figure?**

Yes, an estimated range

**Potential financial impact figure (currency)**

**Potential financial impact figure – minimum (currency)**

0

**Potential financial impact figure – maximum (currency)**

570,000

**Explanation of financial impact figure**

The installation of a wastewater heat-recovery system in one of our plants in Central America permits recovering waste heat in the plant's wastewater stream and using the heat to preheat make-up water required by the manufacturing process. The recovered heat improves resiliency by increasing reserved steam generation capacity . In addition, the project reduces consumption of fuel oil used to produce process steam by approximately 662,300 gallons of heavy fuel oil annually, reducing energy costs by approximately \$570,000 per year. Cost savings in our operations contribute to improved financial performance and market valuations.

**Strategy to realize opportunity**

Energy use efficiency is a key part of the company's strategy to reduce carbon emissions, to build resiliency to impacts related to climate change, and to reduce operating costs. As an example, wastewater heat recovery to preheat process make-up water reduced consumption of fuel required to generate steam, which reduces Scope 1 carbon emissions. This heat recovery project reduced thermal energy consumption by 1,987 mmbtu per week, resulting in a potential annual GHG emission reduction of 7,486 MtCO<sub>2</sub>e based on reducing supplemental steam generated by oil-fired boilers. The system required an investment of approximately \$US 0.89 million to buy and install the heat recovery equipment (pumps, heat exchangers, tanks, piping and controls). The engineering design work required was completed internally at an estimated cost of \$10k.

**Cost to realize opportunity**

900,000

**Comment**

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**Identifier**

Opp3

**Where in the value chain does the opportunity occur?**

Direct operations

**Opportunity type**

Resilience

**Primary climate-related opportunity driver**

Participation in renewable energy programs and adoption of energy-efficiency measures

**Type of financial impact**

Increased reliability of supply chain and ability to operate under various conditions

**Company-specific description**



The company's strategy to reduce GHG emission includes both improving energy efficiency (i.e., use less) and expanding renewable energy. To support this strategy, we set aggressive 2020 goals to improve energy use intensity by 40%, reduce GHG emissions by 40%, and increase use of renewable energy to 40%. We are very pleased to announce that during the reporting year, we achieved our renewable energy goal two years early through increased investments in biomass-fired steam generation and a combined heat and power plant. The company has further opportunities to increase utilization of these assets.

**Time horizon**

Short-term

**Likelihood**

Virtually certain

**Magnitude of impact**

Medium

**Are you able to provide a potential financial impact figure?**

Yes, an estimated range

**Potential financial impact figure (currency)**

**Potential financial impact figure – minimum (currency)**

0

**Potential financial impact figure – maximum (currency)**

2,000,000

**Explanation of financial impact figure**

Annual savings from energy conservation investments, such as projects in the EU to mitigate the financial impact from carbon taxes, and investments in our biomass plants, generate returns on investment that vary depending on energy prices. These types of investments improve the reliability of our supply chain and our ability to operate under various conditions caused by uncertain energy markets all while reducing GHG



emissions. At current energy rates, incremental annual savings to fully utilize biomass assets are estimated to be \$2.0 million. Actual savings will depend on the market price of oil and electricity, both of which are very volatile.

**Strategy to realize opportunity**

During 2018 and 2019, the company worked to increase the utilization of its biomass-fired energy plants by stabilizing fuel supply, improving operational maintenance, and prioritizing operating schedules. These efforts helped the company achieve its 2020 renewable energy goal of 40% two years early. When our biomass assets are fully utilized, these facilities will reduce heavy fuel oil use by more than 4 million gallons per year, which reduces operating costs while reducing GHG emissions. The company strategy is to fully utilize its renewable energy power plants to minimize use of fossil fuel while decreasing GHG emissions.

**Cost to realize opportunity**

1,000,000

**Comment**

Ongoing energy efficiency projects and biomass plant maintenance projects will require incremental investments. For example, investments in improving boiler feed water quality will reduce boiler water blowdown, saving energy and reduce water usage, and investments in fuel-management systems will help to reduce fuel moisture, reducing fuel consumption required to generate steam. The \$1 million opportunity cost was calculated as preventative maintenance costs (\$US 0.25 million) + incremental investments (\$0.75 million) = \$US 1 Million.

**C2.5**

**(C2.5) Describe where and how the identified risks and opportunities have impacted your business.**

	Impact	Description
Products and services	Impacted	i) Explanation - HanesBrands' products have been impacted directly by the eco-citizenship megatrend. The megatrend, which signifies a long-term market force influencing consumers, has inspired greater interest across the company in developing, manufacturing and marketing products with exceptional eco-characteristics. While the company believes all products made in its company-owned supply chain are environmentally friendly choices since they are manufactured in responsibly operated facilities, we are currently introducing new products to market to gauge consumer interest in this trend in the apparel space. For example, we've recently introduced a variety of EcoSmart products that are manufactured with recycled content and other environmentally conscious attributes.

		<p>ii) Description of magnitude: The magnitude of this impact is “medium” based on the still-developing scope of the market opportunity eco-citizenship creates for apparel.</p>
Supply chain and/or value chain	Impacted	<p>i) Explanation - HanesBrands’ company-owned supply chain has been directly impacted in the short term by acute, extreme weather events. Storms in the Caribbean impacted our operations and forced our manufacturing facility in Puerto Rico to use onsite generators to continue operations. Our logistics team adjusted shipping lanes during port closures to minimize business interruptions. Our Enterprise Risk Management process prepared us to respond to these storms effectively. Without contingency plans, we would have experienced a greater magnitude of business interruption.</p> <p>ii) Description of magnitude: The magnitude of this impact is “medium.” The business disruption presented by this risk was managed in accordance with our contingency plans to maintain business continuity and was, therefore, limited in impact on the total business.</p>
Adaptation and mitigation activities	Impacted	<p>i) Explanation - HanesBrands has already been impacted by adaptation and mitigation activities, both within our walls and external to them. We have adapted our supply chain by increasing our energy resilience through the construction of onsite biomass plants that provide electricity and process steam to our textile and sock operations in Dominican Republic and El Salvador. We have further adapted our supply chain through investments in energy- and water-efficiency improvement projects in all of our processes. These investments are motivated by our 2020 environmental goals. Externally, we are impacted by adaptation and mitigation activities through increased energy costs resulting from climate-motivated regulatory changes. In Europe, the European Union’s decision to reduce CO2 allowances have led to an increase in emission certificate prices and is impacting electricity rates at our facilities across the continent. HanesBrands is pursuing further energy-saving projects throughout our European textile manufacturing and sewing operations to offset increased utility costs.</p> <p>ii) Description of magnitude: The magnitude of this impact is “low.” HanesBrands has made significant efforts to use renewable energy sources. Through these efforts, the company has already achieved its 2020 goal of a 40% renewable energy portfolio.</p>
Investment in R&D	Impacted	<p>i) Explanation - HanesBrands is currently investing in research and development (R&amp;D) for new “eco” products and environmentally friendly processes as a result of the Eco-Citizenship megatrend and potential to improve operating efficiency.</p>





		<p>Areas of exploration include low-impact dyes, fabrics with greater recycled content, and increasingly more energy and water efficient fabric manufacturing processes. The R&amp;D function is always impacted by dominant trends in consumer preference as the company seeks to innovate.</p> <p>ii) Description of magnitude: The magnitude of this impact is “low” due to the company’s ability to conduct R&amp;D internally and prototype product ideas at scale before operating at scale.</p>
Operations	Impacted	<p>i) Explanation - HanesBrands’ operations are impacted by acute and chronic physical risks. From an acute standpoint, we experienced the impacts of Hurricane Florence at one of our distribution operations in North Carolina. We responded rapidly in accordance to our pre-planned disaster recovery strategy developed through the ERM process under the oversight of the Audit Committee.</p> <p>Chronic risks may impact our operations, but we aggressively prepare to mitigate future impacts. For example, the risks associated with raw materials price volatility are known, quantifiable and managed. We have tolerance models identifying how our business is impacted in the event of floods or drought impacting cotton prices or new climate regulation impacting polyester prices.</p> <p>ii) Description of magnitude: The magnitude of this impact is “low.” Climate-related risk to our operations is managed through the contingency plans put in place by our ERM process and our ability to adapt to relevant climate-related chronic physical risks.</p>
Other, please specify		

## C2.6

**(C2.6) Describe where and how the identified risks and opportunities have been factored into your financial planning process.**

	Relevance	Description
Revenues	Impacted	<p>i) Explanation - HanesBrands’ revenue has been impacted by the eco-citizenship megatrend through sales of EcoSmart apparel products. Depending on the influence of eco-citizenship on our consumer’s purchasing decisions, expansion of EcoSmart and/or development of other environmentally conscious styles could lead to segment expansion.</p>



		<p>ii) Magnitude of impact - The magnitude of this impact is “low” due to the scale of EcoSmart in relation to our total product portfolio and associated revenues.</p>
Operating costs	Impacted for some suppliers, facilities, or product lines	<p>i) Explanation - HanesBrands’ operating costs have been impacted in Europe through utility cost increases stemming from the European Union’s decision to pursue a 2.2 percent reduction in CO2 emissions for the 2021 – 2030 time period. Our increased utility costs are the result of price movements for CO2 emissions allowances. The company is pursuing energy-saving projects throughout our European textile manufacturing and sewing operations to offset increased utility costs.</p> <p>ii) Magnitude of impact – The magnitude of this impact is “low” based on our ability to respond to increased utility costs through management of our company-owned supply chain and implementation of internal energy-savings projects.</p>
Capital expenditures / capital allocation	Impacted	<p>i) Explanation - HanesBrands has invested millions in onsite biomass and other renewable energy projects to further our supply chain resilience and mitigate volatility in oil prices. Onsite biomass supports our fabric knitting operations in Dominican Republic and El Salvador and are significant in magnitude relative to other energy projects that have been pursued.</p> <p>ii) Magnitude of impact – The magnitude of this impact is “medium” based on the scale of our investments and the importance of biomass projects to our operations and renewable energy goals.</p>
Acquisitions and divestments	Impacted	<p>i) Explanation - HanesBrands acquired Alternative Apparel in 2017. Alternative Apparel is a socially and environmentally conscious brand that crafts its garments with sustainable materials and processes including organic cotton, post-consumer recycled polyester, recycled cotton, low-impact dyes and eco-friendly packaging. While vastly smaller in scale, Alternative Apparel’s values are aligned with those of HanesBrands. Alignment of values plays an important role in all of acquisitions and Alternative was no exception.</p> <p>ii) Magnitude of impact – The magnitude of this impact is “medium” based on the acquisition’s growth potential in light of the eco-citizenship megatrend.</p>



Access to capital	Not yet impacted	<p>i) Explanation - Access to natural capital has not yet been impacted, but it possibly could be in the long-term if climate change impacts the availability of water or cotton. Hypothetically speaking, there could be costs associated with developing or purchasing more water-efficient technologies for our manufacturing processes, relocating to areas with greater water availability, or purchasing cotton and other raw materials necessary for our apparel products. Our financial process would manage these costs through market research, negotiating and considering alternatives as it would with any other costs.</p> <p>ii) Anticipated timeframe – The anticipated timescale for this impact is “long” based on the potential for climate change to impact availability of water or cotton.</p>
Assets	Not yet impacted	<p>i) Explanation - Our assets have not yet been significantly impacted by climate-related risk, but they could be in the future as a result of increasingly frequent storms and other extreme weather events. For example, storms in the Caribbean that bring strong winds or cause flooding could damage our fabric knitting and sewing facilities in the region. A strong storm could strike in any season, but the likelihood of this impact may increase with time as atmospheric CO2 concentrations increase. Individual facilities could be impacted by a storm, but overall asset risk to the company is minimal.</p> <p>ii) Anticipated timeframe – The anticipated timescale for this impact is “long” based on the potential for increasingly frequent storms and extreme weather events to occur in the future.</p>
Liabilities	Not impacted	<p>i) Explanation - HanesBrands has not experienced any climate-related financial liability impacts to date. The company continues to carefully manage risks around the globe through its Enterprise Risk Management process and will continue the responsible sourcing and use of the environmental resources it depends on. To provide a hypothetical example, HanesBrands could experience financial liability for exceeding air permit limits at its textile manufacturing operations. However, the company’s Global Environmental Management policy requires every location to comply with applicable environmental regulations and permits. These environmental liabilities should, therefore, be avoided.</p>
Other		

## C3. Business Strategy

### C3.1

#### **(C3.1) Are climate-related issues integrated into your business strategy?**

Yes

### C3.1a

#### **(C3.1a) Does your organization use climate-related scenario analysis to inform your business strategy?**

Yes, qualitative and quantitative

### C3.1c

#### **(C3.1c) Explain how climate-related issues are integrated into your business objectives and strategy.**

i) Influence of climate-related issues on business objectives and strategy – HanesBrands integrates potential climate-related issues into our business objectives and strategies through continual risk/opportunity assessments that are conducted through the company's Enterprise Risk Management (ERM) and the Corporate Social Responsibility (CSR) governance structures, as well as through corporate and operational functions including our legal, engineering, finance, government relations and internal audit teams. Short-term risks and opportunities are discussed as needed at executive management weekly staff meetings. Corporate-level risks are also evaluated through the formal ERM process and actively reviewed by the Audit Committee of our Board of Directors. We regularly evaluate key risks to our business and maintain contingency plans, appropriate insurance coverage, and strategies to ensure that potential risks do not have an adverse effect on our business operations or financials.

Risk/opportunity identification related to climate issues includes disasters, such as hurricanes, floods and droughts, that could damage or disrupt our operations -- or our suppliers and distributors' operations --are managed globally by our CSR, operations and security teams, and locally by our plant/site managers. These local teams have dedicated environmental, energy, emergency response and safety coordinators that focus on implementation of the company's policies and procedures, which consist of formally documented management systems that are designed to continuously manage, plan for and reduce risks. These coordinators receive directional and technical support from corporate staff and work to mitigate

climate-change risk through continual efforts to improve energy and water use efficiency, reduce overall GHG emissions, reduce waste and increase the use of sustainable materials.

ii) Business strategy linked to emissions and energy reduction targets – One of HanesBrands' key business strategies is to effectively manage global energy use to minimize energy consumption, reduce operating costs, and continually reduce emissions to the environment. The company has set aggressive 2020 goals to reduce GHG emissions by 40%, energy use by 40% and water use by 50% while increasing use of renewable energy to 40% compared to our 2007 baseline. During this reporting year, Hanes already achieved its renewable energy target of 40% two years early by increasing utilization of biomass-fired energy plants in the Dominican Republic and El Salvador. This achievement has also contributed to a significant reduction in GHG emissions, which came very close to achieving the company's 2020 goal to reduce GHG emissions by 40%. To accomplish these important business goals, the company has implemented: A) A Global Energy and Environmental Sustainability Policy that requires all facilities to develop annual action plans to achieve annual goals set at each location. The company's energy and environmental sustainability program has earned multiple recognitions from the U.S. EPA Energy Star program, including achieving 10 consecutive Energy Star Partner of the Year awards for energy management. Additionally, 25 of HanesBrands' facilities have also earned the U.S. EPA Energy Star Challenge for Industry award, which requires a facility to demonstrate a 10% reduction in energy usage during a five-year period; B) Issues associated with climate change, availability of water, energy costs, raw materials costs and extreme weather conditions have influenced the company's need to bolster its environmental-management efforts. As a result, the company has implemented a Global Environmental Management System (GEMS), which establishes extensive and very detailed policies and procedures to ensure a consistent, global approach to environmental compliance and minimization of emissions.

iii) Example(s) of substantial business decisions and influential aspect of climate change –

Many of HanesBrands' products and process innovations are driven by our focused environmental strategy and understanding of “eco-citizenship” as a global, long-term trend influencing consumer purchasing decisions (consumers expect companies to demonstrate the value of environmental stewardship and act accordingly).

The aspects of climate change influencing our environmental strategy are the eco- citizenship megatrend, the potential for increased likelihood of extreme weather events in the future, and shifting consumer preferences towards products made by environmentally responsible companies that are consistent with their environmentally responsible lifestyle.

Applying an environmental lens has led us to identify product-innovation opportunities and increase the resilience of our supply chain operations. Business decisions have included:



- procuring yarn made from recycling the equivalent of 172 million plastic water bottles to make polyester yarn for both blended spun yarns and filament yarns;
- expanding the use of recycled cotton fiber; and,
- use of a spun yarn that consumes significantly less energy per pound vs ring spun yet mimics the feel. For example, in this reporting period, the use of a yarn that was produced by one of our key yarn suppliers has reduced the consumption of electricity by 9,078 mega watt-hours resulting in a Scope 3 emissions reduction of 3,594 MT CO<sub>2</sub>e.

### C3.1d

**(C3.1d) Provide details of your organization’s use of climate-related scenario analysis.**

Climate-related scenarios	Details
Other, please specify Enterprise Risk Management Process	<p>HanesBrands integrates climate-related scenario analysis in our business objectives and strategies covering Short-term, Medium-terms and Long term scenarios such as climate change, floods, droughts, etc. through continual risk/opportunity assessments that are conducted through the company's Enterprise Risk Management (ERM), the Corporate Social Responsibility (CSR) governance structures, the company's energy and environmental sustainability management process, and through corporate and operational functions including our legal, engineering, finance, government relations and internal audit teams.</p> <p>Short-term risks and opportunities are discussed as needed at executive management weekly staff meetings. Corporate-level risks are also evaluated through the formal ERM process and actively reviewed by the Audit Committee of our Board of Directors. We regularly evaluate key risks to our business and maintain contingency plans and strategies to ensure that the potential risks do not have an adverse effect on our business operations or financials.</p> <p>The company's formal loss prevention program for direct operations includes completion of annual facility level audits that are designed to uncover risks related to fire, floods, earthquakes, and extreme weather events. As a result the company prioritizes and continually invest in projects that improves resiliency at a facility level.</p> <p>An example of this is the construction of a flood control barrier to protect utility equipment from flooding that occurred during a tropical storm caused significant flooding in the vicinity of one of its manufacturing plants located in Central America.</p>

	<p>In addition, the company’s aggressive 2020 goals to reduce GHG emissions by 40%, energy usage by 40%, water usage by 50% while increasing use of renewable energy to 40% compared to our 2007 baseline pushes the company to continually focus on projects that conserves natural resources, reduces costs and GHG emissions all of which also improves resiliency to volatility in energy prices, and availability of natural resources.</p> <p>Finally, the company's longterm relationship with the U.S. EPA Energy Star organization has helped further benchmark the company's effort to reduce GHG emissions against other multinational consumer products companies. The company's energy and environmental sustainability efforts are critiqued annually by the Energy Star organization, resulting in 10 consecutive Energy Star Partner of the year awards for energy management and environmental stewardship.</p>
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## C4. Targets and performance

### C4.1

**(C4.1) Did you have an emissions target that was active in the reporting year?**

Both absolute and intensity targets

### C4.1a

**(C4.1a) Provide details of your absolute emissions target(s) and progress made against those targets.**

---

**Target reference number**

Abs 1

**Scope**

Scope 1 +2 (market-based)

**% emissions in Scope**

100

**Targeted % reduction from base year**

40

**Base year**

2007

**Start year**

2013

**Base year emissions covered by target (metric tons CO2e)**

407,989

**Target year**

2020

**Is this a science-based target?**

Yes, we consider this a science-based target, but this target has not been approved as science-based by the Science-Based Targets initiative

**% of target achieved**

97.5

**Target status**

Underway

**Please explain**

HanesBrands has set a medium term global corporate goal to reduce absolute CO2e emissions by 40% or 163,196 metric tons by 2020 versus its 2007 normalized baseline emissions, which requires an average annual reduction of 3.1% vs its 2007 baseline year and 5.7% vs its 2013 start year which is greater than 2.1% required by CDP. As of year end 2018, the company has achieved 97.5% (159,188/163,196 = 0.975) of its 2020 goal. Note: 159,188 MTCO2e 2018 reduction divided by 163,196 MTCO2e 2020 absolute goal. This reduction is the result of significantly increasing use of renewable energy to 40.2% while reducing energy use by 21.8%. To date, the company has not developed science-based targets as defined by the Science Based Targets initiative because during the reporting year a



method had not yet been finalized for the textile and apparel manufacturing sector. We understand, however, that this method was recently developed and published. Even so, HanesBrands has benchmarked its current 2020 goal to reduce CO<sub>2</sub>e absolute emissions by 40% against other companies that have approved science-based targets and, as a result, we believe that our aggressive target is aligned with the intent of the Science Based Target initiative.

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**Target reference number**

Abs 2

**Scope**

Scope 1 +2 (market-based)

**% emissions in Scope**

100

**Targeted % reduction from base year**

50

**Base year**

2007

**Start year**

2013

**Base year emissions covered by target (metric tons CO<sub>2</sub>e)**

407,989

**Target year**

2030

**Is this a science-based target?**

Yes, we consider this a science-based target, but this target has not been approved as science-based by the Science-Based Targets initiative



**% of target achieved**

78

**Target status**

Underway

**Please explain**

HanesBrands has set a long term global corporate goal to reduce absolute CO<sub>2</sub>e emissions by 50% or 203,995 metric tons by 2030 versus its 2007 normalized baseline emissions, which requires a 2.2% average annual reduction vs its 2007 baseline year and a 2.9% average annual reduction vs its 2013 start year which is greater than the 2.1% required by CDP. As of yearend 2018, the company has achieved 78.0% ( $159,188/203,995 = 0.78$ ) of its 2030 goal. This reduction is the result of significantly increasing use of renewable energy to 40.2% while reducing energy use by 21.8%. To date, the company has not developed science-based targets as defined by the Science Based Targets initiative because during the reporting year a method had not yet been finalized for the textile and apparel manufacturing sector. We understand, however, that this method was recently developed and published. Even so, HanesBrands has benchmarked its current 2030 goal to reduce CO<sub>2</sub>e absolute emissions by 50% against other companies that have approved science-based targets and, as a result, we believe that our aggressive target is aligned with the intent of the Science Based Target initiative.

## C4.1b

**(C4.1b) Provide details of your emissions intensity target(s) and progress made against those target(s).**

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**Target reference number**

Int 1

**Scope**

Scope 1 +2 (market-based)

**% emissions in Scope**

100

**Targeted % reduction from base year**

40

**Metric**

Other, please specify

Metric ton CO<sub>2</sub>e per unit of production - Hanesbrands accounts for CO<sub>2</sub>e emissions following the Green House Gas Protocol and calculates a monthly key performance indicator that tracks metric tons of CO<sub>2</sub>e per pound of finished fabric produced.

☞ Hanesbrands accounts for CO<sub>2</sub>e emissions following the Green House Gas Protocol and calculates a monthly key performance indicator that tracks metric tons of CO<sub>2</sub>e per pound of finished fabric.

**Base year**

2007

**Start year**

2013

**Normalized base year emissions covered by target (metric tons CO<sub>2</sub>e)**

407,989

**Target year**

2020

**Is this a science-based target?**

Yes, we consider this a science-based target, but this target has not been approved as science-based by the Science Based Targets initiative

**% of target achieved**

85.4

**Target status**

Underway

**Please explain**



HanesBrands has set a medium term global corporate goal to reduce CO<sub>2</sub>e emissions intensity 40% by 2020 versus its 2007 normalized baseline emissions. As of yearend 2018, the company has achieved 85.4% of its 2020 goal, which represents an absolute annual reduction of 159,188 metric tons CO<sub>2</sub>e. This reduction is the result of significantly increasing use of renewable energy to 40.2% while reducing energy use by 21.8%. To date, the company has not developed science-based targets as defined by the Science Based Targets initiative, because during the reporting year a method had not yet been finalized for the textile and apparel manufacturing sector. We understand, however, that this method was recently developed and published. However, HanesBrands has benchmarked its current 2020 goal to reduce CO<sub>2</sub>e emissions intensity by 40% against other companies that have approved science-based targets and, as a result, we believe that our aggressive target is aligned with the intent of the Science Based Targets initiative.

**% change anticipated in absolute Scope 1+2 emissions**

-40

**% change anticipated in absolute Scope 3 emissions**

0

**Target reference number**

Int 2

**Scope**

Scope 1 +2 (market-based)

**% emissions in Scope**

100

**Targeted % reduction from base year**

50

**Metric**

Other, please specify

Hanesbrands accounts for CO<sub>2</sub>e emissions following the Green House Gas Protocol and calculates a monthly key performance indicator that tracks metric tons of CO<sub>2</sub>e per pound of finished fabric.

☞ Hanesbrands accounts for CO<sub>2</sub>e emissions following the Green House Gas Protocol and calculates a monthly key performance indicator that tracks metric tons of CO<sub>2</sub>e per pound of finished fabric.

**Base year**

2007

**Start year**

2013

**Normalized base year emissions covered by target (metric tons CO<sub>2</sub>e)**

407,989

**Target year**

2030

**Is this a science-based target?**

Yes, we consider this a science-based target, but this target has not been approved as science-based by the Science Based Targets initiative

**% of target achieved**

68.3

**Target status**

Underway

**Please explain**

HanesBrands has set a long term global corporate goal to reduce CO<sub>2</sub>e emissions intensity 50% by 2030 versus its 2007 normalized baseline emissions. As of yearend 2018, the company has achieved 68.3% of its 2030 goal, which represents an absolute annual reduction of 159,188 metric tons CO<sub>2</sub>e. This reduction is the result of significantly increasing use of renewable energy to 40.2% while reducing energy use by 21.8%. To date, the company has not developed science-based targets as defined by the Science Based Targets initiative, because during the reporting year a method had not yet been finalized for the textile and apparel manufacturing sector. We understand, however, that this method

was recently developed and published. However, HanesBrands has benchmarked its current 2030 goal to reduce CO2e emissions intensity by 50% against other companies that have approved science-based targets and, as a result, we believe that our aggressive target is aligned with the intent of the Science Based Target initiative.

**% change anticipated in absolute Scope 1+2 emissions**

-50

**% change anticipated in absolute Scope 3 emissions**

0

## C4.2

**(C4.2) Provide details of other key climate-related targets not already reported in question C4.1/a/b.**

---

**Target**

Waste

**KPI – Metric numerator**

Tons of waste diverted from landfill

**KPI – Metric denominator (intensity targets only)**

Total tons of waste

**Base year**

2015

**Start year**

2015

**Target year**

2020

**KPI in baseline year**

77

**KPI in target year**

100

**% achieved in reporting year**

38.2

**Target Status**

Underway

**Please explain**

HanesBrands has set a goal to reduce waste disposal by diverting 100% of non-regulated waste from disposal to landfills by 2020. Discarded materials from all company-owned operations are reduced, reused, recycled or composted for beneficial use. Non-hazardous waste is also being diverted to incineration for energy recovery. Hazardous waste is disposed of in accordance with local regulatory requirements. Periodic waste generated from construction, demolition and natural disasters is managed separately. According to the U.S. EPA's Waste Reduction Model (WARM), the company's recycling efforts have avoided 119,161 metric tons of CO<sub>2</sub>e in the reporting period, which includes avoided emissions from manufacturing replacement products and avoided landfill emissions. The company expects to reduce an additional 20,528 metric tons of previously unaccounted CO<sub>2</sub>e emissions when 100% of waste has been recycled and diverted from landfills.

**Part of emissions target**

Total emissions reductions resulting from 100% landfill avoidance is estimated to be approximately 139,732 metric tons (119,161 MtCO<sub>2</sub> + 20,528 MtCO<sub>2</sub> = 139,689 MtCO<sub>2</sub>). This reduction is in addition to the company's target emission reduction defined in 4.1b.

**Is this target part of an overarching initiative?**

Other, please specify

This target is part of HanesBrands' sustainability initiative with s 2020 goals to reduce GHG emissions by 40%, reduce energy usage by 40%, reduce water usage by 50% and increase use of renewable energy to 40% (latter achieved in reporting period).



**Target**

Renewable energy target including electricity, heat, steam and cooling

**KPI – Metric numerator**

MMBTUs of renewable energy consumed

**KPI – Metric denominator (intensity targets only)**

MMBTUS of total energy consumed

**Base year**

2007

**Start year**

2007

**Target year**

2020

**KPI in baseline year**

28.5

**KPI in target year**

40

**% achieved in reporting year**

100

**Target Status**

Achieved

**Please explain**



HanesBrands has been working toward the goal of increasing use of renewable energy (biomass, hydro, geothermal and solar) from 28.5% of our total energy portfolio in 2007 to 40% by 2020. During this reporting year, the company's renewable energy improved from 83.1% to 100% of our 40% renewable target, resulting from the increased utilization of onsite biomass fired steam and power plants.

**Part of emissions target**

HanesBrands intends to reduce CO<sub>2</sub>e emissions 40% versus its 2007 baseline by 2020 by:

1. increasing renewable energy to 40% of its total energy usage portfolio by 2020; and,
2. reducing 2020 energy usage by 40% versus a 2007 baseline

By achieving its renewable energy target two years early, Hanesbrands CO<sub>2</sub>e emissions decreased by 34.2%, almost achieving the company's 2020 goal of 40%. Our strategy going forward is to continuing to leverage our biomass assets to further reduce use of fossil fuel and to invest in solar energy to reduce scope 1 and 2 emissions.

**Is this target part of an overarching initiative?**

Other, please specify

HanesBrands' sustainability initiative set 2020 goals to reduce GHG emissions and energy usage by 40%, reduce water usage by 50%, and increase use of renewable energy to 40%. The company also has a long-term goal to reduce GHG emissions 50% by 2030.

---

**Target**

Other, please specify

Energy use per unit of production

**KPI – Metric numerator**

Total energy usage in MMBTUs

**KPI – Metric denominator (intensity targets only)**

Pounds of production

**Base year**

2007

**Start year**

2007

**Target year**

2020

**KPI in baseline year**

16.614

**KPI in target year**

9.969

**% achieved in reporting year**

54.4

**Target Status**

Underway

**Please explain**

The company has an exceptional global energy management program that involves all facilities. It has earned multiple awards from the U.S. EPA Energy Star program, including achieving 10 consecutive Energy Star Partner of the Year awards. Additionally, 25 of HanesBrands' facilities have also earned the U.S. EPA Energy Star Challenge for Industry award, which requires a facility to demonstrate a 10% reduction in energy usage during a five-year period.

**Part of emissions target**

HanesBrands energy management program is the cornerstone of its overall sustainability initiative, which has established emission reduction targets; therefore, it is part of the emissions target.

**Is this target part of an overarching initiative?**

Other, please specify



HanesBrands Sustainability Initiative

### C4.3

**(C4.3) Did you have emissions reduction initiatives that were active within the reporting year? Note that this can include those in the planning and/or implementation phases.**

Yes

### C4.3a

**(C4.3a) Identify the total number of initiatives at each stage of development, and for those in the implementation stages, the estimated CO2e savings.**

	Number of initiatives	Total estimated annual CO2e savings in metric tonnes CO2e (only for rows marked *)
Under investigation	3	6,263
To be implemented*	0	0
Implementation commenced*	2	9,110
Implemented*	62	22,516
Not to be implemented	0	0

### C4.3b

**(C4.3b) Provide details on the initiatives implemented in the reporting year in the table below.**

**Initiative type**

Low-carbon energy installation

**Description of initiative**

Biomass

**Estimated annual CO2e savings (metric tonnes CO2e)**

16,354

**Scope**

Scope 1

**Voluntary/Mandatory**

Voluntary

**Annual monetary savings (unit currency – as specified in C0.4)**

2,221,811

**Investment required (unit currency – as specified in C0.4)**

0

**Payback period**

<1 year

**Estimated lifetime of the initiative**

1-2 years

**Comment**

During 2018, three of the company's textile manufacturing facilities (two located in El Salvador, one located in Dominican Republic) that utilize biomass-fueled boilers to produce steam for textile operations. Significant efforts were undertaken to increase the utilization of the biomass-fueled boiler assets. These efforts focused on improving fuel supply operations and maintenance procedures to improve run time.

---

**Initiative type**

Energy efficiency: Processes

**Description of initiative**

Compressed air

**Estimated annual CO2e savings (metric tonnes CO2e)**

19

**Scope**

Scope 2 (location-based)

**Voluntary/Mandatory**

Voluntary

**Annual monetary savings (unit currency – as specified in C0.4)**

52,000

**Investment required (unit currency – as specified in C0.4)**

189,000

**Payback period**

4 - 10 years

**Estimated lifetime of the initiative**

6-10 years

**Comment**

Compressed Air Project 1 - The scope of this included two individual projects, one at a textile manufacturing facility in Europe and one at a sewing plant in Central America, to purchase and install new air compressors. Each of the new air compressors were equipped with a variable frequency drive (VFD) to improve energy efficiency at part-load operating conditions. The greenhouse gas savings from reduced scope 2 (location based) electricity savings from VFD efficiency was 19 MT CO2e. The project had energy savings of 538 MMBTUs.

---

**Initiative type**

Energy efficiency: Processes

**Description of initiative**

Compressed air

**Estimated annual CO2e savings (metric tonnes CO2e)**

394

**Scope**

Scope 2 (location-based)

**Voluntary/Mandatory**

Voluntary

**Annual monetary savings (unit currency – as specified in C0.4)**

80,000

**Investment required (unit currency – as specified in C0.4)**

16,000

**Payback period**

<1 year

**Estimated lifetime of the initiative**

1-2 years

**Comment**

Compressed Air Continuous Improvement Project 2 - HanesBrands implemented 11 individual projects focused on optimizing the use of compressed air and improving energy efficiency of compressed air systems across manufacturing facilities located in North America, Central America, Europe, Vietnam and the Caribbean. The projects included the implementation of program and control changes to better optimize compressed air use within multi-machine systems; the development and implementation of improved procedures to manage leaks and reduce waste compressed air; and the implementation of improved air compressor equipment maintenance to increase energy efficiency. The projects required little investment and had an overall payback of less than one year. Many of the

projects are procedural in nature and are estimated to have a life of 3-5 years. The sum of the individual initiatives had energy savings of 9,430 MMBTU's and location-based scope 2 savings from reduced electricity use of 394 MT CO<sub>2</sub>e.

---

**Initiative type**

Energy efficiency: Building services

**Description of initiative**

Lighting

**Estimated annual CO<sub>2</sub>e savings (metric tonnes CO<sub>2</sub>e)**

373

**Scope**

Scope 2 (location-based)

**Voluntary/Mandatory**

Voluntary

**Annual monetary savings (unit currency – as specified in C0.4)**

426,000

**Investment required (unit currency – as specified in C0.4)**

703,000

**Payback period**

1-3 years

**Estimated lifetime of the initiative**

6-10 years

**Comment**

Lighting Project - HanesBrands implemented 20 lighting upgrade projects at multiple manufacturing locations in the United States, the Caribbean, Central America, Asia and Europe. The projects primarily focused on fixture replacements or retrofits of inefficient high intensity discharge (HID) or fluorescent fixtures to more efficient LED technologies. The projects also included the modification of lighting controls and electric wiring to better control lighting circuits (turn off when not in use) and changing the spacing of fixtures to remove unnecessary lights while maintaining appropriate light levels. The lighting projects have varied life expectancies, but all fall within the 6-10 year range.

The sum of the projects had energy savings of 4,014 MMBTU.

---

**Initiative type**

Energy efficiency: Building services

**Description of initiative**

HVAC

**Estimated annual CO<sub>2</sub>e savings (metric tonnes CO<sub>2</sub>e)**

1,067

**Scope**

Scope 2 (location-based)

**Voluntary/Mandatory**

Voluntary

**Annual monetary savings (unit currency – as specified in C0.4)**

232,000

**Investment required (unit currency – as specified in C0.4)**

51,000

**Payback period**



<1 year

**Estimated lifetime of the initiative**

6-10 years

**Comment**

HVAC Project - Eight individual projects were implemented in various manufacturing and administrative office locations in Europe, Asia, Central America and the Caribbean. The projects occurred at facilities that utilize both market-based and location-based emission factors and one project reduced scope 1 natural gas consumption related to heating. The combined reductions in scope 1, scope 2 market-based and scope 2 location-based emissions were 1,067 MT CO<sub>2</sub>e.

Most of the projects focused on low- or no-cost improvements to equipment or operational procedures to continually improve HVAC efficiency. One project included the purchase and replacement of more efficient cooling coils; another included the replacement of a cooling tower that was equipped with variable frequency drives (VFD's). The total energy savings from all HVAC initiatives was 7,033 MMBTU.

---

**Initiative type**

Energy efficiency: Processes

**Description of initiative**

Machine replacement

**Estimated annual CO<sub>2</sub>e savings (metric tonnes CO<sub>2</sub>e)**

4,310

**Scope**

Scope 2 (location-based)

**Voluntary/Mandatory**

Voluntary

**Annual monetary savings (unit currency – as specified in C0.4)**



712,000

**Investment required (unit currency – as specified in C0.4)**

1,064,000

**Payback period**

1-3 years

**Estimated lifetime of the initiative**

3-5 years

**Comment**

Process Equipment and Improvement Project 1 - HanesBrands implemented 18 individual process and/or equipment improvement projects located at 9 different manufacturing and distribution facilities across the United States, Europe, the Caribbean, Central America and Vietnam. The projects had a total of scope 1 ghg emissions savings of 2,068.5 MT CO2e and combined scope 2 market-based and scope 2 location-based ghg savings of 2,241.5 MT CO2e for a combined scope 1 and scope 2 reduction of 4,310 MT CO2e. The projects had an energy savings of 45,402 MMBTU's.

The projects included relocation of functions/departments/equipment to improve process flow, equipment retrofits and equipment overhauls.

**C4.3c**

**(C4.3c) What methods do you use to drive investment in emissions reduction activities?**

Method	Comment
Compliance with regulatory requirements/standards	New equipment is installed to meet applicable local environmental standards. It is the policy and commitment of the company to meet or exceed performance designated by applicable regulations.
Dedicated budget for energy efficiency	Money is earmarked in the capital budget for energy efficiency projects and for use of alternate fuels.
Dedicated budget for other emissions reduction activities	Investments in emissions reductions are prioritized based on payback period and the extent of emissions reductions. The company actively pursues energy projects that clear internal financial hurdles and align with our business strategies.



Internal incentives/recognition programs	The company offers internal recognition through a variety of avenues including publication in the corporate newsletter and the employee intranet and also through the President's Energy Efficiency Award, a global award that recognizes outstanding achievement in energy efficiency in our organization.
Employee engagement	Investing in employee engagement opportunities helps drive emissions reductions. For example, employees are engaged through inclusion in energy kaizen and treasure-hunt events that are focused on energy and water use reductions that help drive emissions reductions. In addition, the company provides ongoing communications with employees about the importance of conserving energy and water both at work and at home. HanesBrands regularly shares overall company, as well as site-specific, energy achievements including best practices that can be shared across the company's supply chain network. The company invests significant time and money to build a culture of energy management as a core business value.

### C4.5

**(C4.5) Do you classify any of your existing goods and/or services as low-carbon products or do they enable a third party to avoid GHG emissions?**

Yes

### C4.5a

**(C4.5a) Provide details of your products and/or services that you classify as low-carbon products or that enable a third party to avoid GHG emissions.**

**Level of aggregation**

Group of products

**Description of product/Group of products**

Environmental responsibility means changing the way we make products and the nature of the products we make. HanesBrands' EcoSmart line features hoodies, socks, sweats and T-shirts made in part from recycled plastic bottles or recycled cotton. Across HanesBrands, our EcoSmart

products kept the equivalent of 172,428,637 plastic bottles from the landfill in 2018. The use of recycled polyester saved 171,215 MMBTUs when comparing to 100% virgin PET and avoided greenhouse gas emissions of 5,770 MT CO<sub>2</sub>e.

**Are these low-carbon product(s) or do they enable avoided emissions?**

Avoided emissions

**Taxonomy, project or methodology used to classify product(s) as low-carbon or to calculate avoided emissions**

Other, please specify

reduced energy, carbon, & landfill

**% revenue from low carbon product(s) in the reporting year**

6

**Comment**

The use of post-consumer recycled polyester versus virgin polyester reduces energy consumption by 84% and greenhouse gas emissions by 71% [National Association for PET Container Resources (NAPCOR) <https://napcor.com/wp-content/uploads/2017/01/LCI-One-Page-Summary.pdf>].

---

**Level of aggregation**

Group of products

**Description of product/Group of products**

Certain sock and activewear products are made with yarns that contain post-industrial reclaimed cotton fiber. For example, in 2018 HanesBrands manufactured products from raw materials that included 1,122,779 pounds of recycled cotton fiber. The resultant cradle to gate CO<sub>2</sub>e savings from using recycled fibers in these products was 1,235 metric tons. The use of recycled fiber also reduces environmental impacts for growing cotton. This results in reductions in water used for irrigation, fertilizer (energy-intensive to produce), and herbicides, and requires no additional harvesting and ginning.

**Are these low-carbon product(s) or do they enable avoided emissions?**

Low-carbon product and avoided emissions

**Taxonomy, project or methodology used to classify product(s) as low-carbon or to calculate avoided emissions**

Other, please specify

Reduced GHG emissions, reduced energy and water usage

**% revenue from low carbon product(s) in the reporting year**

5

**Comment**

Emissions data pertaining to cotton obtained from "Life Cycle Assessment of Cotton Fibers and Fabric" published in 2012 by The Cotton Foundation provides a cradle to gate gross emission during cotton cultivation and processing at the gin of 1.1 kgCO<sub>2</sub>e per pound of cotton. 1,122,779 lbs of recycled cotton x 1.1 kg CO<sub>2</sub>e/lb of cotton = 1,235,057 kg CO<sub>2</sub>e.

---

**Level of aggregation**

Group of products

**Description of product/Group of products**

Fabric care cold water wash instructions

**Are these low-carbon product(s) or do they enable avoided emissions?**

Avoided emissions

**Taxonomy, project or methodology used to classify product(s) as low-carbon or to calculate avoided emissions**

Other, please specify

Washing water in cold water saves energy

**% revenue from low carbon product(s) in the reporting year**

26

**Comment**

All of our activewear products contain garment care labels recommending washing in cold water. In the reporting year the company had activewear sales of \$1.792 billion accounting for 26.3% of total company net sales ( 2018 HanesBrands annual report 10k, page34). The American Cleaning Institute, in conjunction with The Sustainability Consortium, the University of Arizona and the University of Arkansas, published a technical brief titled "Technical brief: Benefits of Using Cold Water for Everyday Laundry in the US" that identifies 2.3 million metric tons of greenhouse gas emissions can be averted in the United States per year if each household washed one load of laundry per week in cold water instead of hot or warm.

(<http://coldwatersavestoolkit.com/wp-content/uploads/2017/05/Cold-Water-Wash-Technical-Brief.pdf>).

## C5. Emissions methodology

### C5.1

**(C5.1) Provide your base year and base year emissions (Scopes 1 and 2).**

#### Scope 1

---

**Base year start**

January 1, 2007

**Base year end**

December 31, 2007

**Base year emissions (metric tons CO<sub>2</sub>e)**

140,003

**Comment**

Our annual energy and greenhouse inventory is aligned with our fiscal accounting calendar. Our 2007 base year was the 52 week fiscal year that ended on Saturday, December 29, 2007.

#### Scope 2 (location-based)

---

**Base year start**

January 1, 2007

**Base year end**

December 31, 2007

**Base year emissions (metric tons CO<sub>2</sub>e)**

294,865

**Comment**

Our 2007 base year scope 2 location-based scope 2 inventory is based on publicly available U.S. EPA eGRID factors for USA based sites and IEA published factors for international locations.

**Scope 2 (market-based)**

---

**Base year start**

January 1, 2007

**Base year end**

December 31, 2007

**Base year emissions (metric tons CO<sub>2</sub>e)**

267,986

**Comment**

Our 2007 scope 2 market-based CO<sub>2</sub>e metric is based on utility provider-specific emission factors corresponding to the source of electricity being delivered to the site.

## **C5.2**

**(C5.2) Select the name of the standard, protocol, or methodology you have used to collect activity data and calculate Scope 1 and Scope 2 emissions.**

Energy Information Administration 1605B

The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (Revised Edition)

## C6. Emissions data

### C6.1

**(C6.1) What were your organization's gross global Scope 1 emissions in metric tons CO<sub>2</sub>e?**

**Reporting year**

---

**Gross global Scope 1 emissions (metric tons CO<sub>2</sub>e)**

106,842

**Start date**

January 1, 2018

**End date**

December 31, 2018

**Comment**

Data provided for the 52 week fiscal year ending December 29, 2018.

### C6.2

**(C6.2) Describe your organization's approach to reporting Scope 2 emissions.**

**Row 1**

---

**Scope 2, location-based**

We are reporting a Scope 2, location-based figure



**Scope 2, market-based**

We are reporting a Scope 2, market-based figure

**Comment**

HanesBrands is reporting both a location-based and marked-based Scope 2 emissions inventory for fiscal year ended December 29, 2018.

**C6.3**

**(C6.3) What were your organization's gross global Scope 2 emissions in metric tons CO<sub>2</sub>e?**

**Reporting year**

---

**Scope 2, location-based**

183,733

**Scope 2, market-based (if applicable)**

141,959

**Start date**

January 1, 2018

**End date**

December 31, 2018

**Comment**

The difference between our location-based and market-based scope 2 CO<sub>2</sub>e emissions inventory is the difference of utility provider-specific emission factors corresponding to the source of electricity being delivered to the site. We have used publicly available published emission factors, such as U.S. EPA eGRID for example, to cover most USA locations and other publicly available sources such as the Greenhouse Gas Protocol Purchased Electricity Tool for International locations to assemble our location-based inventory. At several operations across the globe we have power-purchase agreements in place and use emission factors that are more granular and specific to the energy provided to the site versus the use of national averages or aggregated factors publicly available. These power purchase agreements covered 163,499 MWh's in 2018.

## C6.4

**(C6.4) Are there any sources (e.g. facilities, specific GHGs, activities, geographies, etc.) of Scope 1 and Scope 2 emissions that are within your selected reporting boundary which are not included in your disclosure?**

Yes

### C6.4a

**(C6.4a) Provide details of the sources of Scope 1 and Scope 2 emissions that are within your selected reporting boundary which are not included in your disclosure.**

---

**Source**

HanesBrands direct-to-consumer retail outlet stores

**Relevance of Scope 1 emissions from this source**

Emissions are not relevant

**Relevance of location-based Scope 2 emissions from this source**

Emissions are not relevant

**Relevance of market-based Scope 2 emissions from this source (if applicable)**

Emissions are not relevant

**Explain why this source is excluded**

HanesBrands' direct-to consumer operations include company-operated retail stores that sell its portfolio of branded products directly to the public. At year-end 2018, the company operated 932 locations in 15 countries. All of the locations are comprised of sub-leased space in commercial outlet malls, some of which have utilities included in the rental agreement. The sum total of all stores yields a square footage of 2.85 million square feet and an average retail store size of 3,063 square feet. A sampling of retail stores from across the United States is internally tracked and reported using U.S. EPA's Energy Star Portfolio Manager tool. A greenhouse gas emissions inventory has been calculated for the

portfolio of 932 retail mercantile locations using energy usage factors from the Energy Information Agency (EIA) Commercial Building Energy Consumption Survey (EIA 2012 CBECS), country-specific electricity emission factors using the Greenhouse Protocol's Purchased Electricity Tool Version-4, and fuel-specific emission factors. The analysis indicated that an individual retail store had scope 1 emissions of 7.4 Metric tons CO<sub>2</sub>e and location-based scope 2 emissions of 30.3 metric tons CO<sub>2</sub>e (the sum of scope 1 and scope 2 average emissions of 37.73 Metric tonnes CO<sub>2</sub>e) per year. Applying this average to the entire portfolio of 932 retail locations yields a GHG emission of 35,165 metric tonnes CO<sub>2</sub>e. When considering the size of the emissions from an individual location, the quantity of locations, the difficulty in obtaining market-based and location-based scope 2 emission factors, their individual potential to drive emissions reductions within their operations, and the overall contribution to the company's GHG inventory, it has been determined that the inclusion of their CO<sub>2</sub>e emissions is not relevant.

---

**Source**

Fugitive emissions from company-operated on-site industrial waste water treatment works

**Relevance of Scope 1 emissions from this source**

Emissions are not relevant

**Relevance of location-based Scope 2 emissions from this source**

No emissions from this source

**Relevance of market-based Scope 2 emissions from this source (if applicable)**

No emissions from this source

**Explain why this source is excluded**

Scope 1 fugitive GHG emissions (methane and nitrous oxide) reported as CO<sub>2</sub>e from company owned and operated on-site wastewater treatment facilities have been evaluated and quantified by our engineering team and a third-party wastewater consultant in prior years and determined to be 462 MTCO<sub>2</sub>e, less than 0.5% of total scope 1 CO<sub>2</sub>e emissions. The findings and calculations have subsequently been reviewed by an independent verification team and a similar conclusion was reached. The majority of wastewater treatment occurs within treatment plants that use activated sludge and aerobic treatment, therefore minimizing the potential for methane emissions. Fugitive GHG's associated with wastewater are primarily from three locations that treat sanitary wastewater. The quantity of GHG's from these combined sources had minimal contribution to the company's overall GHG emission profile and determined not relevant nor materially significant.

---

**Source**

Certain regional sales and administrative offices

**Relevance of Scope 1 emissions from this source**

Emissions are not relevant

**Relevance of location-based Scope 2 emissions from this source**

Emissions are not relevant

**Relevance of market-based Scope 2 emissions from this source (if applicable)**

Emissions are not relevant

**Explain why this source is excluded**

At year-end 2018, HanesBrands occupied 71 office locations in 34 countries around the world. The largest offices are primarily located in the United States and Europe, covering 79% of the office portfolio, are included in the scope 1 and scope 2 inventory. Scope 1 and Scope 2 emissions from some 52 smaller regional offices totalling 220,336 square feet are excluded from the emissions inventory. The average size of these offices is less than 5,000 square feet. All of these offices, although occupied by HanesBrands, are leased spaces. Calculations have been performed to evaluate the scope 1 and scope 2 emissions from these offices and the average scope 1 emissions were 7.0 metric tons CO<sub>2</sub>e and the average scope 2 emissions were 33.2 metric tons of CO<sub>2</sub>e per year. The sum total of the scope 1 and scope 2 emissions from these regional offices is 2,090 metric tons of CO<sub>2</sub>e and represents 0.8% of total scope 1 and 2 emissions, and has been determined to not be relevant.

---

**Source**

Certain temporary and seasonal warehouses and storage facilities

**Relevance of Scope 1 emissions from this source**

Emissions are not relevant

**Relevance of location-based Scope 2 emissions from this source**

Emissions are not relevant

**Relevance of market-based Scope 2 emissions from this source (if applicable)**

Emissions are not relevant

**Explain why this source is excluded**

At year-end 2018, Hanesbrands had 19 commercial warehouse/storage properties located in 11 countries. They primarily consist of overflow warehouses used for the storage of surplus equipment and/or the storage of excess finished product due to seasonal swings in product supply and demand. They have a total area of 1,204,537 square feet and minimal carbon emissions, 39% of the most active warehouse space has been quantified and included in the company's scope 1 and scope 2 ghg inventory and the remaining 733,892 square feet has been excluded from the GHG inventory. These spaces are leased/rented and are typically occupied on a short term basis to accommodate requirements of our dynamic supply chain. Spaces may include sublease of a facility for warehouse space or security structures (guard house) for trailer parking storage. Most of these spaces use very little energy and have very low resultant scope 1 and scope 2 emissions. Often, the energy is included in the space rental and in these instances Hanesbrands does not have visibility to the energy use.

Calculations have been performed of the excluded 733,892 square feet of warehouse/storage space using energy use published by the Energy Information Agency and country specific electricity and fuel-specific emission factors. The sum of these warehouse spaces yields scope 1 emissions of 864 metric tons of CO<sub>2</sub>e and Scope 2 emissions of 1,768 metric tons of CO<sub>2</sub>e per year. This quantity represents 1.1% of total scope 1 and scope 2 GHG emissions and is materially insignificant with regards to energy use and greenhouse gas emissions. It has been determined that the emissions from these warehouses and storage spaces is not material nor relevant.

---

**Source**

Recent Acquisition - Champion Europe

**Relevance of Scope 1 emissions from this source**

Emissions excluded due to recent acquisition

**Relevance of location-based Scope 2 emissions from this source**

Emissions excluded due to recent acquisition

**Relevance of market-based Scope 2 emissions from this source (if applicable)**

Emissions excluded due to recent acquisition

**Explain why this source is excluded**

HanesBrands acquired Champion Europe in June 2016. Efforts are underway to incorporate the energy and GHG metrics reporting into the overall company's GHG emissions inventory. The acquisition added a mixed portfolio of real estate including retail locations, offices and distribution facilities. The real estate portfolio has been evaluated and includes 286,274 square feet of warehouse and distribution center space in seven locations across 5 countries (the retail and office space discussed above). The sum of these warehouse spaces yields scope 1 emissions of 1,292 metric tons of CO<sub>2</sub>e and Scope 2 emissions of 8,102 metric tons of CO<sub>2</sub>e per year, and when combined represents 3.8% of the company's total scope 1 and scope 2 emissions. These emissions are relatively small with regards to energy use and greenhouse gas emissions. However, in the coming year, HanesBrands will continue to develop appropriate tracking mechanisms and incorporate energy use and carbon emissions from these sites into overall company metrics.

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**Source**

Fugitive emissions from HFC's, CFC's and other refrigerants associated with unintentional releases such as equipment leaks

**Relevance of Scope 1 emissions from this source**

Emissions are not relevant

**Relevance of location-based Scope 2 emissions from this source**

No emissions from this source

**Relevance of market-based Scope 2 emissions from this source (if applicable)**

No emissions from this source

**Explain why this source is excluded**

Accounting for refrigerants is governed under HanesBrands' Global Environmental Management System (GEMS) and associated operational policies and procedures. Actual leak rates are significantly (order of magnitude) less than the suggested emission rates outlined in the U.S. EPA Climate leaders Greenhouse Gas Inventory Protocol Core Module Guidance for Direct HFC and PFC Emissions from Use of Refrigeration and Air Conditioning Equipment methodology for calculating emissions. In prior years, an independent verification was performed the company's greenhouse gas emissions inventory. During the verification, the team examined documentation relating to refrigerant use to confirm the low proportions this source category contributed to the overall GHG emission profile and deemed not relevant.

## C6.5

### (C6.5) Account for your organization's Scope 3 emissions, disclosing and explaining any exclusions.

#### Purchased goods and services

---

##### Evaluation status

Relevant, calculated

##### Metric tonnes CO<sub>2</sub>e

683,429

##### Emissions calculation methodology

Purchased goods and services emissions is a summation of five major categories of purchased goods and services including: sourced garments, yarn, packaging materials, dyes and chemicals, and poly/foam and plastics. Emissions were calculated based on the following:

1. Data obtained from suppliers and calculated emissions in accordance with the WRI/WBCSD GHG Protocol.
2. Engineering estimates calculated based on internally measured carbon emission intensity factors for similar products and in alignment with the WRI/WBC SD GHG Protocol
3. Emission factors (MT CO<sub>2</sub>e/ \$1million spend) by category as calculated using emission factors taken from the Scope 3 evaluator tool by Quantis in partnership with The Green House Protocol. The tool estimates emissions using 2009 world multi-regional estimate of average environmental impacts by region-sector combined with global warming potential impact assessment (Timmer 2012, IPCC 2007).

##### Percentage of emissions calculated using data obtained from suppliers or value chain partners

40

**Explanation**

40% of the total reported emissions in this category came from supplier data. The remaining emissions were estimated either by applying actual emission intensity taken from internal operations with similar processes, or by using a MT of CO<sub>2</sub>e/\$1 million spend factor that was developed using Quantis' Scope 3 evaluator tool.

**Capital goods**

---

**Evaluation status**

Relevant, calculated

**Metric tonnes CO<sub>2</sub>e**

82,502

**Emissions calculation methodology**

Emissions from capital goods were calculated using emission factors (MT CO<sub>2</sub>e/ \$1million spend) derived from the Scope 3 evaluator tool by Quantis in partnership with The Green House Protocol. The tool estimates emissions using 2009 world multi-regional estimates of average environmental impacts by region-sector combined with global warming potential impact assessment (Timmer 2012, IPCC 2007).

**Percentage of emissions calculated using data obtained from suppliers or value chain partners**

0

**Explanation**

0.00% of the data came from suppliers, the emissions were estimated using a MT CO<sub>2</sub>e/\$1 million capital spend that was derived using Quantis' Scope 3 evaluator tool.

**Fuel-and-energy-related activities (not included in Scope 1 or 2)**

---



**Evaluation status**

Not relevant, calculated

**Metric tonnes CO2e**

11,028

**Emissions calculation methodology**

Emissions from fuel and energy not previously included in scope 1 and 2 emissions were calculated using emission factors (MT CO2e/ \$1 million spend) derived from the Scope 3 evaluator tool by Quantis in partnership with The Green House Protocol. The tool estimates emissions using 2009 world multi-regional estimates of average environmental impacts by region-sector combined with global warming potential impact assessment (Timmer 2012, IPCC 2007). These emissions are considered not relevant because they represent less than 1% of total Scope 3 emissions and the efforts required to lower these emissions could not be justified at this time.

**Percentage of emissions calculated using data obtained from suppliers or value chain partners**

0

**Explanation**

0.00% of the data came from suppliers, the emissions were estimated using a MT CO2e/\$1 million capital spend that was derived using Quantis' Scope 3 evaluator tool.

**Upstream transportation and distribution**

---

**Evaluation status**

Relevant, calculated

**Metric tonnes CO2e**

0

**Emissions calculation methodology**

Emissions from upstream transportation and distribution related to delivery of goods and services are included in the Purchase Goods and Services source listed previously. To avoid duplication, this category has been intentionally reported as zero metric tonnes.

Additionally, HanesBrands is somewhat vertically integrated and tracks raw materials shipments to our factories at the manifest level. Many of the shipping assets are co-mingled within the common reporting platform and since carbon emissions from upstream and downstream transportation are both recorded as scope 3, the company has elected to combine and report upstream and downstream transportation carbon equivalent emissions for approximately 60k annual shipments under downstream transportation and distribution.

**Percentage of emissions calculated using data obtained from suppliers or value chain partners**

0

**Explanation**

To avoid duplication resulting from emission accounted for previously in purchased goods and services, this category was intentionally reported as zero metric tonnes. No data directly related to upstream transportation that falls outside of our shipping tracking systems was reported by suppliers for items such as dyes & chemicals, packaging, MRO, etc.

Total upstream and downstream transportation and distribution emissions are accounted for in downstream section below.

**Waste generated in operations**

---

**Evaluation status**

Not relevant, calculated

**Metric tonnes CO<sub>2</sub>e**

3,066

**Emissions calculation methodology**

Scope 3 emissions from landfilling waste was calculated using the U.S. EPA's Waste Reduction Model (WARM) model to develop a weighted average emission factor of 383 kgCO<sub>2</sub>e per metric ton of waste based on the mix of waste generated during the reporting year multiplied by the tons of waste landfilled. At year-end 2018, the company's Zero Waste initiative had diverted 86% of waste out of landfills, which has avoided 18,500 metric tons of CO<sub>2</sub>e that are related to emissions from manufacturing replacement products and landfill emissions. These emissions are considered not relevant because they represent less than 1% of total Scope 3 emissions and the efforts required to lower these emissions could not be justified at this time.



**Percentage of emissions calculated using data obtained from suppliers or value chain partners**

100

**Explanation**

On a regular basis (monthly), each facility within HanesBrands supply chain tracks, records and reports waste generation and recycle rates data by waste category type. All of the data came from facilities within HanesBrands supply chain and emissions were calculated using the U.S. EPA's Waste Reduction Model (WARM) model.

**Business travel**

---

**Evaluation status**

Relevant, calculated

**Metric tonnes CO2e**

55,413

**Emissions calculation methodology**

Emissions by business travel type (air, automobile, bus, rail) were calculated using emission factors (MT CO2e/ \$1million spend) that came from the Scope 3 evaluator tool by Quantis in partnership with The Green House Protocol. The tool estimates emissions using 2009 world multiregional estimate of average environmental impacts by region-sector combined with global warming potential impact assessment (Timmer 2012, IPCC 2007). The company's 2018 business travel cost in millions of U.S. dollars for each transportation mode was multiplied by the Quantis derived emission factor (MtCO2e/million dollars of spend).

**Percentage of emissions calculated using data obtained from suppliers or value chain partners**

0

**Explanation**

0.00% of the data came from suppliers; the emissions were estimated using a MT CO2e/\$1 million spent on business travel was derived using Quantis' Scope 3 evaluator tool.

**Employee commuting**

---



**Evaluation status**

Relevant, calculated

**Metric tonnes CO2e**

53,971

**Emissions calculation methodology**

Emissions for employee commuting by mode of transportation were calculated by multiplying various emission factors for each mode of transportation times the number of employees for each mode of transportation as follows: Emissions from employees commuting by car were calculated using an emission factor (1700 gCO2e/employee – year) that was taken from Quantis Scope 3 evaluator tool for category 7; "Documentation of the data and calculations to support GHG protocol". An emission factor of 1061 gCO2e/km traveled was used to calculate emissions from employees traveling by urban bus and then converted to a per employee emission factor. The factor was taken from the GHG protocol "Calculating CO2 Emissions from Mobile Sources - Guidance to calculation worksheet". An emission factor of 93 gCO2e/km traveled was used to calculate emissions from employees traveling by motorbikes that are lt;150cc and then converted to per employee emission factor. The factor was taken from the GHG protocol "Calculating CO2 Emissions from Mobile Sources - Guidance to calculation worksheet".

**Percentage of emissions calculated using data obtained from suppliers or value chain partners**

0

**Explanation**

0.00% of the data came from suppliers; the emissions were estimated using factors derived from the Quantis' Scope 3 evaluator tool and the GHG protocol "Calculating CO2 Emissions from Mobile Sources - Guidance to calculation worksheet".

**Upstream leased assets**

---

**Evaluation status**

Not relevant, calculated

**Metric tonnes CO2e**

2,013



**Emissions calculation methodology**

Emissions for leased assets were calculated using emission factors (MT CO<sub>2</sub>e/ square foot of lease space) that were derived from actual emissions data for similar direct owned locations that are included in our Scope 1 and 2 emission reported in this disclosure. Actual Scope 1 and 2 emission for similar locations was divided by the square foot area for each location. These emissions are considered not relevant because they represent less than 1% of total Scope 3 emissions and the efforts required to lower these emissions could not be justified at this time.

**Percentage of emissions calculated using data obtained from suppliers or value chain partners**

0

**Explanation**

0.0% of upstream leased assets emissions was reported by suppliers.

**Downstream transportation and distribution**

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**Evaluation status**

Relevant, calculated

**Metric tonnes CO<sub>2</sub>e**

201,235

**Emissions calculation methodology**

HanesBrands tracks (at the manifest level for approximately 40k shipments) kilometer-kilogram traveled for all product movements within our global supply chain. Since we are mostly vertically integrated upstream transportation of raw materials to our factories, inter-facility transportation of work-in-process, and transportation from our apparel cut-sew factories to our distribution centers is all reported on a common platform and many of the shipping assets are co-mingled making it difficult and unnecessary to break down transportation emissions by upstream and downstream. Emissions for downstream transportation (defined as after garment manufacturing - truck, ocean, air and rail) as well as upstream transportation of raw materials to our manufacturing facilities, were calculated using carbon dioxide equivalent emission factors derived from US EPA "Emission Factors for Greenhouse Gas Inventories"; revised 9 March 2018; table 9 - Product Transport Emission



Factors and GWP's from IPCC forth Assessment Report.

For example, Waterborne Craft 0.0412 kg CO2/ton-mile :

example calculations:  $(0.059 \text{ kgCO}_2/\text{ton-mile} \times 1\text{GWP}) + (0.0005 \text{ grams CH}_4/\text{ton-mile}/1000\text{gram/kg} \times 25 \text{ GWP}) + (0.0040 \text{ grams N}_2\text{O}/\text{ton-mile}/1000 \text{ grams/kg} \times 298 \text{ GWP}) \times (1 \text{ mile}/1.60934 \text{ km}) \times (1.102 \text{ ton}/\text{MT}) = 0.0412 \text{ kgCO}_2\text{e}/\text{km-MT}$

Air: 0.9039 kgCO<sub>2</sub>e/km-MT

Rail: 0.0159 kgCO<sub>2</sub>e/km-MT

Drayage, Truck, Fleet: 0.1387 kgCO<sub>2</sub>e/km-MT"

**Percentage of emissions calculated using data obtained from suppliers or value chain partners**

100

**Explanation**

HanesBrands tracks all product movements across the global supply chain, at the manifest level by mode of kilogram-kilometer traveled.

**Processing of sold products**

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**Evaluation status**

Not relevant, explanation provided

**Explanation**

Processing of sold products is not applicable to HanesBrands because none of our products require further processing.

**Use of sold products**

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**Evaluation status**

Relevant, calculated

**Metric tonnes CO<sub>2</sub>e**

2,756,074

### **Emissions calculation methodology**

Emissions related to use of sold products was estimate using research data that is published in a technical brief titled "TECHNICAL BRIEF : BENEFITS OF USING COLD WATER FOR EVERYDAY LAUNDRY IN THE U.S." published by The Sustainability Consortium, Arizona State University and The University of Arkansas. According to research presented in the paper, an average household consumes 341 Kwh of electricity annually or 0.24 MTCO<sub>2</sub>e for laundry activities. According the latest census there are 127,590,000 households in the United States (US). Base on market research, Hanesbrands products can be found in 9 out of 10 US households; therefore, approximately 114,831,000 household laundry Hanesbrands products.

### **Percentage of emissions calculated using data obtained from suppliers or value chain partners**

0

### **Explanation**

As an apparel company, HanesBrands recognizes the impacts of consumers washing garments in hot water. For example, one additional load of laundry per week washed in cold water instead of hot water during the course of a year in household doing laundry could potentially avert 2.3 million metric tons of GHG emissions. Even though the emissions are very difficult to measure, HanesBrands is actively engaged with The Sustainable Consortium's efforts to promote cold water washing and approximately 26% of total product offering provides garment care labels that recommend washing in cold water. HanesBrands is actively expanding garment care labels recommending cold water wash for additional product lines .

### **End of life treatment of sold products**

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#### **Evaluation status**

Relevant, calculated

#### **Metric tonnes CO<sub>2</sub>e**

457,500

### **Emissions calculation methodology**

Emissions related to end of life disposal of Hanesbrands products was estimated using an emission factor of 3.05 MTCO<sub>2</sub>e/short ton of textile waste published in a scientific research paper titled "Green House Gas Emission Factors for Recycling of Source Segregated Waste Materials"



by David A. Turner, Ian D. Williams, and Simon Kemp published in Resource, Conservation and Recycling. The calculation assumes disposal of products equivalent to our annual manufacturing volume.

**Percentage of emissions calculated using data obtained from suppliers or value chain partners**

0

**Explanation**

As an apparel company, HanesBrands recognizes impacts from disposal of our products. The company's effort to divert waste from landfills including reuse/recycle has pointed to multiple possibilities that could generate meaningful results in this category. As part of the company's efforts to celebrate Earth Day, it recently tested partnering with Give Back Box/Goodwill Industries. Consumers received a pre-paid box to donate old clothes to Goodwill and a discount from HanesBrands as encouragement to recycle garments.

**Downstream leased assets**

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**Evaluation status**

Not relevant, explanation provided

**Explanation**

All leased assets are included in the upstream leased assets calculations.

**Franchises**

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**Evaluation status**

Not relevant, explanation provided

**Explanation**

Franchises are not applicable to Hanesbrands.

**Investments**

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**Evaluation status**





Not relevant, explanation provided

**Explanation**

HanesBrands is a growing company and has made recent acquisition that are not yet included in the 2018 disclosure; however, acquisitions that were previously excluded in the 2017 disclosure are now included, and work is currently underway to integrate energy and carbon metrics for these more recent acquisitions into the overall corporate accounting of GHG emissions.

**Other (upstream)**

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**Evaluation status**

Not relevant, explanation provided

**Explanation**

We are not aware of any other emissions that are not included in other categories listed

**Other (downstream)**

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**Evaluation status**

Not relevant, explanation provided

**Explanation**

We are not aware of any other emissions that are not included in other categories listed

**C6.7**

**(C6.7) Are carbon dioxide emissions from biologically sequestered carbon relevant to your organization?**

Yes



## C6.7a

**(C6.7a) Provide the emissions from biologically sequestered carbon relevant to your organization in metric tons CO2.**

Row 1

**Emissions from biologically sequestered carbon (metric tons CO2)**

101,565

**Comment**

CO2 emissions from the combustion of biomass fuel for process steam boilers. calculations based on EPA Emissions Factors for Greenhouse Gas Inventories, Last Modified: 9 March 2018, Table 1 - Stationary Combustion, Biomass Fuels - Solid, Wood and Wood residuals, 93.8 kg CO2/MMBTU; 7.2 g CH4/MMBTU; 3.6 g N2O/MMBTU = 0.0950 MT CO2e/MMBTU using AR5 emission factors of 28 for methane and 265 for nitrous oxide. Calculations = 1,069,114 MMBTU x 0.0950 MT CO2e/MMBTU = 101,565 MT CO2e

## C6.10

**(C6.10) Describe your gross global combined Scope 1 and 2 emissions for the reporting year in metric tons CO2e per unit currency total revenue and provide any additional intensity metrics that are appropriate to your business operations.**

**Intensity figure**

0.00003657

**Metric numerator (Gross global combined Scope 1 and 2 emissions)**

248,801

**Metric denominator**

unit total revenue

**Metric denominator: Unit total**

6,803,955,000

**Scope 2 figure used**

Market-based

**% change from previous year**

9

**Direction of change**

Decreased

**Reason for change**

For reporting year 2018, HanesBrands had a gross global scope 1 and market-based scope 2 emissions of 248,801 metric tons of CO<sub>2</sub>e and net sales of \$6,803,955,000 as reported in the company's 10-k; yielding a CO<sub>2</sub>e intensity of 0.00003657 metric tons of CO<sub>2</sub>e/\$ net sales, a 9.0% decrease versus 2017.

In 2017, HanesBrands had gross global scope 1 and market-based scope 2 CO<sub>2</sub>e emissions of 260,136 metric tons of CO<sub>2</sub>e and net sales of \$6,471,410,000 as reported in the company's 10-k. yielding an intensity of 0.00004020 MT CO<sub>2</sub>e/\$net sales.

The primary reasons for the change in CO<sub>2</sub>e intensity per revenue is due to 1) an increase in year-on-year production volume and resultant revenue from 2017 revenue of \$6.471 billion to 2018 revenue of \$6.804 billion; and 2) a year-on-year increase in the use of renewable energy from 2017 RE portfolio of 33.2% to 2018 RE portfolio of 40.2% due to increased utilization of the company's biomass-fueled boiler operations required for process steam and 3) implementation of various energy reduction activities within operations. The increase in renewable energy reduced CO<sub>2</sub>e emissions and was the primary contributor to a lower CO<sub>2</sub>e intensity.

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**Intensity figure**

0.000801

**Metric numerator (Gross global combined Scope 1 and 2 emissions)**

248,801

**Metric denominator**

Other, please specify

Finished product (lbs.)

**Metric denominator: Unit total**

310,469,834

**Scope 2 figure used**

Market-based

**% change from previous year**

9.7

**Direction of change**

Decreased

**Reason for change**

For reporting year 2017, HanesBrands had gross global scope 1 and market-based scope 2 CO<sub>2</sub>e emissions of 260,136 metric tons of CO<sub>2</sub>e when divided by the company's annual production volume in pounds yields an intensity of 0.0008876 MTCO<sub>2</sub>e/pound of finished fabric. In 2018, HanesBrands had a gross global scope 1 and market-based scope 2 emissions of 248,801 metric tons of CO<sub>2</sub>e when divided by the company's annual production volume in pounds yields an intensity of 0.000801 metric tons of CO<sub>2</sub>e/pound of finished fabric, a 9.7% decrease versus 2017.

The primary reasons for the change in CO<sub>2</sub>e intensity per pound is due to 1) an increase in production volume; 2) an increase in the company's renewable energy portfolio from 33.2% renewable in 2017 to 40.2% in 2018 due to increased utilization of the company's biomass-fueled boiler operations required for process steam; and 3) implementation of various energy reduction activities within operations. The increase in renewable energy reduced CO<sub>2</sub>e emissions and was the primary contributor to a lower CO<sub>2</sub>e intensity.

## C7. Emissions breakdowns

### C7.1

**(C7.1) Does your organization break down its Scope 1 emissions by greenhouse gas type?**

Yes

#### C7.1a

**(C7.1a) Break down your total gross global Scope 1 emissions by greenhouse gas type and provide the source of each used greenhouse warming potential (GWP).**

Greenhouse gas	Scope 1 emissions (metric tons of CO2e)	GWP Reference
CO2	106,004	IPCC Fifth Assessment Report (AR5 – 100 year) ☞ <sub>1</sub>
CH4	141	IPCC Fifth Assessment Report (AR5 – 100 year)
N2O	697	IPCC Fifth Assessment Report (AR5 – 100 year)
SF6	0	IPCC Fifth Assessment Report (AR5 – 100 year) ☞ <sub>2</sub>
HFCs	0	IPCC Fifth Assessment Report (AR5 – 100 year) ☞ <sub>3</sub>

☞<sub>1</sub>Our scope 1 and scope 2 greenhouse gas emissions are tracked and reported as CO2e for our corporate inventory reports. The methane and nitrous oxide components of are included in these GHG inventory calculations using Global Warming Potentials from IPCC AR5-100 (CO2 = 1, CH4 = 28, N2O = 265).

☞<sub>2</sub>We do not have any sulfur hexafluoride (SF6)

³HanesBrands has a comprehensive Global Environmental Management System (GEMS) policy that governs the use of refrigerants. Policy dictates that all documents are to be maintained in a central file at the site and include equipment inventory and log of leak repairs. In prior years, an independent verification was performed of HanesBrands' 2016 greenhouse gas emissions inventory. During the verification, the team examined documentation relating to the company's refrigerant use to confirm the low proportions this source category contributed to the overall GHG emission profile and deemed not relevant.

## C7.2

### (C7.2) Break down your total gross global Scope 1 emissions by country/region.

Country/Region	Scope 1 emissions (metric tons CO2e)
Argentina	0
Australia	0
Brazil	914
Canada	256
China	9,567
Czechia	170
Dominican Republic	5,441
El Salvador	25,436
France	3,800
Germany	724
Honduras	451
Indonesia	45
Italy	233
Mexico	949

New Zealand	0
Philippines	15
Puerto Rico	3,655
Romania	1,955
Slovakia	2,540
South Africa	0
Spain	297
Thailand	50
United Kingdom of Great Britain and Northern Ireland	0
United States of America	23,343
Viet Nam	27,002

### C7.3

**(C7.3) Indicate which gross global Scope 1 emissions breakdowns you are able to provide.**

By activity

### C7.3c

**(C7.3c) Break down your total gross global Scope 1 emissions by business activity.**

Activity	Scope 1 emissions (metric tons CO2e)
Manufacturing Operations (Textiles, cut, sew, attribution)	99,758
Distribution Center	6,773
Administrative offices	311

## C7.5

### (C7.5) Break down your total gross global Scope 2 emissions by country/region.

Country/Region	Scope 2, location-based (metric tons CO2e)	Scope 2, market-based (metric tons CO2e)	Purchased and consumed electricity, heat, steam or cooling (MWh)	Purchased and consumed low-carbon electricity, heat, steam or cooling accounted in market-based approach (MWh)
Argentina	390	390	993	0
Australia	2,818	2,818	3,527	0
Brazil	407	407	4,388	0
Canada	338	338	1,873	0
China	9,883	9,883	10,091	0
Czechia	153	153	162	0
Dominican Republic	38,139	25,313	68,719	0
El Salvador	20,611	2,669	80,225	69,837
France	960	960	13,499	0
Germany	3,721	3,721	7,835	0
Honduras	8,886	8,886	21,316	0
Indonesia	892	892	1,102	0
Italy	446	446	1,082	0
Mexico	4,783	4,783	10,546	0
New Zealand	41	41	239	0
Philippines	716	716	1,426	0
Puerto Rico	9,691	9,691	11,348	0



Romania	1,187	1,187	2,468	0
South Africa	2,754	2,754	2,563	0
Slovakia	1,181	1,181	4,155	0
Spain	108	108	313	0
Thailand	3,415	0	5,435	5,435
United Kingdom of Great Britain and Northern Ireland	51	51	105	
United States of America	51,414	43,784	127,710	31,743
Viet Nam	20,788	20,788	44,392	0

## C7.6

**(C7.6) Indicate which gross global Scope 2 emissions breakdowns you are able to provide.**

By activity

### C7.6c

**(C7.6c) Break down your total gross global Scope 2 emissions by business activity.**

Activity	Scope 2, location-based emissions (metric tons CO2e)	Scope 2, market-based emissions (metric tons CO2e)
Manufacturing Operations (Textiles, cut, sew, attribution)	156,433	114,630
Distribution Center	20,995	20,995
Administrative offices	6,335	6,335

## C7.9

**(C7.9) How do your gross global emissions (Scope 1 and 2 combined) for the reporting year compare to those of the previous reporting year?**

Decreased

## C7.9a

**(C7.9a) Identify the reasons for any change in your gross global emissions (Scope 1 and 2 combined) and for each of them specify how your emissions compare to the previous year.**

	Change in emissions (metric tons CO2e)	Direction of change	Emissions value (percentage)	Please explain calculation
Change in renewable energy consumption	16,354	Decreased	6.3	HanesBrands had a renewable portfolio of 40.2% in 2018, a significant increase of 7.2% versus the previous year and attainment of the company's 2020 renewable energy portfolio goal of 40%. The year-over-year increase in renewable energy was primarily due to increase utilization of company-owned and operated biomass assets at our largest textile manufacturing locations. Three facilities (2 located in El Salvador, 1 located in Dominican Republic) utilize biomass-fueled boilers that produce steam required for textile manufacturing operations. The biomass-fueled assets in El Salvador also include combined heat and power equipment to provide electricity to the site for internal consumption. Significant efforts were undertaken during the reporting year to increase the utilization of the biomass-fueled boiler assets. Key performance indicators (KPI's) and goals were established for each site and performance was tracked daily against these KPI's. The improvement efforts focused on improving fuel supply operations, evaluating and appropriately adjusting maintenance routines, and adjustments to operational procedures. The specific activities associated with the increased consumption of renewable energy is also accounted for in section 4.3



				<p>calculation: <math>16,354 \text{ MTCO}_2\text{e}/260,136 = 6.3\%</math></p> <p>note: 2017 normalized total scope 1 and market-based scope 2 emissions were 260,136 MT CO<sub>2</sub>e.</p>
Other emissions reduction activities	6,162	Decreased	2.4	<p>A reduction of 6,162 MT CO<sub>2</sub>e was achieved through various energy reduction activities as referenced in section C4.3(b). Fifty-nine (59) projects (other than the three biomass projects listed above in the change in renewable energy consumption section) at multiple locations contributed to energy savings of 66,471 MMBTU's and the resultant CO<sub>2</sub>e reductions. The types of activities focused on new compressed air equipment, improvements to compressed air systems, improvements in HVAC systems, lighting upgrades and other manufacturing process improvements.</p> <p>A major effort (discussed in section 4.3) focused on three plants to increase utilization of biomass-fueled boiler assets required for process steam to support manufacturing operations. This effort shifted process energy use from steam generated by fuel oil to biomass-fuel boilers.</p> <p>calculation: <math>6,162 \text{ MTCO}_2\text{e}/260,136 = 2.4\%</math></p> <p>note: 2017 normalized total scope 1 and market-based scope 2 emissions were 260,136 MT CO<sub>2</sub>e.</p>
Divestment				N/A
Acquisitions				HanesBrands 2017 energy and CO <sub>2</sub> e emissions inventory has been normalized to include recent acquisitions in accordance with the Greenhouse Gas Protocol Corporate Accounting and Reporting Standard Revised Edition and supplemental scope 2 guidance. As such, no value for acquisitions has been submitted in this

				section since the previous year (2017) includes the Scope 1 and scope 2 ghg's from the acquisition.
Mergers				N/A
Change in output	15,454	Increased	5.9	<p>HanesBrands production volume increased in 2018 versus 2017 by 17.4 million pounds. If no energy or carbon reduction activities would have been implemented, the company would have experienced an increase of 15,460 MTCO<sub>2</sub>e when applying the 2017 carbon intensity factor of 0.88765 MTCO<sub>2</sub>e/000 pounds of product.</p> <p>calculation: 17,410 (000lbs production) x 0.888 MTCO<sub>2</sub>e/finished pound of production = 15,460 MTCO<sub>2</sub>e.</p> <p>15,460MTCO<sub>2</sub>e/260,136 MTCO<sub>2</sub>e = 6.7%</p>
Change in methodology	2,948	Increased	1.1	<p>Our calculation methodology has remained the same but CO<sub>2</sub>e Emission factors for the reporting year have been updated for the USA electricity grid using the latest eGRID 2016 data that was updated February 2018.</p> <p>The pre-updated market-based scope 2 emissions were 144,907 MTCO<sub>2</sub>e. When applying the updated factors, the market-based Scope 2 inventory calculates to 141,959 MT CO<sub>2</sub>e. A difference of 2,948 MTCO<sub>2</sub>e.</p>
Change in boundary				N/A
Change in physical operating conditions				N/A
Unidentified				N/A
Other	1,325		0.5	There are several factors that contributed to the company's gross reduction of 11,335 MT CO <sub>2</sub> e in the reporting year. The company has a robust energy-management



				<p>program that lowered the overall energy intensity by 4.0% in 2018 versus the previous year. When applying this energy intensity reduction to the CO2e intensity as measured in MTCO2e per MMBTU and to a 2017 constant production volume, a resultant 10,518 MTCO2e is obtained.</p> <p>calculation: 2017 production 293,059.432 klbs x (13.5443 kBTU/lb -12.9967 kbtu/lb) x 2017 CO2e emission intensity of 0.06554 MT CO2e/MMBTU = 10,517.8 MT CO2e.</p> <p>However, this improvement in energy efficiency was partially offset by various activities at multiple locations that experienced declining production, seasonal variability, and changes in product mix with different energy intensities and as a result experienced increases to their individual energy and resultant CO2e intensities.</p>
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### C7.9b

**(C7.9b) Are your emissions performance calculations in C7.9 and C7.9a based on a location-based Scope 2 emissions figure or a market-based Scope 2 emissions figure?**

Market-based

## C8. Energy

### C8.1

**(C8.1) What percentage of your total operational spend in the reporting year was on energy?**

More than 0% but less than or equal to 5%

### C8.2

**(C8.2) Select which energy-related activities your organization has undertaken.**



	Indicate whether your organization undertakes this energy-related activity
Consumption of fuel (excluding feedstocks)	Yes
Consumption of purchased or acquired electricity	Yes
Consumption of purchased or acquired heat	No
Consumption of purchased or acquired steam	No
Consumption of purchased or acquired cooling	No
Generation of electricity, heat, steam, or cooling	Yes

### C8.2a

**(C8.2a) Report your organization’s energy consumption totals (excluding feedstocks) in MWh.**

	Heating value	MWh from renewable sources	MWh from non-renewable sources	Total MWh
Consumption of fuel (excluding feedstock)	LHV (lower heating value)	313,339	443,760	757,099
Consumption of purchased or acquired electricity		160,660	264,853	425,513
Consumption of self-generated non-fuel renewable energy		0		0
Total energy consumption		473,999	708,613	1,182,612

### C8.2b

**(C8.2b) Select the applications of your organization’s consumption of fuel.**

	Indicate whether your organization undertakes this fuel application
Consumption of fuel for the generation of electricity	Yes

Consumption of fuel for the generation of heat	Yes
Consumption of fuel for the generation of steam	Yes
Consumption of fuel for the generation of cooling	No
Consumption of fuel for co-generation or tri-generation	Yes

## C8.2c

**(C8.2c) State how much fuel in MWh your organization has consumed (excluding feedstocks) by fuel type.**

**Fuels (excluding feedstocks)**

Wood Chips

**Heating value**

LHV (lower heating value)

**Total fuel MWh consumed by the organization**

313,339

**MWh fuel consumed for self-generation of electricity**

0

**MWh fuel consumed for self-generation of heat**

0

**MWh fuel consumed for self-generation of steam**

170,047

**MWh fuel consumed for self-cogeneration or self-trigeneration**

143,292

**Comment**

The company operates two biomass-fired energy plants, one in the Dominican Republic (DR) and one in El Salvador (ES). The DR facility generates steam only and the ES facility is a combined heat and power plant that generates both steam and electricity for local consumption. The sum of fuel consumption for self-generation of steam and for self-cogeneration equals the total fuel reported for wood chip fuel.

---

**Fuels (excluding feedstocks)**

Natural Gas

**Heating value**

HHV (higher heating value)

**Total fuel MWh consumed by the organization**

140,168

**MWh fuel consumed for self-generation of electricity**

0

**MWh fuel consumed for self-generation of heat**

7,008

**MWh fuel consumed for self-generation of steam**

133,160

**MWh fuel consumed for self-cogeneration or self-trigeneration**

0

**Comment**

The amount of natural gas that is used for building heat has been estimated to be 5% of the total fuel consumption; 95% of our natural gas is used for process steam generation.



**Fuels (excluding feedstocks)**

Propane Liquid

**Heating value**

HHV (higher heating value)

**Total fuel MWh consumed by the organization**

107,190

**MWh fuel consumed for self-generation of electricity**

0

**MWh fuel consumed for self-generation of heat**

43,148

**MWh fuel consumed for self-generation of steam**

64,042

**MWh fuel consumed for self-cogeneration or self-trigeneration**

0

**Comment**

Propane Mwh for self-generated heat includes process dryers and an estimated 5% for building heat.

---

**Fuels (excluding feedstocks)**

Fuel Oil Number 2

**Heating value**

HHV (higher heating value)

**Total fuel MWh consumed by the organization**

4,083

**MWh fuel consumed for self-generation of electricity**

4,083

**MWh fuel consumed for self-generation of heat**

0

**MWh fuel consumed for self-generation of steam**

0

**MWh fuel consumed for self-cogeneration or self-trigeneration**

0

**Comment**

No 2 oil is used primarily for emergency power generation, fire pump operation and distribution center switcher trucks. The CDP form does not permit breaking out each category; therefore, 100% of No 2 oil consumption has been accounted for in the self-generated electricity category.

---

**Fuels (excluding feedstocks)**

Fuel Oil Number 6

**Heating value**

HHV (higher heating value)

**Total fuel MWh consumed by the organization**

80,996

**MWh fuel consumed for self-generation of electricity**

0

**MWh fuel consumed for self-generation of heat**

0

**MWh fuel consumed for self-generation of steam**

80,996

**MWh fuel consumed for self-cogeneration or self-trigeneration**

0

**Comment**

100% of No 6 fuel consumption is to self-generate steam. The company's strategy to reduce GHG emission includes both improving energy efficiency (i.e., use less) and expanding use of renewable energy. The company has set aggressive 2020 goals to decrease energy use intensity by 40% and to increase use of renewable energy to 40% by 2020. In this reporting year, we are proud to announce the company achieved its renewable energy goal, primarily through increased investments in biomass-fired steam generation and a combined heat and power plant. The company has an opportunity to increase utilization of these asset, which will further reduce use of No 6 fuel oil.

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**Fuels (excluding feedstocks)**

Coal

**Heating value**

HHV (higher heating value)

**Total fuel MWh consumed by the organization**

111,323

**MWh fuel consumed for self-generation of electricity**

0

**MWh fuel consumed for self-generation of heat**

0

**MWh fuel consumed for self-generation of steam**

111,323

**MWh fuel consumed for self-cogeneration or self-trigeneration**

0

**Comment**

A portion of HanesBrands' fabric is manufactured on company-owned production equipment at sites in Asia that supply steam from on-site coal fired central utility plants, which the company recognizes as a major contributor to GHG emissions and global warming. Operational controls and standards have been established to manage the process, including but not limited to product quality, product design, social compliance, energy usage, chemical usage and GHG emissions. The company's strategy to reduce GHG emission includes both improving energy efficiency (i.e., use less) and increasing use of renewable energy, which includes influencing these site to reduce or eliminate the use of coal.

## C8.2d

**(C8.2d) List the average emission factors of the fuels reported in C8.2c.**

**Coal**

---

**Emission factor**

0.094

**Unit**

metric tons CO<sub>2</sub>e per million Btu

**Emission factor source**

US EPA Emission Factors for Greenhouse Gas Inventories for bituminous coal

**Comment**

## Fuel Oil Number 2

---

**Emission factor**

0.0742

**Unit**

metric tons CO<sub>2</sub>e per million Btu

**Emission factor source**

US EPA Emission Factors for Greenhouse Gas Inventories for no 2 fuel oil

**Comment**

## Fuel Oil Number 6

---

**Emission factor**

0.0754

**Unit**

metric tons CO<sub>2</sub>e per million Btu

**Emission factor source**

US EPA Emission Factors for Greenhouse Gas Inventories for no 6 fuel oil.

**Comment**

## Natural Gas

---

**Emission factor**

0.0532

**Unit**

metric tons CO<sub>2</sub>e per million Btu

**Emission factor source**

US EPA Emission Factors for Greenhouse Gas Inventories for natural gas

**Comment**

**Propane Liquid**

---

**Emission factor**

0.0645

**Unit**

metric tons CO<sub>2</sub>e per million Btu

**Emission factor source**

US EPA Emission Factors for Greenhouse Gas Inventories for propane

**Comment**

**Wood Chips**

---

**Emission factor**

0

**Unit**

metric tons CO<sub>2</sub>e per million Btu

**Emission factor source**

WRI Greenhouse Gas Protocol - A Corporate Accounting and Reporting Standard

**Comment**

A consensus accounting method for sequestered carbon by energy crops, such as fast-growing Acacia trees, has not yet been developed. For the purpose of this disclosure, HanesBrands biomass fuel consumption (wood chips) has been considered part of natural carbon balance and therefore has a 0 emissions factor.

**C8.2e**

**(C8.2e) Provide details on the electricity, heat, steam, and cooling your organization has generated and consumed in the reporting year.**

	Total Gross generation (MWh)	Generation that is consumed by the organization (MWh)	Gross generation from renewable sources (MWh)	Generation from renewable sources that is consumed by the organization (MWh)
Electricity	13,397	13,397	9,314	9,314
Heat	50,156	50,156	0	0
Steam	693,546	693,546	313,339	313,339
Cooling				

**C8.2f**

**(C8.2f) Provide details on the electricity, heat, steam and/or cooling amounts that were accounted for at a low-carbon emission factor in the market-based Scope 2 figure reported in C6.3.**

**Basis for applying a low-carbon emission factor**

Power Purchase Agreement (PPA) without energy attribute certificates

**Low-carbon technology type**

Other low-carbon technology, please specify

Geothermal electricity generation

**Region of consumption of low-carbon electricity, heat, steam or cooling**

Latin America

**MWh consumed associated with low-carbon electricity, heat, steam or cooling**

107,015

**Emission factor (in units of metric tons CO<sub>2</sub>e per MWh)**

0

**Comment**

Electricity consumed by our El Salvador textile and sock manufacturing plants is considered to be 100% renewable as a result of electricity that is purchase from a geothermal generator.

---

**Basis for applying a low-carbon emission factor**

Grid mix of renewable electricity

**Low-carbon technology type**

Other low-carbon technology, please specify

Grid mix of renewable electricity can include: solar, wind, hydropower, and biomass generated electricity.

**Region of consumption of low-carbon electricity, heat, steam or cooling**

Other, please specify

Our global renewable electricity metric accounted for by applying utility specific renewable portfolio factors to each site.

**MWh consumed associated with low-carbon electricity, heat, steam or cooling**

56,645

**Emission factor (in units of metric tons CO<sub>2</sub>e per MWh)**

0

**Comment**



Renewable electricity that is sourced via the various regional grid supplies meets renewable portfolio standards established by each region, which is by definition either solar, wind, hydropower, or biomass generated electricity. All of which are considered to be carbon neutral.

## C9. Additional metrics

### C9.1

**(C9.1) Provide any additional climate-related metrics relevant to your business.**

---

**Description**

Energy usage

**Metric value**

13

**Metric numerator**

total company energy use = 4,035,076 million BTU

**Metric denominator (intensity metric only)**

Finished production (000 pounds) = 310,469.8

**% change from previous year**

4

**Direction of change**

Decreased

**Please explain**



Our global Energy and Environmental Management policy establishes a consistent approach to manage energy globally. Plant around the world are required to track energy usage and cost, set goals, establish action plans, and conduct steering committees that are lead by the plant manager.

---

**Description**

Waste

**Metric value**

86

**Metric numerator**

86% recycled waste = 106,585,647 pounds

**Metric denominator (intensity metric only)**

Total waste volume = 124, 249,435 pounds

**% change from previous year**

2

**Direction of change**

Increased

**Please explain**

Progress toward our global 2020 zero landfill goal continues to improve.

---

**Description**

Other, please specify



Water use intensity

**Metric value**

8.43

**Metric numerator**

Total global water use = 2,617,803 (000 gallons)

**Metric denominator (intensity metric only)**

Finished production = 310,469.8 (000 pounds)

**% change from previous year**

2.4

**Direction of change**

Decreased

**Please explain**

In 2018 we had a 2.4% decrease in water use intensity as measure in gallons per finished pound of product.

## C10. Verification

### C10.1

**(C10.1) Indicate the verification/assurance status that applies to your reported emissions.**

	Verification/assurance status
Scope 1	Third-party verification or assurance process in place
Scope 2 (location-based or market-based)	Third-party verification or assurance process in place

Scope 3

Third-party verification or assurance process in place

## C10.1a

**(C10.1a) Provide further details of the verification/assurance undertaken for your Scope 1 and/or Scope 2 emissions and attach the relevant statements.**

### Scope

Scope 1

### Verification or assurance cycle in place

Annual process

### Status in the current reporting year

Complete

### Type of verification or assurance

Limited assurance

### Attach the statement

 Hanesbrands 2019 Scope 1-2 GHG Verification Statement\_v2.0 20190722.pdf

### Page/ section reference

Statement of Verification for Hanesbrands Incorporated Related to Scope 1 and Scope 2 greenhouse Gas inventory for Calendar year 2018

page 1; Data Verified and Period Covered

### Relevant standard

Corporate GHG verification guidelines from ERT

**Proportion of reported emissions verified (%)**

70

---

**Scope**

Scope 2 market-based

**Verification or assurance cycle in place**

Annual process

**Status in the current reporting year**

Complete

**Type of verification or assurance**

Limited assurance

**Attach the statement**

 Hanesbrands 2019 Scope 1-2 GHG Verification Statement\_v2.0 20190722.pdf

**Page/ section reference**

Statement of Verification for Hanesbrands Incorporated Related to Scope 1 and Scope 2 greenhouse Gas inventory for Calendar year 2018

page 1; Data Verified and Period Covered

**Relevant standard**

Corporate GHG verification guidelines from ERT

**Proportion of reported emissions verified (%)**

70

## C10.1b

**(C10.1b) Provide further details of the verification/assurance undertaken for your Scope 3 emissions and attach the relevant statements.**

---

### Scope

Scope 3- at least one applicable category

### Verification or assurance cycle in place

Annual process

### Status in the current reporting year

Complete

### Attach the statement

 Hanesbrands 2019 Scope 3 GHG Verification Statement\_v1.0 20190719.pdf

### Page/section reference

Statement of Verification for Hanesbrands Incorporated Related to Selected Scope 3 Greenhouse Gas Emissions for Calendar Year 2018

Data Verified and Period Covered  
page 1

### Relevant standard

Corporate GHG verification guidelines from ERT

## C10.2

**(C10.2) Do you verify any climate-related information reported in your CDP disclosure other than the emissions figures reported in C6.1, C6.3, and C6.5?**

Yes

### C10.2a

**(C10.2a) Which data points within your CDP disclosure have been verified, and which verification standards were used?**

Disclosure module verification relates to	Data verified	Verification standard	Please explain
C6. Emissions data	Year on year change in emissions (Scope 1 and 2)	Environmental Resource Trust Corporate GHG Verification Guideline (Tier II)	Year over year change in scope 1 and scope 2 ghg emissions 📎 <sub>1</sub>
C8. Energy	Other, please specify Year on year change in gross energy	Environmental Resource Trust Corporate GHG Verification Guideline (Tier II)	As part of the verification process of scope 1 and scope 2 emissions, energy consumption is verified. 📎 <sub>1</sub>
C4. Targets and performance	Year on year change in emissions (Scope 3)	Environmental Resource Trust Corporate GHG Verification Guideline (Tier II)	Year on year verification of the two largest contributors to scope 3 emissions 📎 <sub>2</sub>

📎<sub>1</sub>Hanesbrands 2019 Scope 1-2 GHG Verification Statement\_v2.0 20190722.pdf

📎<sub>2</sub>Hanesbrands 2019 Scope 3 GHG Verification Statement\_v1.0 20190719.pdf

## C11. Carbon pricing

### C11.1

**(C11.1) Are any of your operations or activities regulated by a carbon pricing system (i.e. ETS, Cap & Trade or Carbon Tax)?**

Yes

### C11.1a

**(C11.1a) Select the carbon pricing regulation(s) which impacts your operations.**

France carbon tax

### C11.1c

**(C11.1c) Complete the following table for each of the tax systems in which you participate.**

#### France carbon tax

---

**Period start date**

January 1, 2018

**Period end date**

December 31, 2018

**% of emissions covered by tax**

2

**Total cost of tax paid**

225,000

**Comment**



The cost of tax paid and percent of the company's total emissions is based on calculating the emissions associated with electricity and natural gas consumed in France using emission factors published by the International Energy Agency (IEA) and United States Environmental Protection Agency (US EPA) multiplied by the tax rate of 44 euros/metric ton of emissions.

## C11.1d

### **(C11.1d) What is your strategy for complying with the systems in which you participate or anticipate participating?**

HanesBrands strategy is to invest in energy efficiency/conservation projects that mitigate increased energy cost caused by an increase in CO<sub>2</sub>e taxes and/or CO<sub>2</sub>e emission allowances (EUA) credits. For example, recent decisions by the European Union where it committed itself to reduce CO<sub>2</sub> emissions annually by 2.2% for the period 2021-2030. As a result, EUA prices reacted heavily and moved up from 7 EUR/t in November 2017 to well over 25 EUR/ton since April 2018. The EU expects CO<sub>2</sub> emission certificate prices to be in a range of 25-30 EUR/ton to generate investments in carbon reduction projects. These EUA cost increases are impacting electricity and natural rates throughout the EU. In response to these increasing energy rates, HanesBrands has ramped up investments in energy efficiency/conservation projects, which also contributes the EU's overall climate strategy.

## C11.2

### **(C11.2) Has your organization originated or purchased any project-based carbon credits within the reporting period?**

Yes

## C11.2a

### **(C11.2a) Provide details of the project-based carbon credits originated or purchased by your organization in the reporting period.**

---

#### **Credit origination or credit purchase**

Credit origination

#### **Project type**

Biomass energy

### **Project identification**

HanesBrands owns and operates a biomass fired industrial steam boiler in the Dominican Republic that is registered with the UNFCCC under the Clean Development Mechanism (CDM) (see UNFCCC Project #6929; <https://cdm.unfccc.int/Projects/DB/DNV-CUK1344079596.55/view>). To date, the plant has not verified CO<sub>2</sub>e emissions credits because the company currently does not plan to sell the credits generated. Instead, the company tracks actual monthly emissions and applies the CO<sub>2</sub>e avoidance (self-generation) to the company's CO<sub>2</sub>e reduction goal (self-retire) to reduce emissions by 40% versus a 2007 baseline and to increase the use of renewable energy to 40% of its total energy usage portfolio. During this reporting year, the company achieved its renewable energy target of 40% two years early by increasing utilization of biomass fired energy plants in the Dominican Republic and in El Salvador. This achievement has also contributed to a significant reduction in GHG emission which came very close to achieving the company's 2020 goal to reduce GHG emission by 40% (as of YE 2018, the company has reduced GHG emissions by 37.3%).

### **Verified to which standard**

CDM (Clean Development Mechanism)

### **Number of credits (metric tonnes CO<sub>2</sub>e)**

35,738

### **Number of credits (metric tonnes CO<sub>2</sub>e): Risk adjusted volume**

15,323

### **Credits cancelled**

Not relevant

### **Purpose, e.g. compliance**

Voluntary Offsetting

---

### **Credit origination or credit purchase**

Credit origination

### **Project type**

Biomass energy

**Project identification**

HanesBrands owns and operates a biomass fired 5.5 Megawatt combined heat and power plant located in El Salvador. When fully utilized, this new facility will reduce heavy fuel oil usage by more than 4 million gallons a year and GHG emissions by 32,750 metric tons. To date, the plant has not registered the CO<sub>2</sub>e emissions credits because the company currently does not plan to sell the credits generated. Instead, the company tracks actual monthly emissions and applies the CO<sub>2</sub>e avoidance to the company's CO<sub>2</sub>e reduction goal to reduce emissions by 40% versus a 2007 baseline and to increase the use of renewable energy to 40% of its total energy usage portfolio. During this reporting year, the company achieved its renewable energy target of 40% two years early by increasing utilization of its biomass fired energy plants in the Dominican Republic and in El Salvador. This achievement has also contributed to a significant reduction in GHG emission which came very close to achieving the company's 2020 goal to reduce GHG emission by 40% (as of YE 2018, the company has reduced GHG emissions by 37.3%).

**Verified to which standard**

Not yet verified

**Number of credits (metric tonnes CO<sub>2</sub>e)**

32,750

**Number of credits (metric tonnes CO<sub>2</sub>e): Risk adjusted volume**

10,588

**Credits cancelled**

Not relevant

**Purpose, e.g. compliance**

Voluntary Offsetting

## C11.3

**(C11.3) Does your organization use an internal price on carbon?**

No, and we do not currently anticipate doing so in the next two years

## C12. Engagement

### C12.1

**(C12.1) Do you engage with your value chain on climate-related issues?**

Yes, our suppliers

Yes, our customers

Yes, other partners in the value chain

### C12.1a

**(C12.1a) Provide details of your climate-related supplier engagement strategy.**

---

**Type of engagement**

Information collection (understanding supplier behavior)

**Details of engagement**

Collect climate change and carbon information at least annually from suppliers

**% of suppliers by number**

29

**% total procurement spend (direct and indirect)**

59.3

**% Scope 3 emissions as reported in C6.5**

32.5

**Rationale for the coverage of your engagement**

HanesBrands believes in doing business with suppliers that share the company's commitment to protecting the quality of the environment around the world through sound environmental management. Suppliers will comply with all applicable environmental laws and regulations, and will promptly develop and implement plans or programs to correct any non-compliant practices. HanesBrands favors suppliers who seek to reduce waste and minimize the environmental impact of operations.

### **Impact of engagement, including measures of success**

HanesBrands understands the need to engage with suppliers and customers to identify opportunities to leverage best practices around energy and water conservation, greenhouse gas emissions reductions and solid waste avoidance. In prior years and again in 2018, key suppliers were invited to participate in a workshop in which HanesBrands leadership communicated its sustainability strategy and expectations. Suppliers were requested to report energy and production metrics to HanesBrands, which have been used to estimate Scope 3 emissions that are included in this disclosure.

Furthermore, to promote ongoing business to business collaboration with suppliers, during 2017 and again in 2018, HanesBrands circulated an annual supplier sustainability questionnaire that requested information about sustainability performance and encouraged suppliers to develop management processes that will improve their environmental performance. The questionnaire spanned topics including energy use, water use, greenhouse gas emissions, wastewater treatment and safety. This questionnaire is designed to inform HanesBrands about supplier performance on specific sustainability metrics and to identify best practices that can be implemented across HanesBrands supply chain. The questionnaire was sent to 274 companies, which represents close to 100% of the companies that supply components found in products that are sold and/or manufactured by HanesBrands. Of the 274 companies that were contacted, 42 responses were received. This response level was considered weak, but pointed to the importance of HanesBrands' leadership in driving toward reducing energy usage and greenhouse gas emissions. The company has plans to repeat the questionnaire annually and will take steps to ensure better participation, encourage goal setting, identify best practices and drive emissions reductions.

Measures of success include: energy usage , GHG emissions, and water usage reductions.

As an example, in the reporting year HanesBrands engagement with one of its largest suppliers resulted in an increased awareness and continuous improvement surrounding the reporting of scope 2 CO<sub>2</sub>e emissions from grid supplied electricity. This activity resulted in improvements to the supplier's scope 2 ghg inventory calculation procedures based on the use of the most current and appropriate US EPA eGRID emission factors.

### **Comment**

In addition to the questionnaire and the summit, the company also has a Global Standards for Suppliers program that ensures compliance to HanesBrands' expectations. Hundreds of on-site audits are conducted annually.

## C12.1b

**(C12.1b) Give details of your climate-related engagement strategy with your customers.**

---

**Type of engagement**

Education/information sharing

**Details of engagement**

Share information about your products and relevant certification schemes (i.e. Energy STAR)

**% of customers by number**

100

**% Scope 3 emissions as reported in C6.5**

1

**Please explain the rationale for selecting this group of customers and scope of engagement**

As in prior years and again in 2018, HanesBrands' focus was on generating a yearlong dialogue – with internal and external audiences – about its environmental stewardship program and strong partnership with U.S. EPA Energy Star. Hanes started the year by releasing its 2018 environmental results, which played a part in the increased emphasis on domestic press coverage and helped generate a record number of impressions. More than 1,200 placements in a combination of business, trade, consumer, CSR and blogger outlets broadly communicated the company's commitment to ENERGY STAR and environmental sustainability. Covering media outlets included ABC, NBC, The Wall Street Journal, Bloomberg and The New York Times.

English- and Spanish-language social media channels (Facebook, Twitter, LinkedIn and Instagram in English; Facebook and Twitter in Spanish) helped Hanes continue the conversation throughout 2018. Regularly scheduled posts about environmental stewardship included highlights of the company's energy-management program and Energy Star.



Social media and other external efforts also helped drive increased traffic to Hanes' websites. In 2018, visitors to the company's corporate site and Hanes For Good corporate responsibility hub and a Hanes brand environmental sustainability page included the Energy Star logo and new language about the company's commitment to the program.

All of the above mentioned activities contributed to generating an increased number of Energy Star brand impressions which is a quantifiable metric used to measure success.

**Impact of engagement, including measures of success**

Our measures for success include the total number of impressions generated by each placement and overall ENERGY STAR Partnership campaign. To illustrate the impact of our engagement, our approach resulted in more than 913 million total U.S. EPA ENERGY STAR brand impressions in the reporting year.

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**Type of engagement**

Collaboration & innovation

**Details of engagement**

Run a campaign to encourage innovation to reduce climate change impacts

**% of customers by number**

16

**% Scope 3 emissions as reported in C6.5**

1

**Please explain the rationale for selecting this group of customers and scope of engagement**

HanesBrands recognizes that the scope of our products' environmental impacts extends beyond our company's manufacturing footprint and into our value chain - both upstream with raw materials and downstream with consumer care. One of our largest customers, which accounts for 16% of our total net sales in 2018, also has recognized and understands that the biggest sustainability issues fall mostly outside their direct control

and launched a project with a goal to reduce emissions within their supply chain by 1 gigaton by 2030. Hanes cognizance of these value chain impacts resulted in engagement in four collaborative projects, each with a goal to reduce environmental impacts as follows:

1) Increase the Adoption and Usage of Soil Moisture Sensors in Cotton Agriculture - Across the U.S., water tables are decreasing and there is increasing competition for water across agricultural, industrial and urban uses. Therefore farmers must be more precise with water use than ever before. Not only does misuse account for wasted water, it also leads to wasted energy that increases greenhouse gas emissions, increase production costs and potential loss of yield and can increase the potential for water runoff from the field. The increased use of water sensors will help to address these issues. Currently, there is a low adoption rate of the use of water sensors due to complexity of equipment use and the magnitude of the return on investment is not clearly understood. The adoption of water sensors will allow farmers to irrigate only when needed and lead to reduced runoff and leaching, and HanesBrands is continuing to support this effort.

2) The Wastewater Challenge - The mission is to improve water quality associated with wastewater treatment processes in textiles manufacturing by creating and building awareness of the longterm business value and social responsibility associated properly treating wastewater.

3) Cold Water Wash Initiative - In the United States, heating water and running a washing machine accounts for approximately 2% of a household's annual energy use. The average household washes 5 loads of clothes per week, 55% of which use warm or hot water.

4) Every Day Low True Cost Hanes sock - a collaborative engagement with a large retailer to improve product sustainability without raising the price and engage customers by highlighting key sustainability attributes.

#### **Impact of engagement, including measures of success**

Each of the 4 projects has been managed in a collaborative approach with participants including brands, manufacturers, govt and NGO's, trade groups, academia, and a large retailer. Measures of success include increasing cotton soil productivity and uptake of the Wastewater 101 toolbox.

1) Increase the Adoption and Usage of Soil Moisture Sensors in Cotton Agriculture - The goal of the project is to increase irrigation water use efficiency by 20%, maintain or increase productivity, and provide growers a positive return on sensor investment. Success will be measured by percent adoption of sensor technology; change in irrigation water use efficiency; improved yield and fiber quality; positive return on sensor investment. Completion of pilot test in Georgia and



development of education materials for U.S.

2) The Wastewater Challenge - The high-level goal of this project is that 100% of textiles plants will have access to information and training needed to adequately treat wastewater discharge.

Scope and Measuring Success - The project encompasses the full spectrum of the global textiles manufacturing supply chain, including all industrial processes, such as yarn production, textile manufacturing, and wet processing. In order to measure successful uptake of the Wastewater 101 Toolbox by the intended audiences, the download rate and the number of views of the Toolbox will be analyzed, as well as attendance at on-site trainings. The Wastewater 101 content will be tested and refined through pilot trainings before fully scaling across supply chains and regions.

3) Cold Water Wash Initiative - The average household washes 5 loads of clothes per week, 55% of which use warm or hot water. Changing one load of laundry a week from warm or hot to cold can save 175kWh per year and when considering 127 million US households have a washing machine, a potential CO2 savings associated with 22,225 million kWh per year.

4) Every Day Low True Cost Hanes Socks - HanesBrands used The Sustainability Consortium's sustainability index as a guide to quantify and third-party verify sustainable attributes of the product. Product labeling with call-outs to the sustainable attributes was developed.

## C12.1c

### **(C12.1c) Give details of your climate-related engagement strategy with other partners in the value chain.**

Environmental Sustainability is one of five key pillars (1. Global Ethics, 2. Facility Compliance, 3. Environmental Sustainability, 4. Product Safety, 5. Communities and Philanthropy) that defines HanesBrands' Corporate Social Responsibility (CSR) program called Hanes for Good. Each of these pillars are overlapping and provide a platform to encourage employee engagement in multiple corporate initiatives including climate-related engagement. For example, revenue generated from the sale of waste to recycling companies is used to fund community projects that are focused on fundamental needs in communities where the company operates. We call the program Green for Good. Green for Good projects include funding employee education, funding medical support, building medical clinics and classrooms, participating in climate-related activities such as energy treasure hunts, beach cleanups and tree plantings. Green for Good has been in place for years and the results are impressive: Since 2010, millions have been invested in 100+ projects with nearly 500,000 employee volunteer hours - nearly half of the company's energy reductions are the result of employee-engagement efforts stemming from energy treasure hunts where low- or no-cost energy conservation projects are identified and implemented - employee volunteers have planted more than 93,000 trees and cleaned up multiple beaches - more than 2,600 employees have graduated from high school



(GED equivalency) – more than 1,100 life changing surgeries have been completed. By investing money that is generated from the sale of waste in the communities where we have operations and employees live, employees are continually incentivized to effectively manage waste and reduce energy. Additionally, employees feel a growing sense of ownership and participation in the company's overall environmental sustainability initiatives.

### C12.3

**(C12.3) Do you engage in activities that could either directly or indirectly influence public policy on climate-related issues through any of the following?**

- Direct engagement with policy makers
- Trade associations

### C12.3a

**(C12.3a) On what issues have you been engaging directly with policy makers?**

Focus of legislation	Corporate position	Details of engagement	Proposed legislative solution
Energy efficiency	Support	HanesBrands engages policy makers through active participation in the Business Roundtable (BRT). BRT is an association of chief executive officers of leading U.S. companies working to promote sound public policy and expanded opportunity for all Americans through sound public policy. Business Roundtable CEOs are focused on 10 key issues at the intersection of the economy and business. In the Business Roundtable's Energy and Environment Committee Policies and Priorities, they state the following: "Access to reliable, affordable energy undergirds US national and economic security, and a clean, healthy environment is essential for economic prosperity now and for future generations. Business Roundtable supports policies that	HanesBrands is fully supportive of BRT's calls on Congress and the Administration to adopt policies that "focus research and development on cost-effective technologies that have the potential to improve energy efficiency while diversifying energy sources." HanesBrands encourages the adoption of environmentally responsible manufacturing and business practices by sharing the company's approach to energy management, chemical management and employee engagement. It is the intent of the company to influence its suppliers and other companies to leverage best management practices thereby further reducing energy usage, GHG emissions, water usage and cost, while increasing renewable energy use.



		<p>capitalize on America's strengths in technology and energy diversity to maximize U.S. energy options and preserve environmental quality. The business community has a special obligation to step forward and help build an economically sustainable future.”</p>	
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### C12.3b

**(C12.3b) Are you on the board of any trade associations or do you provide funding beyond membership?**

Yes

### C12.3c

**(C12.3c) Enter the details of those trade associations that are likely to take a position on climate change legislation.**

**Trade association**

Business Roundtable

**Is your position on climate change consistent with theirs?**

Consistent

**Please explain the trade association’s position**

HanesBrands actively participates in the Business Roundtable (BRT). The BRT is an association of chief executive officers of leading U.S. Companies working to promote sound public policy and expanded opportunity for all Americans through sound public policy. Business Roundtable CEOs are focused on ten key issues at the intersection of the economy and business.

In the Business Roundtable's Energy and Environment Committee Policies and Priorities, they state the following: "Access to reliable, affordable energy undergirds US national and economic security, and a clean, healthy environment is essential for economic prosperity now and for future generations. Business Roundtable supports policies that capitalize on America's strengths in technology and energy diversity to maximize U.S.

energy options and preserve environmental quality. The business community has a special obligation to step forward and help build an economically sustainable future.”

**How have you influenced, or are you attempting to influence their position?**

HanesBrands is fully supportive of BRT’s calls on Congress and the Administration to adopt policies that “focus research and development on cost-effective technologies that have the potential to improve energy efficiency while diversifying energy sources.” Hanesbrands encourages the adoption of environmentally responsible manufacturing and business practices by sharing our approach to energy management, chemical management and employee engagement. It is the intent of the company to influence our suppliers and other companies to leverage best management practices thereby further reducing energy usage, GHG emissions, water usage, and costs.

## C12.3f

**(C12.3f) What processes do you have in place to ensure that all of your direct and indirect activities that influence policy are consistent with your overall climate change strategy?**

HanesBrands’ alignment process is driven by our organizational hierarchy, which is structured so that relevant reporting relationships and day-to-day interactions drive alignment between policy and actions. Policy decisions are made at the highest levels of the organization and driven down through the close working relationships of our supply chain, corporate social responsibility, corporate communications, legal and government relations teams. Frequent communication within and between the organization’s business units promotes consistency in our activities as they relate to overall climate strategy.

## C12.4

**(C12.4) Have you published information about your organization’s response to climate change and GHG emissions performance for this reporting year in places other than in your CDP response? If so, please attach the publication(s).**

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**Publication**


In mainstream reports



**Status**

Complete

**Attach the document**

 2018 Annual Report.pdf

**Page/Section reference**

Hanes for Good: 4, 11

Risks, Strategy: 19-20; 30

**Content elements**

Governance

Strategy

Risks & opportunities

Emissions figures

Emission targets

**Comment**

In addition to the discussion of weather-related risks and our Hanes for Good program, further information on our emissions figures and 2020 targets is publicly available at [www.HanesforGood.com](http://www.HanesforGood.com) as referenced in our annual 10-k disclosure.

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**Publication**

In voluntary communications

**Status**

Complete

**Attach the document**

 Voluntary Climate Communications.pptx

**Page/Section reference**

<https://hanesforgood.com/environmental-responsibility/>

**Content elements**

Governance

Strategy

Risks & opportunities

Emissions figures

Emission targets

Other metrics

Other, please specify

Overall Corporate Social Responsibility program including environmental responsibility, ethics, philanthropy, and facility compliance is available on the company's Hanes for Good website.

**Comment**

Information relative to governance, strategy, risk and opportunities, emission targets, and progress toward achieving our targets are available on the company's CDP disclosure which can be found via our Hanes for Good website environmental-responsibility page. In addition, other information about the company's comprehensive Corporate Social Responsibility efforts is also available.

## C14. Signoff

### C-FI

**(C-FI) Use this field to provide any additional information or context that you feel is relevant to your organization's response. Please note that this field is optional and is not scored.**



## C14.1

**(C14.1) Provide details for the person that has signed off (approved) your CDP climate change response.**

	Job title	Corresponding job category
Row 1	Group President Global Supply Chain, Information Technology and E-Commerce	President

## SC. Supply chain module

### SC0.0

**(SC0.0) If you would like to do so, please provide a separate introduction to this module.**

See Introduction in C0

### SC0.1

**(SC0.1) What is your company's annual revenue for the stated reporting period?**

	Annual Revenue
Row 1	6,803,955,000

### SC0.2

**(SC0.2) Do you have an ISIN for your company that you would be willing to share with CDP?**

Yes

### SC0.2a

**(SC0.2a) Please use the table below to share your ISIN.**



	ISIN country code (2 letters)	ISIN numeric identifier and single check digit (10 numbers overall)
Row 1	US	4103451021

## SC1.1

**(SC1.1) Allocate your emissions to your customers listed below according to the goods or services you have sold them in this reporting period.**

**Requesting member**

Target Corporation

**Scope of emissions**

Scope 1

**Allocation level**

Company wide

**Emissions in metric tonnes of CO<sub>2</sub>e**

12,821

**Uncertainty (±%)**

5

**Major sources of emissions**

The major sources of scope one emissions are petroleum based fuels such as fuel oils (light and heavy), propane, and natural gas, and biomass. These fuels are consumed in industrial boilers used in the textile manufacturing and finishing processes, consumed in direct fired processes such as driers or used for building heat. Fuel types include propane, natural gas, heavy fuel oil, diesel, and biomass (primarily wood chips).

**Verified**



Yes

**Allocation method**

Allocation based on the market value of products purchased

**Please explain how you have identified the GHG source, including major limitations to this process and assumptions made**

Hanesbrands owns and operates the majority of their supply chain and as such, has control of the textile knitting, dyeing, finishing, cut, sew, packaging and distribution processes. This ownership allows for a high level of transparency and provides direct operational control to implement our key initiatives and policies within our +/-90 offices, factories and distribution centers. HanesBrands has an Energy and Environmental Sustainability Policy that is endorsed by executive leadership. Requirements of the policy include a host of energy management activities ranging from energy assessments, establishing facility-level key performance indicators and goals, energy data collection by energy type and reporting on a regular basis (at least monthly). Energy and carbon emissions data for each supply chain location are rolled up, reported, and reviewed at the corporate level on a monthly basis. Additionally, the corporate engineering staff makes frequent visits to our facilities and remain in frequent contact with facility staff on energy related topics. Energy data collection and resultant greenhouse gas emission inventory development is a difficult task but Hanes has appropriate measures in place to ensure a high quality of data. The company conducts annual third party verification of underlying energy data and procedures used to develop our corporate-level greenhouse gas emission inventory. These verified CO2e emissions are allocated based on market value of products purchased.

---

**Requesting member**

Target Corporation

**Scope of emissions**

Scope 2

**Allocation level**

Company wide

**Emissions in metric tonnes of CO2e**

17,035

**Uncertainty (±%)**

5

**Major sources of emissions**

The major sources of scope 2 emissions are electricity provided by off-site electric generation companies owned by municipalities or other private/public external utility companies. Offsite electricity generated by others accounts for all of the scope 2. The electricity associated with scope 2 emissions is used to power industrial processes required in textile manufacturing, building lighting, Heating Ventilation and Air Conditioning (HVAC), material handling equipment within distribution centers, etc.

**Verified**

Yes

**Allocation method**

Allocation based on the market value of products purchased

**Please explain how you have identified the GHG source, including major limitations to this process and assumptions made**

Similar to scope 1 above - HanesBrands owns the majority of their supply chain. This ownership provides greater transparency and control over operations versus a sourced supply chain model, as well as the ability to implement policies and procedures within these locations. Hanes has a corporate energy and environmental sustainability policy in place that outlines specific energy management activities that are required. Energy data from each site is reported on a frequent (at least monthly) basis and rolled up, reported, and reviewed at the executive level on a monthly basis. The corporate engineering team has direct contact with each location and makes frequent in-person visits as well as email and telephone/web-based conferencing. The company also conducts annual third party verification of underlying energy data and procedures used to develop our corporate-level greenhouse gas emission inventory. Greater than 70% of scope 1 and scope 2 emissions are verified and significant amount of scope 3 emissions as well. Hanes has good visibility of point of sale data and is able to generate reports based on customer volumes. This sales data is used to develop an accurate allocation of greenhouse gas emissions based on the market value of products purchased.

---

**Requesting member**

Target Corporation

**Scope of emissions**

Scope 3

**Allocation level**

Company wide

**Emissions in metric tonnes of CO<sub>2</sub>e**

131,119

**Uncertainty (±%)**

5

**Major sources of emissions**

Hanesbrands disclosed data on 9 of the 15 available scope 3 categories on CDP. The most significant scope 3 sources are purchased goods and services (63%), Upstream transportation and distribution (18%), and capital Goods (8%). This data was collected using a combination of direct data submission from our raw-material suppliers and service providers, and from the development of models using input data from our procurement department and model development in accordance with CDP guidance using Quantis' Scope 3 evaluator tool.

**Verified**

Yes

**Allocation method**

Allocation based on the market value of products purchased

**Please explain how you have identified the GHG source, including major limitations to this process and assumptions made**

HanesBrands has a thorough understanding of our value chain. We have consulted the GHG Protocol and have developed appropriate models based on Quantis resources that captures the most significant scope 3 ghg emission categories. Inputs to this scope 3 ghg emissions model is based on procurement spending with the addition of transportation and supplier specific data. Very high quality data for transportation was obtained from our transportation/logistic group that records product movement by mode. The distances and weights were used in conjunction



with EPA emission factors for transportation to develop a comprehensive ghg emissions associated with transportation. Additionally, key raw material suppliers submit monthly production and ghg emissions data. The largest and most significant contributors to the scope 3 inventory have been third-party verified.

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**Requesting member**

Walmart, Inc.

**Scope of emissions**

Scope 1

**Allocation level**

Company wide

**Emissions in metric tonnes of CO<sub>2</sub>e**

17,095

**Uncertainty (±%)**

5

**Major sources of emissions**

The major sources of scope one emissions are petroleum based fuels such as fuel oils (light and heavy), propane, and natural gas, and biomass. These fuels are consumed in industrial boilers used in the textile manufacturing and finishing processes, consumed in direct fired processes such as driers or used for building heat. Fuel types include propane, natural gas, heavy fuel oil, diesel, and biomass (primarily wood chips).

**Verified**

Yes

**Allocation method**

Allocation based on the market value of products purchased

**Please explain how you have identified the GHG source, including major limitations to this process and assumptions made**

Hanesbrands owns and operates the majority of their supply chain and as such, has control of the textile knitting, dyeing, finishing, cut, sew, packaging and distribution processes. This ownership allows for a high level of transparency and provides direct operational control to implement our key initiatives and policies within our +/-90 offices, factories and distribution centers. HanesBrands has an Energy and Environmental Sustainability Policy that is endorsed by executive leadership. Requirements of the policy include a host of energy management activities ranging from energy assessments, establishing facility-level key performance indicators and goals, energy data collection by energy type and reporting on a regular basis (at least monthly). Energy and carbon emissions data for each supply chain location are rolled up, reported, and reviewed at the corporate level on a monthly basis. Additionally, the corporate engineering staff makes frequent visits to our facilities and remain in frequent contact with facility staff on energy related topics. Energy data collection and resultant greenhouse gas emission inventory development is a difficult task but Hanes has appropriate measures in place to ensure a high quality of data. The company conducts annual third party verification of underlying energy data and procedures used to develop our corporate-level greenhouse gas emission inventory.

---

**Requesting member**

Walmart, Inc.

**Scope of emissions**

Scope 2

**Allocation level**

Company wide

**Emissions in metric tonnes of CO2e**

22,713

**Uncertainty (±%)**

5

**Major sources of emissions**

The major sources of scope 2 emissions are electricity provided by off-site electric generation companies owned by municipalities or other private/public external utility companies. Offsite electricity generated by others accounts for all of the scope 2. The electricity associated with scope 2 emissions is used to power industrial processes required in textile manufacturing, building lighting, Heating Ventilation and Air Conditioning (HVAC), material handling equipment within distribution centers, etc.

**Verified**

Yes

**Allocation method**

Allocation based on the market value of products purchased

**Please explain how you have identified the GHG source, including major limitations to this process and assumptions made**

Similar to scope 1 above - HanesBrands owns the majority of their supply chain. This ownership provides greater transparency and control over operations versus a sourced supply chain model, as well as the ability to implement policies and procedures within these locations. Hanes has a corporate energy and environmental sustainability policy in place that outlines specific energy management activities that are required. Energy data from each site is reported on a frequent (at least monthly) basis and rolled up, reported, and reviewed at the executive level on a monthly basis. The corporate engineering team has direct contact with each location and makes frequent in-person visits as well as email and telephone/web-based conferencing. The company also conducts annual third party verification of underlying energy data and procedures used to develop our corporate-level greenhouse gas emission inventory. Greater than 70% of scope 1 and scope 2 emissions are verified and significant amount of scope 3 emissions as well. Hanes has good visibility of point of sale data and is able to generate reports based on customer volumes. This sales data is used to develop a accurate allocation of greenhouse gas emissions based on the market value of products purchased.

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**Requesting member**

Walmart, Inc.

**Scope of emissions**

Scope 3

**Allocation level**

Company wide

**Emissions in metric tonnes of CO2e**

174,825

**Uncertainty (±%)**

5

**Major sources of emissions**

Hanesbrands disclosed data on 9 of the 15 available scope 3 categories on CDP. The most significant scope 3 sources are purchased goods and services (63%), Upstream transportation and distribution (18%), and capital Goods (8%). This data was collected using a combination of direct data submission from our raw-material suppliers and service providers, and from the development of models using input data from our procurement department and model development in accordance with CDP guidance using Quantis' Scope 3 evaluator tool.

**Verified**

Yes

**Allocation method**

Allocation based on the market value of products purchased

**Please explain how you have identified the GHG source, including major limitations to this process and assumptions made**

HanesBrands has a thorough understanding of our value chain. We have consulted the GHG Protocol and have developed appropriate models based on Quantis resources that captures the most significant scope 3 ghg emission categories. Inputs to this scope 3 ghg emissions model is based on procurement spending with the addition of transportation and supplier specific data. Very high quality data for transportation was obtained from our transportation/logistic group that records product movement by mode. The distances and weights were used in conjunction with EPA emission factors for transportation to develop a comprehensive ghg emissions associated with transportation. Additionally, key raw material suppliers submit monthly production and ghg emissions data. The largest and most significant contributors to the scope 3 inventory have been third-party verified.

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**Requesting member**

Wal Mart de Mexico

**Scope of emissions**

Scope 1

**Allocation level**

Company wide

**Emissions in metric tonnes of CO<sub>2</sub>e**

259

**Uncertainty (±%)**

5

**Major sources of emissions**

The major sources of scope one emissions are petroleum based fuels such as fuel oils (light and heavy), propane, and natural gas, and biomass. These fuels are consumed in industrial boilers used in the textile manufacturing and finishing processes, consumed in direct fired processes such as driers or used for building heat. Fuel types include propane, natural gas, heavy fuel oil, diesel, and biomass (primarily wood chips).

**Verified**

Yes

**Allocation method**

Allocation based on the market value of products purchased

**Please explain how you have identified the GHG source, including major limitations to this process and assumptions made**





Hanesbrands owns and operates the majority of their supply chain and as such, has control of the textile knitting, dyeing, finishing, cut, sew, packaging and distribution processes. This ownership allows for a high level of transparency and provides direct operational control to implement our key initiatives and policies within our +/-90 offices, factories and distribution centers. HanesBrands has an Energy and Environmental Sustainability Policy that is endorsed by executive leadership. Requirements of the policy include a host of energy management activities ranging from energy assessments, establishing facility-level key performance indicators and goals, energy data collection by energy type and reporting on a regular basis (at least monthly). Energy and carbon emissions data for each supply chain location are rolled up, reported, and reviewed at the corporate level on a monthly basis. Additionally, the corporate engineering staff makes frequent visits to our facilities and remain in frequent contact with facility staff on energy related topics. Energy data collection and resultant greenhouse gas emission inventory development is a difficult task but Hanes has appropriate measures in place to ensure a high quality of data. The company conducts annual third party verification of underlying energy data and procedures used to develop our corporate-level greenhouse gas emission inventory.

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**Requesting member**

Wal Mart de Mexico

**Scope of emissions**

Scope 2

**Allocation level**

Company wide

**Emissions in metric tonnes of CO<sub>2</sub>e**

343

**Uncertainty (±%)**

5

**Major sources of emissions**

The major sources of scope 2 emissions are electricity provided by off-site electric generation companies owned by municipalities or other private/public external utility companies. Offsite electricity generated by others accounts for all of the scope 2. The electricity associated with

scope 2 emissions is used to power industrial processes required in textile manufacturing, building lighting, Heating Ventilation and Air Conditioning (HVAC), material handling equipment within distribution centers, etc.

**Verified**

**Allocation method**

Allocation based on the market value of products purchased

**Please explain how you have identified the GHG source, including major limitations to this process and assumptions made**

Similar to scope 1 above - HanesBrands owns the majority of their supply chain. This ownership provides greater transparency and control over operations versus a sourced supply chain model, as well as the ability to implement policies and procedures within these locations. Hanes has a corporate energy and environmental sustainability policy in place that outlines specific energy management activities that are required. Energy data from each site is reported on a frequent (at least monthly) basis and rolled up, reported, and reviewed at the executive level on a monthly basis. The corporate engineering team has direct contact with each location and makes frequent in-person visits as well as email and telephone/web-based conferencing. The company also conducts annual third party verification of underlying energy data and procedures used to develop our corporate-level greenhouse gas emission inventory. Greater than 70% of scope 1 and scope 2 emissions are verified and significant amount of scope 3 emissions as well. Hanes has good visibility of point of sale data and is able to generate reports based on customer volumes. This sales data is used to develop a accurate allocation of greenhouse gas emissions based on the market value of products purchased.

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**Requesting member**

Wal Mart de Mexico

**Scope of emissions**

Scope 3

**Allocation level**

Company wide

**Emissions in metric tonnes of CO<sub>2</sub>e**

2,664

**Uncertainty (±%)**

5

**Major sources of emissions**

Hanesbrands disclosed data on 9 of the 15 available scope 3 categories on CDP. The most significant scope 3 sources are purchased goods and services (63%), Upstream transportation and distribution (18%), and capital Goods (8%). This data was collected using a combination of direct data submission from our raw-material suppliers and service providers, and from the development of models using input data from our procurement department and model development in accordance with CDP guidance using Quantis' Scope 3 evaluator tool.

**Verified**

Yes

**Allocation method**

Allocation based on the market value of products purchased

**Please explain how you have identified the GHG source, including major limitations to this process and assumptions made**

HanesBrands has a thorough understanding of our value chain. We have consulted the GHG Protocol and have developed appropriate models based on Quantis resources that captures the most significant scope 3 ghg emission categories. Inputs to this scope 3 ghg emissions model is based on procurement spending with the addition of transportation and supplier specific data. Very high quality data for transportation was obtained from our transportation/logistic group that records product movement by mode. The distances and weights were used in conjunction with EPA emission factors for transportation to develop a comprehensive ghg emissions associated with transportation. Additionally, key raw material suppliers submit monthly production and ghg emissions data. The largest and most significant contributors to the scope 3 inventory have been third-party verified.

**SC1.2**

**(SC1.2) Where published information has been used in completing SC1.1, please provide a reference(s).**



For more information about the company's social responsibility initiatives, including environmental, greenhouse gas emissions, social compliance and community improvement achievements go to [www.http://hanesforgood.com/](http://hanesforgood.com/)

To prepare the comprehensive greenhouse gas inventory, published emission factors from the US EPA eGRID, and Emission Factors for Greenhouse Gas Inventories were used to calculate ghg emissions.

## SC1.3

**(SC1.3) What are the challenges in allocating emissions to different customers, and what would help you to overcome these challenges?**

Allocation challenges	Please explain what would help you overcome these challenges
We face no challenges	Allocation based on market value of products purchased is the methodology used by HanesBrands. There are no significant challenges that we face in obtaining customer level sales data.

## SC1.4

**(SC1.4) Do you plan to develop your capabilities to allocate emissions to your customers in the future?**

Yes

### SC1.4a

**(SC1.4a) Describe how you plan to develop your capabilities.**

HanesBrands embraces the notion of continuous improvement and has applied this principle to greenhouse gas emissions reporting. As customer and consumer requests for emissions data increases, we will continue to refine our data collection and reporting capabilities to provide appropriate customer data. We manufacture a broad array of products within our company-owned and operated supply chain that are distributed to multiple customers. We currently allocate emissions based on the market value of products purchased but we have begun to explore the development of product-based emissions.

## SC2.1

**(SC2.1) Please propose any mutually beneficial climate-related projects you could collaborate on with specific CDP Supply Chain members.**

---

**Requesting member**

Walmart, Inc.

**Group type of project**

New product or service

**Type of project**

New product or service that reduces customers products / services operational emissions

**Emissions targeted**

Other, please specify

Actions to reduce end user's scope 1 and 2 carbon emissions

**Estimated timeframe for carbon reductions to be realized**

0-1 year

**Estimated lifetime CO2e savings**

2,300,000

**Estimated payback**

Cost/saving neutral

**Details of proposal**

Develop in-store promotional activities to nudge customers to modify their behavior associated with garment care to wash more loads of laundry in cold water. These promotional activities could include additional shelf placement and/or additional floor displays and consumer facing messaging to encourage customers to support brands and retailers that recognize the environmental impacts associated with the use and care of our products.

Cold Water Wash Initiative - The average household washes 5 loads of clothes per week, 55% of which use warm or hot water. Changing one load of laundry a week from warm or hot to cold can save 175kWh per year and when considering 100 million US households have a washing machine, a potential CO2 savings of 2.3 million metric tons associated with 17,500 million kWh per year of energy use. (<https://www.cleaninginstitute.org/sites/default/files/assets/1/Page/Cold-Water-Wash-Technical-Brief.pdf>)

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**Requesting member**

Walmart, Inc.

**Group type of project**

Change to supplier operations

**Type of project**

Implementation of energy reduction projects

**Emissions targeted**

Other, please specify

Actions that reduce suppliers emissions

**Estimated timeframe for carbon reductions to be realized**

0-1 year

**Estimated lifetime CO2e savings**

1

**Estimated payback**

0-1 year

### **Details of proposal**

Adoption of US EPA ENERGY STAR program by the requesting company's suppliers.

ENERGY STAR tools and resources help businesses identify cost-effective approaches to managing energy use in their buildings and plants—enabling the private sector to save energy, increase profits, and strengthen their competitiveness. From commercial properties to industrial facilities, thousands of businesses and organizations look to ENERGY STAR for guidance on strategic energy management.

An effective energy management program aligns with Project Gigaton. The requesting customer could promote this free resource to its suppliers (that are based or have a manufacturing presence in the USA) to reduce emissions through energy savings .

## **SC2.2**

**(SC2.2) Have requests or initiatives by CDP Supply Chain members prompted your organization to take organizational-level emissions reduction initiatives?**

Yes

## **SC2.2a**

**(SC2.2a) Specify the requesting member(s) that have driven organizational-level emissions reduction initiatives, and provide information on the initiatives.**

---

### **Requesting member**

Walmart, Inc.

### **Initiative ID**

2018-ID1

**Group type of project**

Other, please specify

Environmental Sustainability Initiative

**Type of project**

Other, please specify

Global Energy Management

**Description of the reduction initiative**

HanesBrands has a robust energy management program that serves as a key pillar of our overall sustainability initiative. The holistic elements of our successful program include environmental compliance, energy management, water reduction, renewable energy, and community engagement. As noted in our "Global Code of Conduct," we believe in being a responsible environmental steward and minimizing our emissions to the environment. We recognize the need to conduct business in a way that protects and improves the quality of life in our communities and improves the state of the environment for future generations. Energy management is foundational to our overall sustainability program because energy represents a significant and rising cost to our company and also is the majority contributor to scope 1 + 2 carbon emissions. Our energy management strategic course was set by: 1) the business case of offsetting rising energy costs, and 2) our customers and consumers' increasing level of environmental awareness, and their expectation that companies be responsible environmental stewards. We recognize that "one-off" projects are insufficient to accomplish meaningful and sustainable environmental emissions improvements; therefore, a comprehensive strategy is necessary. Our success is not attributed to a single project or initiative, but instead is the culmination of over 68,000 employees from around the globe who have adopted energy management as a value and continuously contribute to reducing our company's impacts on the environment. Having supply chain members that support these values helps to provide momentum to initiatives and keeps them in the forefront. Additionally, the CDP questionnaire also provides a standardized framework in which companies can remain focused on tracking and reporting environmental metrics which are relevant to the investment community and key customers. We are pleased to report in total we avoided 159,188 MT CO<sub>2</sub>e scope 1 and scope 2 emissions relative to our 2007 baseline, which is a 11,335 MT CO<sub>2</sub>e improvement during the reporting year.

Additionally, HanesBrands' engagement with this customer prompted research that helped us to understand that the majority of our environmental impacts fall beyond our direct control. This realization highlighted the need to refine and further develop methodology to quantify scope 3 emissions, establish goals and then develop strategies to achieve these, particularly related to the use of sold products.





**Emissions reduction for the reporting year in metric tons of CO2e**

11,335

**Did you identify this opportunity as part of the CDP supply chain Action Exchange?**

No

**Would you be happy for CDP supply chain members to highlight this work in their external communication?**

Yes

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**Requesting member**

Target Corporation

**Initiative ID**

2018-ID1

**Group type of project**

Other, please specify

Environmental Sustainability

**Type of project**

Other, please specify

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## **SC3.1**

**(SC3.1) Do you want to enroll in the 2019-2020 CDP Action Exchange initiative?**

No

## **SC3.2**

**(SC3.2) Is your company a participating supplier in CDP's 2018-2019 Action Exchange initiative?**

No



## SC4.1

**(SC4.1) Are you providing product level data for your organization's goods or services?**

No, I am not providing data

## Submit your response

**In which language are you submitting your response?**

English

**Please confirm how your response should be handled by CDP**

	<b>Public or Non-Public Submission</b>	<b>I am submitting to</b>	<b>Are you ready to submit the additional Supply Chain Questions?</b>
I am submitting my response	Public	Investors Customers	Yes, submit Supply Chain Questions now

**Please confirm below**

I have read and accept the applicable Terms