TCFD INDEX

The Task Force on Climate-related Financial Disclosures (TCFD) has developed a voluntary, consistent, climate-related financial risk disclosure framework for companies to provide information to investors, lenders, insurers and other stakeholders. Our responses below are drawn from our 2021 CDP Climate Change response, which will be published by CDP in December 2021.

TOPIC	DISCLOSURE FOCUS AREA	DISCLOSURE	RESPONSE
GOVERNANCE	Disclose the organization's governance around climate-related risks and opportunities.	a) Describe the board's oversight of climate-related risks and opportunities.	The Board of Directors' Nominating, Governance and Corporate Citizenship Committee assists the Board in fulfilling its oversight responsibilities on corporate governance matters, which includes but is not limited to corporate citizenship and sustainability matters, including climate-related issues, that may have a significant impact on the company. The Chief Operations Officer reports to the Board on sustainability issues, including climate-related matters.
		b) Describe management's role in assessing and managing climate-related risks and opportunities.	Our Chief Executive Officer (CEO) holds the highest responsibility for climate related-risks and opportunities below the Board of Directors level (and serves on the Board as well), and is responsible for monitoring climate-related issues and providing direction to the Chief Operations Officer. The Chief Sustainability Officer (CSO) reports to the Chief Operations Officer and manages climate-related risks across the organization and in our value chain. Our Chief Operations Officer and CSO are also responsible for assessing and managing product innovation as it relates to climate-related issues. These positions also have responsibility for an absolute operational greenhouse gas emissions reduction target and a renewable energy procurement target (as a percentage of absolute operational energy use). These targets are included in their annual performance objectives. Climate-related issues are monitored through many corporate initiatives, including Better Cotton purchasing, management of our Water<Less® product line, monthly policy update meetings, and absolute greenhouse gas (GHG) and energy targets. Our Chief Operations Officer and CSO report to the Board on our progress toward our climate targets.

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GOVERNANCE	Disclose the organization's governance around climate-related risks and opportunities.	b) Describe management's role in assessing and managing climate-related risks and opportunities.	To ensure the company's policy actions are aligned with business strategies, including our climate and energy objectives, there is a monthly leadership meeting on policy, which includes the CEO, Chief Financial Officer (CFO), General Counsel, Chief Counsel, Chief Communications Officer, Chief Operations Officer, CSO and Head of Global Policy and Advocacy. This ensures that even in a dynamic policy environment, executives have an opportunity to confirm the company's policy activities support the corporate strategy, including climate issues. In addition, the Chief Operations Officer and CSO are engaged in multiple meetings with senior leadership and family and institutional investors on a regular basis to discuss approaches and progress toward the LS&Co. Science Based Targets (SBTs). LS&Co. collects facility-level energy use data annually to calculate our Scope 1 and 2 GHG emissions. For our distribution centers, representing about 39% of our Scope 1 and Scope 2 GHG emissions, data is gathered monthly and reported biannually to evaluate climate and energy-related risks at the facility level and track performance against emissions reduction and renewable energy targets. To assess climate-related risks in our supply chain, LS&Co. collects supplier energy use and GHG emissions data through the Sustainable Apparel Coalition (SAC) Higg Facility Environmental Module (FEM) annually. Data from FEM reports informs the calculation of our Scope 3 emissions and our supplier engagement strategy.
STRATEGY	Disclose the actual and potential impacts of climate-related risks and opportunities on the organization's businesses, strategy and financial planning.	a) Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.	**Short-term risk:** In 2020, LS&Co. sourced apparel products in approximately 40 countries, and some of our factories, mills, and laundries are in countries facing high water-related risks, including Bangladesh, Pakistan, Mexico and China. Many of these countries may already be feeling or be expected to feel initial effects of climate change, including water shortage (India, China, Nicaragua), disease (Cambodia), and flooding (Bangladesh). The Intergovernmental Panel on Climate Change listed Bangladesh, the Mekong Delta in Vietnam, and the Nile Delta in Egypt as the world's three hot spots for potential migration because of their combination of sea-level rise and existing

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		b) Describe the impact of climate-related risks and opportunities on the organization's businesses,	We have included suppliers in our science-based target with a goal to reduce absolute Scope 3 emissions from purchased goods and services 40% by 2025 from a 2016 baseline. To meet our objectives to reduce GHG emissions and water use in our supply chain, we signed a $2.3 million cooperation

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STRATEGY	Disclose the actual and potential impacts of climate-related risks and opportunities on the organization's businesses, strategy and financial planning.	strategy, and financial planning.	agreement with the International Finance Corporation (IFC), a member of the World Bank Group. Under this agreement, which follows IFC's Partnership for Cleaner Textiles (PaCT) approach, IFC is working with designated LS&Co. suppliers and mills to reduce GHG emissions by helping suppliers identify and implement appropriate renewable energy and water saving interventions. These initiatives serve as a key component in LS&Co.'s strategy to reduce risks associated with reduced production capacity resulting from increased storm and flood severity by reducing resource demands for engaged suppliers. In our own operations, we have identified energy efficiency measures with a payback period of less than 2.5 years, per LS&Co.'s 2017 study of renewable energy and energy efficiency opportunities. The study looked at LS&Co.'s owned-and-operated plants, retail locations, distribution centers and offices, and included initiatives such as LED lighting rollouts and HVAC upgrades. The low end of the range represents two years' worth of annual savings ($3 million) and the high end of the range assumes these savings are continually realized for a 10-year period ($14 million). This estimated potential financial impact range is based on available climate science, current market trends, and the professional judgment of subject matter experts and is subsequently subject to change. Through tracking global carbon emissions and water, we're able to identify hotspots and prioritize locations for energy and water efficiency, renewable energy investments, and other energy- and water-related initiatives. LS&Co. has also conducted a scenario analysis as part of setting a Science Based Target initiative (SBTi)-approved target to manage our GHG emissions and mitigate climate-related risks. The cost to realize this opportunity is based on capital cost estimates from LS&Co.'s 2017 study of renewable energy and energy efficiency projects with a payback period of less than 2.5 years ($2.7 million). Estimated costs related to implement energy efficiency measures and purchase renewable energy in support of our targets includes estimated costs associated with implementing our climate change strategy,

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		c) Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	Our ongoing practices of supply chain diversification and redundancy support effective risk management and climate resilience in our sourcing and other business strategies. No single country accounted for more than 20% of our sourcing in fiscal year 2020. Consistent with our overall risk mitigation strategy, the costs associated with a resilient supply chain are included in LS&Co.'s financial plans. As a result, there are no additional costs associated with responding to sourcing-related climate risk. Given that approximately 88% of LS&Co. products are cotton-based, LS&Co. purchases cotton on a global scale and ensures redundancy within our supply chain to reduce all risks associated with potential supply chain disruptions, including those caused by weather variability and other climate-related issues. We consider the sustainability of our cotton supply and possible new solutions to address this raw material's impact – from irrigation and runoff to pesticides and farmer education. To further manage this risk in our supply chain, in 2020, LS&Co. partnered with the US Cotton Trust Protocol, and we are actively working to diversify our cotton sourcing. At the end of 2020, 83% of our cotton was sourced from Better Cotton Initiative (BCI) farmers, organic cotton farms, or recycled cotton suppliers and we intend to reach 100% sustainably sourced cotton by 2025, which will

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			further support climate resilience in our sourcing strategy and beyond.
RISK MANAGEMENT	Disclose how the organization identifies, assesses and manages climate-related risks.	a) Describe the organization's processes for identifying and assessing climate-related risks.	LS&Co identifies, assesses and determines climate-related risks with a substantive financial impact through company-wide risk assessments and periodic formal assessments in direct operations and across the supply chain, including materiality assessments, supply chain risk assessments, LCA and annual supplier data collection through the SAC Higg FEM. We evaluate climate-related risks in the short-, medium- and long-term. We consider long-term risks to be those occurring seven to 12 years into the future. GHG emissions and carbon reduction in our direct operations have been identified as material topics for our business. To better understand our carbon impacts and hotspots, we develop an annual GHG inventory for our global operations, and every six months, we develop a GHG inventory for our distribution centers. In 2017, we conducted GHG modeling using three scenarios to evaluate energy and GHG risks through 2025. This analysis informed our approved science-based GHG target to reduce 90% of GHGs in our direct operations, including all owned-and-operated facilities. Our response to these operational risks includes increased investing in onsite renewable energy and energy efficiency upgrades. To identify, assess, and evaluate our upstream climate-related risk exposure, we conduct physical and transition climate risk assessments in our supply chain. In 2019 and 2020, we expanded on our qualitative physical climate risk assessment to include transition risks for key geographic regions. As part of this assessment, we examined the impact of flooding from precipitation events, cyclonic events, heat waves, extreme temperatures, extended drought and water stress in chosen regions. Level of risk was assessed based on likelihood of risk occurrence in combination with the magnitude of potential financial impact. Potential financial impacts were estimated, varied by risk type, and included: (1) increased production costs and cost of goods sold; (2) lost revenue from delays to market or reduced production; (3) increased research and development costs; (4) costs associated with

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RISK MANAGEMENT	Disclose how the organization identifies, assesses and manages climate-related risks.	a) Describe the organization's processes for identifying and assessing climate-related risks.	identifying new suppliers or relocating supplier operations. For most vulnerable regions (Pakistan/India, China and Bangladesh), we prioritized risk response and mitigation actions that included supplier redundancy to ensure active operations despite flooding or severe droughts; investments in sustainably sourced cotton and supporting the Better Cotton Initiative; continuing to identify cotton alternatives and increased investments in R&D and product design; continuing to expand the IFC PaCT to drive investments in water-efficiency / conservation initiatives and technology. The analysis helped to prioritize supplier engagement and management efforts and risk mitigation actions. To identify and assess downstream climate-related risks, we conduct: (1) materiality assessments to understand the importance of climate change issues to our customers, and (2) product LCAs to understand energy and water impacts associated with the consumer use phase to gain better insights into consumer behaviors by market.
		b) Describe the organization's processes for managing climate-related risks.	When identifying and assessing risks at a corporate level, a substantive financial impact to our business is defined as an impact that could affect our business continuity or require a change in our business strategy. The incurred risk and associated substantive impact are reported to senior management within each business group. Senior management determines relative significance based on scope, scale, timing, and potential magnitude of impacts. Substantive risks are then transferred, on an as-needed basis, to appropriate business units, teams or facilities for implementation of mitigation measures.
		c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.	LS&Co identifies, assesses and determines climate-related risks with a substantive financial impact through both company-wide risk assessments and periodic formal assessments in direct operations and across the supply chain, including materiality assessments, supply chain risk assessments, Life Cycle Analysis (LCA) and annual supplier data collection through the Sustainable Apparel Coalition's Higg Facility Environmental Module (FEM).

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METRICS AND TARGETS	Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities.	a) Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.	In 2017, we developed our Climate Action Strategy, outlining science-based emissions reduction goals across our direct operations and global supply chain. We set science-based targets to reduce emissions in our owned-and-operated facilities, shift to renewable electricity in those facilities, and reduce emissions across our supply chain – all by 2025, which is five years earlier than most of our industry. These goals are consistent with limiting temperature rise to 1.5°C compared to pre-industrial levels. We are working to reduce the Scope 1 and 2 emissions in our own operations as well as Scope 3 emissions associated with our supply chain, which make up the biggest part of our footprint. In addition, we are working to reduce our own water use and supporting suppliers in reducing theirs, while also addressing biodiversity and reducing waste, especially single-use plastics, all of which are related to mitigating climate change.
		b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.	Our 2020 Scope 1, 2 and 3 GHG emissions are detailed in the LS&Co. 2020 Sustainability Report – Climate Action.
		c) Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.	We have set – and received SBTi approval for — three science-based climate targets we aim to meet by 2025 from a 2016 baseline: 1. 90% absolute reduction in GHG emissions in all owned-and-operated facilities (Scope 1 + 2) 2. 100% renewable electricity in all owned-and-operated facilities (Scope 1 + 2) 3. 40% absolute reduction in GHG emissions across our global supply chain (Scope 3, Category 1) In 2020 we took a more granular look at our climate target baseline to ensure integrity of the data we track. The previous footprint was based on assumptions reaching as far back as 2012. We have calculated a new baseline based on refined estimates and more recent and localized data that have

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METRICS AND TARGETS	Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities.	c) Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.	improved the quality and specificity of our footprint. The recalculated baseline is 4.7 million metric tons of carbon dioxide equivalent (mtCO_2e), down from 5.2 million mtCO_2e, our previous baseline.