



**AEO** BUILDING  
A BETTER  
**WORLD**™

**PLANET  
PEOPLE  
PRACTICES**

**2022 ESG REPORT**

# CONTENTS

<b>ABOUT THIS REPORT</b>	<b>02</b>	<b>PRACTICES</b>	<b>59</b>
<b>CEO WELCOME</b>	<b>03</b>	Corporate Governance	60
<b>OUR JOURNEY</b>	<b>07</b>	Code of Ethics & Workplace Culture	64
About AEO & Our Brands	08	Purchasing Practices	65
ESG Oversight	16	Data Privacy & Security	66
Material ESG Topics	18	<b>APPENDIX</b>	<b>68</b>
ESG Ratings of AEO	19	Sustainability Accounting Standards Board (SASB) Index	69
<b>PLANET</b>	<b>20</b>	Task Force on Climate-related Financial Disclosures (TCFD) Index	72
Goals	21	Annual GHG Inventory Results	73
Water Leadership	24	GHG Verification Statement	76
Sustainable Raw Materials	27	Material Topics	77
Real Good	28	Memberships & Associations	79
Chemicals Management	31		
Climate: Reducing Energy & Emissions	32		
Climate: Waste Reduction	35		
<b>PEOPLE</b>	<b>36</b>		
Goals	37		
Our Values & Our Culture	39		
Inclusion, Diversity, Equity & Access (IDEA)	44		
Creating Impact: Customer & Community Engagement	49		
Human Rights	53		
Factory Rating System	54		



## ABOUT THIS REPORT

The 2022 Building a Better World ESG Report highlights our strategy, goals and progress made through our People, Planet and Practices initiatives. Our key areas of focus are prioritized by what matters most to our business and our stakeholders, including our customers, associates, vendors, investors and regulators.

Performance reporting utilizes the Greenhouse Gas Protocol Corporate Accounting and Reporting Standard and aligns with two internationally recognized frameworks: the Sustainability Accounting Standards Board (SASB) Apparel, Accessories & Footwear Standard and the Task Force on Climate-related Financial Disclosures (TCFD).\*

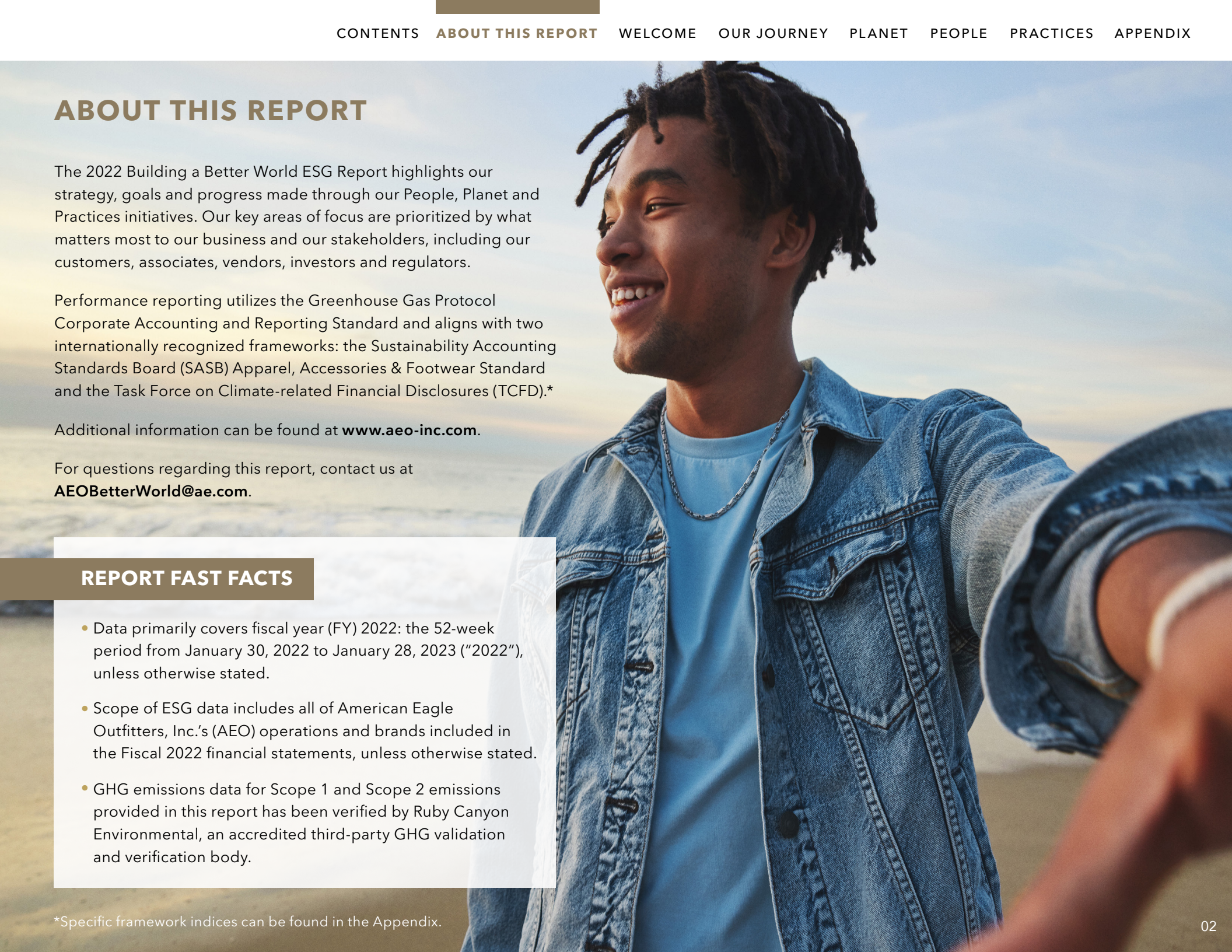
Additional information can be found at [www.aeo-inc.com](http://www.aeo-inc.com).

For questions regarding this report, contact us at [AEOBetterWorld@ae.com](mailto:AEOBetterWorld@ae.com).

### REPORT FAST FACTS

- Data primarily covers fiscal year (FY) 2022: the 52-week period from January 30, 2022 to January 28, 2023 ("2022"), unless otherwise stated.
- Scope of ESG data includes all of American Eagle Outfitters, Inc.'s (AEO) operations and brands included in the Fiscal 2022 financial statements, unless otherwise stated.
- GHG emissions data for Scope 1 and Scope 2 emissions provided in this report has been verified by Ruby Canyon Environmental, an accredited third-party GHG validation and verification body.

\*Specific framework indices can be found in the Appendix.



## CEO WELCOME



**JAY SCHOTTENSTEIN**  
Executive Chairman of the Board &  
Chief Executive Officer

**“As we reflect on the numerous accomplishments over the past year, we continue to challenge ourselves, set new goals and prioritize our journey to build a better world.”**

I am proud to introduce our second annual **“Building a Better World”** report, furthering our commitment to greater transparency on our ESG initiatives. Nearly five decades ago my father, Jerome Schottenstein, laid our foundation as an inclusive and welcoming retailer where associates and customers feel empowered, respected and recognized.

Today, these principles remain the cornerstone of AEO’s culture and guide our portfolio of beloved and enduring brands.

Our strong set of principles is one of the many reasons why AEO is consistently recognized for an authentic and rewarding culture. AEO was recently applauded by *Fortune* for innovation and named as one of the most trustworthy companies by *Newsweek*.

We have accomplished so much in the past year and continue to make substantial progress across the three pillars of our ESG strategy: **Planet** (Environment), **People** (Social) and **Practices** (Governance).

Our 2021 inaugural report was incredibly useful for engaging with associates, investors, external partners and rating agencies.

While we have more work to do, I am pleased by the recognition our efforts have received to date, in particular MSCI’s upgrade of our ESG rating from “BBB” to “A.”

In working to preserve the **planet**, every design decision is being made with sustainability in mind. In 2022, we expanded our environmental targets after exceeding several goals, including reducing our water usage, ahead of schedule.

Our brands are making great strides in expanding products under our Real Good label, which reflects high environmental standards compared to conventional methods and integrates more sustainable raw materials. Today, nearly all AE jeans are made under the Real Good label. We have reduced our water and energy usage, and incorporated more recycled polyester and sustainably sourced cotton into our Aerie and OFFL/NE merchandise.

We care deeply about **people** and keep them at the heart of every decision. In 2022, we introduced Be Well@AEO—a holistic program providing our associates with tools and resources to manage their mental and physical health, financial goals and more.

### KEY AREAS OF FOCUS



**Planet  
(Environment)**

Protect our planet with responsible choices, for future generations



**People  
(Social)**

Empower our people through inclusion, diversity, equity and access while supporting our communities



**Practices  
(Governance)**

Operate our business with integrity and best practices in everything we do



This includes our recently enhanced Paid Parental Leave, new Paid Caregiver Leave to help our people balance a full life outside of work and facilitating more than \$200,000 to help repay associates’ student loan debt.

Our \$5 million commitment to AEO’s Steven A. Davis Scholarship for Social Justice has progressed, with 30 new recipients receiving scholarships for 2022/2023, advancing their access to educational opportunities. To date, we have awarded 45 scholarships to associates who share our passion for creating a more equal and inclusive society. This investment in our associates is more important than ever.

Our charitable giving continues to have a tremendous impact on the communities where we live and work. In 2022, we established the Aerie Real Foundation—formalizing and expanding upon the brand’s decades-long history of philanthropy. With the introduction of signature and community-based grants, the Aerie Real Foundation strives to make the world a more positive place.

This past year, together with our customers, we donated more than \$10 million to local nonprofits that are paving the way for mental health, youth, women’s empowerment and education. Additionally, our associates volunteered more than 14,000 hours with organizations that are important to them.

Operating with effective **practices** and consistently upholding our strong ethical standards remains a key priority. We have established an independent and highly competent board structure to oversee our company’s operations. The Board of Directors primarily focuses on strategy, risk management, corporate social responsibility, corporate governance and compliance. The risk oversight responsibilities of our Board are supported by highly engaged cross-functional teams that maintain our programs related to ethics and compliance, crisis management, data privacy and security, and supply chain management, among others.

As we continue to take action, we remain committed to enhancing transparency and communication around our ESG initiatives. With this report, we are introducing disclosures aligned with the Task Force on Climate-related Financial Disclosures (TCFD) framework. This will complement ongoing disclosure in accordance with the Sustainability Accounting Standards Board (SASB) standards, aligning our report with two industry-leading ESG disclosure frameworks.

Looking ahead, I see no shortage of opportunities for our company. As we reflect on our accomplishments detailed in this report, we are excited for what’s to come in our journey to build a better world. We will continue to challenge ourselves to deliver meaningful progress while furthering our commitment to create a more sustainable and equitable future for our associates, customers, stakeholders and communities.

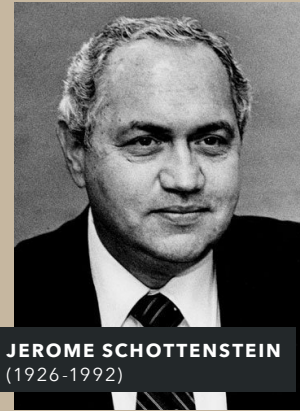
## OUR LEGACY

**True success is defined by the impact we have on our communities and the foundation we build for future generations.**

American Eagle Outfitters was founded in 1977 in Pittsburgh, Pennsylvania, offering casual clothing and sportswear with a focus on the outdoors.

Seeing great potential in an emerging brand, Jerome Schottenstein became an early investor in 1980, eventually purchasing the company outright in 1990 with a strategic vision to fuel continued growth. The company went on to launch its first private-label line for men and women, including the introduction of the iconic American Eagle jeans collection, seeding the powerful brand platform we know today. At the same time, a commitment to social responsibility that would remain central to the company's DNA was cemented. Over the years, AEO's growth has been anchored in being an inclusive, diverse organization dedicated to delivering an exceptional customer experience and quality products at affordable prices.

Today, Jerome's legacy and Jay's leadership continue to be the catalyst for the success of AEO and its portfolio of beloved brands.



**JEROME SCHOTTENSTEIN**  
(1926-1992)

Jerome Schottenstein was the chairman of the Schottenstein Stores Corporation, a privately held retail empire based in Columbus, Ohio. The son of a Lithuanian immigrant, Jerome successfully expanded the family business to overhaul and revive numerous troubled retail ventures. He preferred to be called a merchant and was an influential entrepreneur with a deep commitment to people and community. Jerome had a special affinity for supporting educational opportunities for youth and left a lasting legacy

of positivity and inclusivity at AEO. He quietly supported numerous organizations including, the United Way, NAACP, Yeshiva University, the U.S. Holocaust Museum, Ohio State University and the Columbus Torah Academy, among many others.

**“Since our earliest days, my father had a vision to be a retailer that was accessible and welcoming to all. A place where associates and customers alike felt not just respected, but celebrated. Nearly five decades later, these principles remain central to our values at AEO. We believe in creating great products, caring for our communities and building relationships that last.”**



**JAY SCHOTTENSTEIN**

Executive Chairman of the Board & Chief Executive Officer

## BUILDING A BETTER WORLD: 2022 HIGHLIGHTS

**4 billion**

gallons of water saved through better production practices by jeans factories since 2017.

**71%**

of AE, Aerie and OFFL/NE product collections are **Real Good™**.

**64%**

of total water used in denim laundries was recycled.

★ GOAL SURPASSED

**25%**

of all polyester used in our production came from recycled sources, equivalent to saving **174 million plastic bottles.**

**~3x**

increase of corporate associate population who **identify as Black** since 2018.

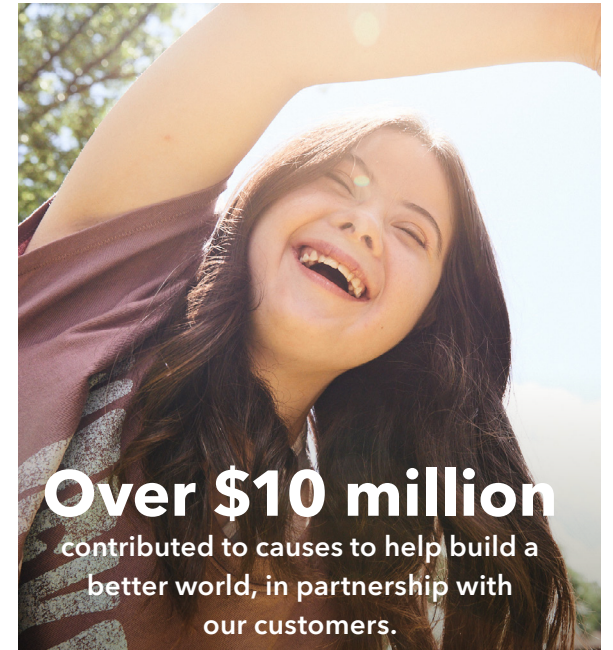


**45 associates**

awarded a scholarship as part of our \$5 million commitment to AEO's Steven A. Davis Scholarship for Social Justice.

**86%**

of the **Board of Directors** are **independent.**



**Over \$10 million**

contributed to causes to help build a better world, in partnership with our customers.

**49%**

of executive leaders **identify as women**



**14,000+ hours**

of volunteer service in local communities by associates.

# OUR JOURNEY

Leading with purpose and growing in a socially responsible and sustainable way are central to our mission.



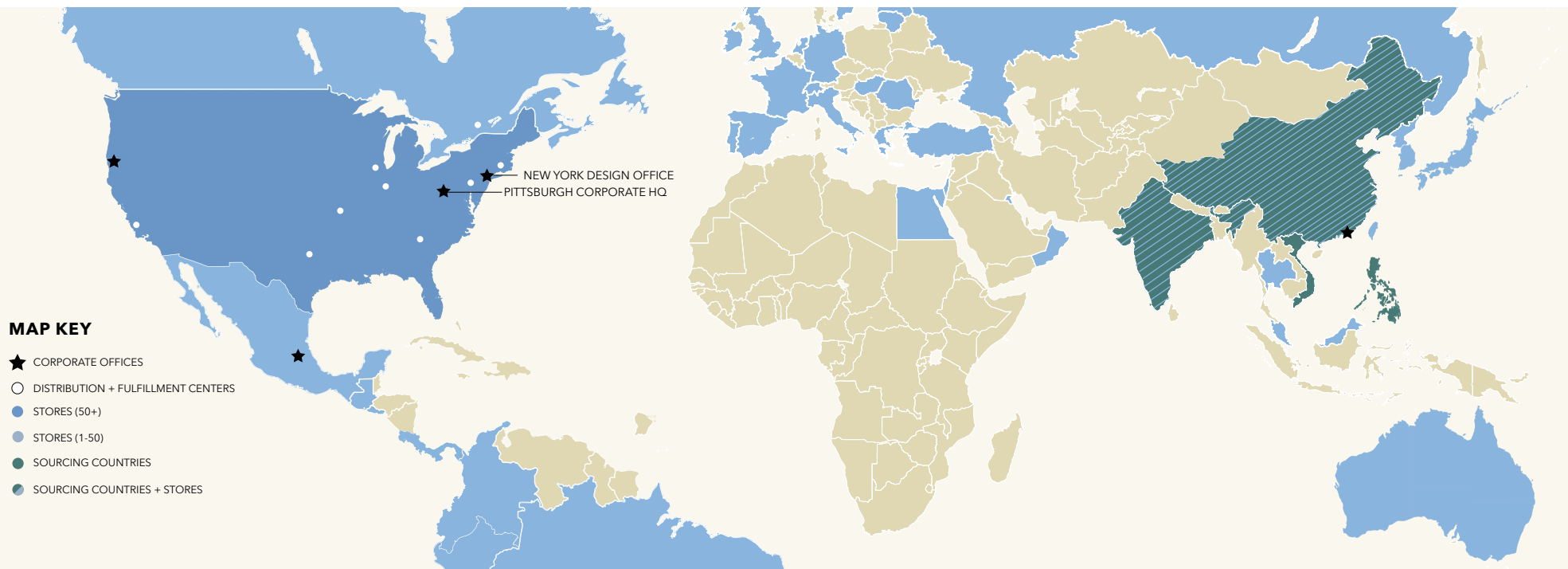
## A COMPANY LED BY PURPOSE

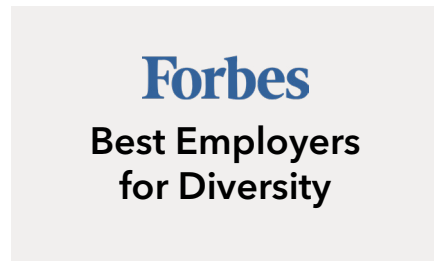
At AEO, we offer a welcoming and engaging customer experience - and we embrace all. Through our portfolio of unique, loved and enduring brands we offer high-quality, on-trend apparel, intimates, activewear, accessories and personal care products for women and men. We are a true omni-channel retailer with a global reach. Our brands are connected under the core tenet of being REAL, optimistic, empowering and a celebration of individual self-expression. That power and authenticity drives us to create a positive impact across every facet of our business, brands and products.

More than 10 years ago, we introduced **AEO Better World**—an initiative grounded in social responsibility and giving back to our communities. Across our brands, we support a number of important causes that are meaningful to our customers and associates. We operate with integrity and a strong set of values, which are ingrained across our business and in how we treat our associates, business partners and customers. Over the years, our focus has expanded to include strong commitments to protect our planet.

AEO AT A GLANCE		
Founded <b>1977</b>		NYSE: <b>AEO</b>
<b>40,000</b> global associates	<b>\$5 billion</b> in revenue	<b>\$1.7 billion</b> in digital sales
<b>1,450</b> global owned & licensed retail stores		<b>80+</b> countries where our brands are sold

After establishing goals to reduce water usage and greenhouse emissions in 2021, we exceeded our water goals two years ahead of schedule and have introduced new goals to strive for further progress. Our sustainable product line, Real Good, continues to grow across brands, driving us to formalize our strategies, set clear and measurable goals, and share our progress through reporting that aligns with the industry's most comprehensive frameworks.





AEO is consistently **recognized as an industry leader** for strong values, innovative solutions and for being an employer of choice.





Our brands are optimistic, **inclusive and diverse**, designed to inspire self-expression and empower customers to **celebrate their own unique personal style**.



# AMERICAN EAGLE

**Rooted in authenticity, powered by positivity and inspired by our community.**

AE is the go-to destination for casual style, embraced by generations of youth since 1977. Our heritage is great American essentials, where modern life meets timeless style through jeans, bottoms, sweaters, fleece and tops, as well as accessories to complete the perfect outfit. Our collections are comfortable with a carefree vibe, exactly how our customers want to be. *Laidback-styles. Had it forever washes. Softer-than-soft fabrics.* In a nutshell, we make clothes that make you feel good and look good.

“The American Eagle brand stands for optimism and individual self-expression. Inspiring good and welcoming all have always been fundamental to our mission and are the guiding principles for how we care for our customers and associates.”

**JAY SCHOTTENSTEIN**

Executive Chairman of the Board & Chief Executive Officer



We support causes that stand for **youth empowerment, voter participation, mental health, education, inclusivity and our planet.**



**96%**  
of all AE jeans

**5 billion**  
gallons of water saved by sourcing cotton with better farming practices through Better Cotton

**2023 REPREVE®** Champion of Sustainability Newcomer Award for **25+ million plastic bottles transformed into new product**



**Power. Positivity. No retouching.**  
**We are #AerieREAL.**

Aerie is more than a brand. It's a movement. Focused on all comfy everything, Aerie offers the softest, most feel good collections of intimates, cozy apparel, swim and activewear. With the #AerieReal movement, we celebrate our community by advocating for body positivity and the empowerment of women.

"Nearly 10 years ago we changed the industry forever with the introduction of #AerieReal, a movement celebrating real women, unretouched beauty and body positivity. Empowering women, building confidence and fostering inclusivity is at the heart of inspiring our community to love their real selves."

**JENNIFER FOYLE**

President, Executive Creative Director - AE & Aerie

We champion **women's health and wellness, empowerment, inclusivity and sustainability.**



**78%**  
of Aerie apparel

**21 million**  
plastic bottles repurposed  
into recycled polyester

**Ranked #15** on *Forbes'* list of **Best Brands for Social Impact**



**OFFLINE**  
by Aerie

**Inspired by Aerie's core values with an added emphasis on wellness.**

OFFL/NE by Aerie is a brand extension of activewear and accessories built for real movement and designed for real comfort. These are pieces that help you *sweat it and forget it* because leggings and sports bras should feel amazing every way that you chill, play or move. Made with sustainable fabrics when we can—we believe good for the planet is good for you.

# TODD SNYDER

NEW YORK

## The Ultimate Menswear Destination.

Todd Snyder is a premium menswear brand informed by heritage, yet updated for today, with an emphasis on versatility and comfort. Collections offer timeless essentials, statement pieces, custom suiting, and iconic accessories that define quintessential American style. From bespoke tailoring to innovative capsule collections—good style can be attainable and even playful. Todd Snyder stores can be found in New York City, Los Angeles, San Francisco, Boston, East Hampton, Greenwich, Manhasset, Chicago, Miami and Washington, D.C., with plans to open several additional metropolitan locations.

“Todd Snyder redefines how modern Americans can present themselves to the world in stylish, unexpected ways. Being stylish today is about more than looking good; it’s about doing what’s right. That’s why we choose to support causes that promote acceptance and equality through direct, meaningful action.”

**TODD SNYDER**  
Executive Vice President - Chief Brand Officer



## IDEA COMMITMENT

- Establishment of the **Todd Snyder IDEA Council** to ensure accurate and equitable creative representation and internal opportunities for growth and development.
- **58% of Todd Snyder associates** identify as persons of color.

**\$10,000**

donation to the  
Sylvia Rivera Law Project

**\$22,000**

donation to  
VISUAL AIDS

**\$25,000**

donation to One Warm Coat  
and in-store coat drive

We champion causes that stand for **inclusivity, equitable access and education.**

Created **THE TODD SNYDER SCHOLARSHIP FUND** at Iowa State University for students majoring in apparel, merchandising and design

*unsubscribed*<sup>®</sup>

## Kind, Conscious and Free-Spirited.

Opting for carefully selected materials and practices that give back to the world, Unsubscribed offers an assortment of pieces designed to **outlive seasons and feel effortless to wear**. We don't subscribe to styles that confine or conform. We subscribe to compassion and caring for the world, making two collections each year that are crafted upon kindness, consciousness and a freedom of spirit. To us, consciously made, slow fashion is a journey—not a destination. We take pride in recycled fabrics, natural fibers, wise choices and lasting designs.

“Unsubscribed is inspired by the world and all its beauty. We celebrate the clothes you love to hold onto. Our collections of timeless pieces are effortlessly chic, embracing responsible design and the spirit of less is more.”

### JENNIFER FOYLE

President, Executive Creative Director - AE & Aerie



Cozy basics like tees, sweatshirts and pullovers are made in Los Angeles to support local workers.



All Unsubscribed swim fabrics feature either dope dyed or recycled nylon to reduce their environmental impact.



# OUR JOURNEY TO BUILD A BETTER WORLD: 20+ YEARS OF PROGRESS

1999

2014

**AEO Foundation** established to support charitable efforts and build better communities



Began **Social Compliance Audits** to assess factory working conditions and ensure safe environments

**Vendor Code of Conduct** established to set expectations for ethical and fair working conditions

**Janice Page** joins Board of Directors as first female member

**First Eagle of the Year** recipient is named for leaving a lasting impact on the company in a given year



Became a **Better Work Partner**, joining hands with the **International Labor Organization (ILO)** and the **International Finance Corporation (IFC)** to improve working conditions and competitiveness in the global apparel and footwear industry

**Lead Independent Director** appointed to support best in class governance structure

**Banned sandblasting in jeans production** to ensure safe and healthy working conditions

**Greenhouse Gas Emissions** goals established

**Whistleblower Policy** published to support strong governance principles

**First AEO Better World Community Day**, with over 1,000 associates volunteering across communities

Founding signatory of the **Bangladesh Accord on Fire and Building Safety**

Established first **Wastewater Management Standard**

**#AerieREAL** campaign launches the body positivity movement

Joined the **Better Cotton Initiative** and the **Sustainable Apparel Coalition**

**AEO Academy** online learning and development portal launches to further associate education

2015

2023

**IDEA Alliance** created to fuel inclusion, diversity and a sense of belonging

**Suja Chandrasekaran** joins Board of Directors as second female member

**Measurable planet goals** established across water and energy reduction, sustainable materials and recycling

Board of Directors expands scope to formally include **ESG oversight**

**Deb Henretta** joins Board of Directors as third female member

**Life@AEO** internal communication app launched to further strengthen transparency and engagement

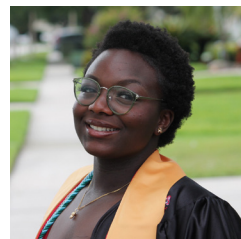
Introduced **Real Good** label for sustainable product collection

Appointed **Chief Inclusion and Diversity Officer**

**Steven Davis** joins Board of Directors as first Black member

**Climate Policy** published to demonstrate our commitment to the planet

**Steven A. Davis Scholarship for Social Justice** launches with a \$5 million commitment to advance educational opportunities for associates



Signed **International Accord for Health and Safety** in the Textile and Garment Industry

**ESG Steering Committee** formalized

Annual charitable giving surpassed **\$15 million**

**Human Rights Policy** published

**Aerie Real Foundation** established to expand on Aerie's history of supporting causes that promote women's **empowerment, inclusivity and sustainability**



Deb Henretta completes the **Competent Boards Global ESG Certificate and Designation Program**

Joined the **U.S. Cotton Trust Protocol**

AEO signs **International Accord** expanding our commitment to safer & healthier working conditions



As we focus on growing our brands and generating shareholder returns, our corporate strategy and culture are rooted in ESG initiatives.

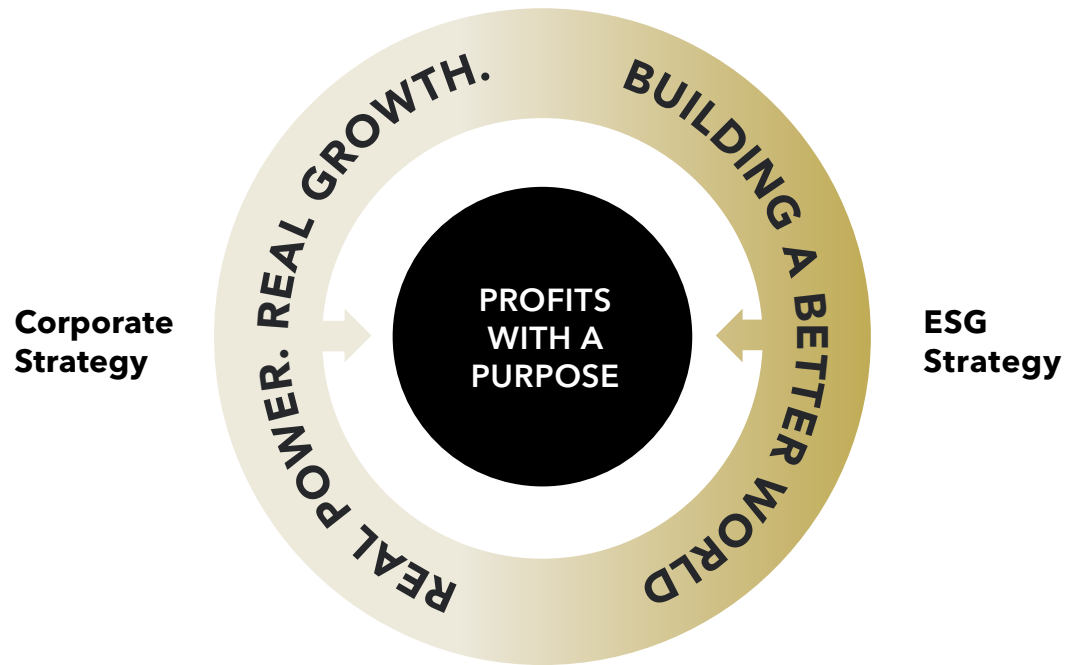
“Building a Better World” guides us to improve our performance through environmental initiatives to protect our planet; social responsibility efforts to improve the lives of people; and governance practices to operate ethically and with integrity. We are committed to greater transparency, communication and standardized reporting of our progress.

**NOMINATING, GOVERNANCE AND CORPORATE SOCIAL RESPONSIBILITY COMMITTEE**

The work articulated in this ESG report represents a longstanding commitment and important focus to AEO. Our Committee is structured to work cross-functionally with management, bringing together critical expertise to collaboratively ensure our goals and objectives are thoughtfully developed and communicated. We strive to incorporate best practices and achieve meaningful results.

**ESG OVERSIGHT GOALS**

- 1 Ongoing prioritization of ESG initiatives and considerations across company strategy
- 2 Continued transparency and alignment with the most relevant and comprehensive reporting standards



BRANDS • OPERATIONS • PEOPLE • PLANET • PRACTICES

## ESG OVERSIGHT & COLLABORATION: Setting Best Practices

Over the past several years we have formalized our ESG program with increased oversight and collaboration across the organization.

As a company built on inclusivity, we know that our real opportunity to build a better world is by collaborating together to make a difference. We work as a cross-functional team across multiple levels of the organization to encourage diverse input and multiple points of view on our Planet, People, Practices initiatives. We have an established Board and Committee oversight of these initiatives, as well as an internal management-led ESG Steering Committee.



### MULTI-LEVEL FOCUS

Board of Directors

Executive Leadership Team

ESG Steering Committee

ESG Working Groups

Three Board committees provide oversight of ESG activities and measurement, each reporting quarterly to the full Board.

#### **Nominating, Governance and Corporate Social Responsibility Committee**

Reviews Environmental Impact, Culture/IDEA, Human Rights, Charitable Giving, Board Structure and Governance Issues and Public Policy

#### **Audit Committee**

Monitors Privacy and Data Security, Anti-Corruption and Bribery, Business Ethics and Integrity, Responsible Innovation, ESG Measurement, Controls and Reporting

#### **Compensation Committee**

Oversight of Human Capital Management Disclosures, Executive Compensation and Employee Wellbeing

# MATERIAL ESG TOPICS



Our ESG strategy is centered on driving progress across the topics that are most important to our associates, customers, partners and shareholders.

Our material ESG topics guide our commitment to building a better world. A comprehensive materiality assessment and subsequent refresh was conducted in 2022, which included executive interviews, an associate survey, analysis of customer and industry data, as well as feedback from the majority of our shareholders. We continue to identify areas of importance within our ESG topics and ongoing engagement with key investors remains a priority as we drive our initiatives forward.



## PLANET

### Climate

- Climate action
- Energy & emissions
- Biodiversity

### Circularity

- Circular economy
- Packaging
- Waste reduction

### Resource Management

- Sustainable materials
- Water stewardship
- Chemicals management



## PEOPLE

### Human Rights in the Supply Chain

- Forced labor
- Labor conditions
- Gender equity
- Biodiversity

### Human Capital Management

- Inclusion & diversity
- Health, safety & wellbeing
- Fair wages
- Employee engagement, development & recognition

### Community Impact

- Community engagement
- Charitable giving
- Women's empowerment

### Consumer Trust

- Product quality & safety
- Consumption behavior
- Body confidence



## PRACTICES

### Board Governance

- Board structure & effectiveness
- Meaningful oversight of strategy, risk management & ESG
- Continuing education

### Responsible Business

- Ethical and transparent business practices
- Privacy & data security
- Crisis & risk management
- Policies & code of conduct

### Supply Chain Management

- Logistics
- Responsible buying
- Traceability
- Transparency

## ESG RATINGS OF AEO

As the ESG landscape continues to evolve, we remain committed to improving transparency around our strategy and initiatives. We will continue to provide comprehensive and relevant data and disclosures to help our investors and external stakeholders track our actions and progress toward our goals.



RATING/ASSESSMENT PROVIDER	SCALE	INITIAL RATING AS OF 2021	CURRENT RATING	CHANGE
CDP <sup>1</sup>	Alpha (A to F)	<b>B</b>	<b>B</b>	<b>MAINTAINED</b>
ISS	Alpha (A+ to D; A+ = Best) Numeric (1-10; 1 = Lowest Risk)	<b>C/3</b>	<b>C/3</b>	<b>MAINTAINED</b>
MSCI	Alpha (AAA-CCC)	<b>BBB</b>	<b>A</b>	<b>★ IMPROVED</b>
S&P CSA <sup>2</sup>	Numeric (0-100, 100 = Best)	<b>10/Top Third in Retail Sector</b>	<b>21/Top Third in Retail Sector</b>	<b>★ IMPROVED</b>
Sustainalytics <sup>3</sup>	Numeric (1-40+, 1 = Best)	<b>13.3/Low-Risk</b>	<b>13.2/Low-Risk</b>	<b>★ IMPROVED</b>

<sup>1</sup> In 2021, AEO received a rating of BBB (on a scale of AAA-CCC) in the MSCI ESG Ratings assessment. In 2022, AEO received a rating of A (on a scale of AAA-CCC) in the MSCI ESG Ratings assessment.

<sup>2</sup> AEO scored 10 (out of 100) in the 2021 S&P Global Corporate Sustainability Assessment (CSA Score as of 12/16/2021). AEO scored 21 (out of 100) in the 2022 S&P Global Corporate Sustainability Assessment (CSA Score as of 12/09/2022). As of 09/14/2023, our company performed in the top third in the Retailing Sector in the 2021 and 2022 S&P Global Corporate Sustainability Assessment.



<sup>3</sup> In May 2021, AEO received an ESG Risk Rating of 13.3 and was assessed by Morningstar Sustainalytics to be at low risk of experiencing material financial impacts from ESG factors. In May 2022, AEO received an ESG Risk Rating of 13.2 and was assessed by Morningstar Sustainalytics to be at low risk of experiencing material financial impacts from ESG factors. In no event such rating shall be construed as investment advice or expert opinion as defined by the applicable legislation.

# PLANET



Protecting our planet means taking bold actions within our operations and using our influence to help drive meaningful change across our industry.



## BUILDING A BETTER PLANET - GOALS

FOCUS AREA	GOAL	ESTABLISHED	STATUS	PROGRESS + ACHIEVEMENTS
 <b>WATER</b>	Reduce water use per jean by 30% by 2023 from a 2017 baseline year	2019	★★ <b>EXCEEDED</b>	Reduced water usage per jean by 36% in 2021, meeting goal two years early
	Reduce water use per jean by 50% by 2025 from a 2017 baseline year	2022	<b>NEW</b>	Reduced water usage by 38% in 2022. Target increased, after meeting our initial goal
	Recycle 50% of total water used in denim laundries by 2023	2019	★★ <b>EXCEEDED</b>	Reached an overall recycling rate of 64% in 2022, exceeding goal one year early
	Recycle 70% of total water used in denim laundries by 2025	2022	<b>NEW</b>	Target increased, after meeting our initial goal
	Apply AEO Wastewater Management Standard to 100% of strategic water-intensive factories, mills and laundries by 2023	2019	★ <b>ACHIEVED</b>	As of 2021, 100% of strategic water-intensive factories conduct wastewater testing annually
	Reduce water footprint by 30% by 2028 across own operations and strategic factories and mills for all product types	2022	<b>NEW</b>	Initial work underway
 <b>CLIMATE</b>	AEO commits to securing renewable energy for 100% of electrical power demand for owned and operated facilities by 2030	2019	<b>ON TRACK</b>	AEO reached 23% renewable energy in 2022
	Reduce scope 1 & 2 emissions 80% by 2030 from a 2018 base year	2019	<b>ON TRACK</b>	Emissions decreased 31% from our baseline in 2022
	Reduce carbon emissions 40% by 2030 and 60% by 2040 in AEO's manufacturing from a 2018 base year	2019	<b>ON TRACK</b>	Emissions decreased 2% from 2021
	Committed to net-zero emissions by 2050	2022	<b>NEW</b>	Initial work underway
	Phase out coal-fired boilers in our supply chain by 2030; no new factories with coal-fired boilers after 2025	2022	<b>NEW</b>	Initial work underway

## BUILDING A BETTER PLANET - GOALS

FOCUS AREA	GOAL	ESTABLISHED	STATUS	PROGRESS + ACHIEVEMENTS
 <p><b>WASTE REDUCTION</b></p>	Collect post-consumer apparel, diverting waste from landfills with a goal to increase volume every year	2019	<b>ON TRACK</b>	Initial work underway
	Convert all labels to sustainably sourced materials	2019	<b>★ ACHIEVED</b>	All hangtags and product labels are sustainably sourced and will continue to be
	Recycle 100% of pre-consumer apparel waste at factories by 2028	2022	<b>NEW</b>	Initial work underway
	Keep unsellable garments (returns and QA issues, product safety issues) from landfills by 2028	2022	<b>NEW</b>	Initial work underway
	Reduce virgin plastic by 50% and reduce total plastic footprint by 30% by 2028	2022	<b>NEW</b>	Initial work underway
 <p><b>SUSTAINABLE MATERIALS</b></p>	Use sustainable sources for 75% of all fibers by 2028	2022	<b>NEW</b>	Initial work underway
	<ul style="list-style-type: none"> <li>• 100% of cotton fiber</li> </ul>	2019	<b>ON TRACK</b>	62% of cotton was sustainably sourced
	<ul style="list-style-type: none"> <li>• 100% of man-made cellulose fibers</li> </ul>	2019	<b>ON TRACK</b>	90% of cellulose was sustainably sourced
	<ul style="list-style-type: none"> <li>• 20% of all-natural fiber volume will come from recycled materials</li> </ul>	2022	<b>NEW</b>	Initial work underway
	<ul style="list-style-type: none"> <li>• 50% of nylon fiber</li> </ul>	2022	<b>NEW</b>	25% of nylon was sustainably sourced
	<ul style="list-style-type: none"> <li>• 100% of polyester fiber</li> </ul>	2022	<b>NEW</b>	Goal was set at 50% in 2019 and updated in 2022; 25% of polyester was sustainably sourced

## BUILDING A BETTER PLANET

In 2013, we introduced our first set of targets to reduce greenhouse gas emissions within company owned operations, setting AEO on a path to build a more sustainable business. Since then, we've made important progress on the goals we set for ourselves. In return, we have expanded the scope to include indirect emissions from the inputs and manufacturing of our products, as well as water stewardship.

We're proud of the progress we've made; however, we recognize that there is more work to do on our sustainability journey. We're confident that we will continue to make strong progress toward our goals, working with our suppliers, customers and partners to lessen the environmental footprint of our industry.



For more than a decade, Michelle Tarry has led sustainability efforts at AEO, creating positive action. She spearheaded the development of AEO's corporate sustainability goals focused on water, energy and waste reduction and the use of more sustainable raw materials. **Michelle has been instrumental to the progress we are making to meet and exceed a number of our planet goals. Her industry partnerships and thought leadership are also making a positive impact across the retail industry.** She and her team oversee the relationships with AEO's factory partners, ensuring

they meet all requirements for working standards and safety, while moving practices forward to promote women's equity and give workers a voice.

Michelle serves as a board member of the U.S. Cotton Board and participates in a number of industry initiatives including the Sustainable Apparel Coalition, Textile Exchange, Better Cotton, Better Work, United Nations Convention on Climate Change, RE100, Science Based Targets Initiative, and International Accord for Health and Safety in the Textile and Garment Industry. In 2022, Michelle was elected as the U.S. Buyer Representative for the Better Work Advisory Council.

**"It's been incredibly gratifying that AEO prioritizes meaningful change across the industry and is passionate about building a better planet. I love that our products make you feel good, and that we are furthering the ways in which our production has the least amount of impact on the environment. I'm proud of the team and our ongoing efforts to develop practices that are positively influencing the people and communities where our products are made."**

**MICHELLE TARRY**

Vice President - Responsible Sourcing & Sustainability



## CONTINUING OUR WATER LEADERSHIP

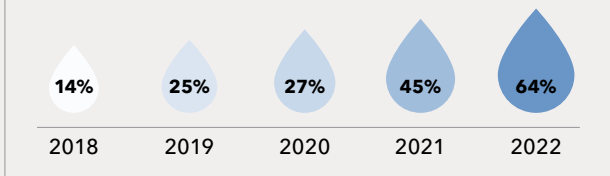
In 2022, we surpassed several of our initial water reduction and recycling goals, allowing us to set more ambitious targets.

Water is a precious global resource and we are on a continuous journey to reduce the amount of water used to create our products. The manufacturing of jeans is a water-intensive process and we are committed to improving efficiency and ensuring our factory partners are equally as dedicated to water conservation.

### 2022 PROGRESS

- Reduced freshwater intensity by 38% since 2017.
- Recycled **64% of water in denim laundries in 2022, exceeding our goal of 50% recycled water by 2023.**

#### 5-YEAR WATER RECYCLING RATE PROGRESS



- **100% of eligible jean laundries** now recycle water back into production.
- **4 billion gallons of water saved** by jeans factories in total since 2017.
- **13 gallons of water reduced per AE jean**, on average compared to 2017.
- **9 million gallons of water** recycled at laundries in 2022.



### WATER LEADERSHIP PROGRAM

AEO has made strong commitments to reduce the amount of water used to make our jeans, and we have worked tirelessly over the past years to implement new practices together with our suppliers. Key to this has been our Water Leadership Program (WLP), which focuses on water reduction management, proper wastewater and chemical management and water recycling.

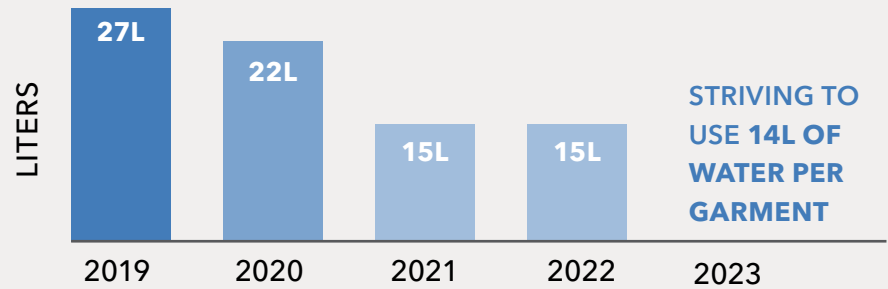
This unique approach goes beyond our own company into the supply chain to effect change. While we set a long-term goal in line with our corporate sustainability goal, we also set clear, incremental targets for our suppliers for each year of the program. Our intention was to improve water use across our suppliers and change the industry, one step at a time.

Our WLP is the basis for our Real Good qualifications for jeans and woven bottoms. All jeans and garment-dyed woven bottoms made in factories and mills that meet our standards, and that are made using a majority of preferred fibers, qualify as Real Good.

## FACTORY SPOTLIGHT: WORLD EASY

The Water Leadership Program is driving real impact in AEO’s supplier base. Since the launch of the WLP in 2017, AEO has worked with the World Easy factory in China. With a clear roadmap and protocol to follow, World Easy identified areas to focus on and an investment plan was developed to elevate factory practices to reach WLP requirements. The factory has invested \$1.5 million to upgrade their wastewater treatment system, convert to a natural gas boiler, modernize laundry machinery, and incorporate green chemistry. World Easy is now aligned with the highest requirements of WLP.

WATER USED PER ONE PAIR OF AE JEANS BY WORLD EASY



## EXPANDING COMMUNITY WATER ACCESS



The Production and Sourcing team began an annual campaign with The Water Project in 2017 to bring water to those in need. Since then, we have funded a total of **17 separate projects** in Sub-Saharan Africa. With the funds raised, we have sponsored well-drilling and rainwater catchment systems that provide clean drinking water to communities in need, greatly improving the lives of many women and children.

The 2022 campaign **raised over \$58,000** which will be used to construct wells to provide drinking water to 20 villages in rural Pakistan.

“What began as a small idea to support those in need of clean drinking water has become an annual giving campaign for AEO associates and for our vendor partners. It has been an eye-opening experience to understand the difficulties some communities have accessing water and to realize the profound, life-changing impact we make together with every project we sponsor.”

**SINDI RUSIECKI**

Vice President - Production, American Eagle

# OUR JEANS STORY

Jeans are a staple in closets across the world, but do you know what it takes to create the pair of jeans? From fields of cotton to mills and laundries, all of our jeans are made with incredible care.



## RAW MATERIALS

Cotton, the material that becomes denim, has countless benefits in a pair of jeans. Not only does cotton make them breathable and durable, it helps to create the iconic look we love. **Our jeans start with sustainably sourced cotton or recycled cotton from jean scraps, saving water from the start.**



## MILLS

Once cotton is sourced for a pair of jeans, it's sent to mills to make yarns, and then fabrics for dyeing and processing. AEO ensures that **cotton for our jeans is dyed using less water-intensive and lower-carbon methods.**



## WASH

Our washing team continues to engage in collaborative efforts with our factory and supply chain partners to modernize their machinery and digitize their operations to help reduce processing time and enhance efficiencies. **We use smart foam for desizing, bleaching, softening and other washing processes, which can save more than 80% of water consumption.**



## LAUNDRIES

Before jeans can be sold, they must be laundered—this process is similar to at-home washing, but on a much larger scale. **From 2017 to 2022, freshwater intensity decreased by 44% at our denim laundries, and 100% of eligible laundries are recycling water back into production.**



## TRIMS

Trims are some of the most important parts of our jeans. Without them we wouldn't be able to button or zip up our pants. Our jeans are fitted with trims made from recycled fabric, thread, poly and low-impact hardware.



## END OF LIFE

Long after we've created our jeans, they reach the end of their wearable lives. Since we first partnered with Cotton's Blue Jeans Go Green, **nearly 600,000 pairs of well-loved jeans have been recycled into new pairs.**



## THE JEANS REDESIGN

### Ellen MacArthur Foundation Jeans Redesign Project

Since launching AE x The Jeans Redesign Collection in 2021, we've created **100,000 pairs of jeans with 94% organic cotton, 6% recycled cotton**, limited and easily removable trim and specialized washes and treatments. This collection was designed using some of the industry's most progressive guidelines based on the principles of a circular economy, created by the **Ellen MacArthur Foundation** and over 80 industry experts. The collection places a strong emphasis on **durability, recyclability, material health and traceability.**

# INCREASING SUSTAINABLE RAW MATERIALS

We are working to increase the use of sustainable raw materials in our products while striving to eliminate materials sourced from endangered forests. Cotton, polyester, nylon and man-made cellulosic fibers (MMCFs) make up 89% by weight of the materials used in our products, with cotton alone representing 61% of our total materials usage. To guide our process, we reference the Textile Exchange Preferred Fiber and Material Matrix when determining our preferred fibers and criteria to meet the requirements for our Real Good designation.



## RECYCLED SYNTHETICS

Recycled options replace the use of conventional fibers like nylon and polyester. AEO's goal is to increase the use of recycled content in our assortment to prevent valuable materials from entering landfill.

AEO uses the following programs for recycled synthetic fibers:



Unifi's REPREEVE fiber is made using recycled bottles. A tracer is added to the fiber to allow for testing and verification.

For American Eagle's use of REPREEVE fibers in 2022 (25+ million plastic bottles), Unifi awarded the company with the Champions of Sustainability Newcomer Award.



The Recycled Claim Standard (RCS) is an international standard, which sets requirements to track recycled raw materials through the supply chain by using a chain of custody requirements of the Content Claim Standard (CCS).

The Global Recycle Standard (GRS) is an international, voluntary, full product standard that sets requirements for third-party certification of recycled content, chain of custody, social and environmental practices and chemical restrictions.



We work with the First Mile initiative to use recycled polyester made from responsibly collected bottles from Taiwan. This program supports income generation for people around the world and keeps plastic waste out of landfills and oceans. Verification for First Mile's supply chain is done through the GRS process. Through this initiative, Aerie recycled 8.8 million plastic bottles into products in 2022.

# EXPANDING REAL GOOD



The “**Real Good**” badge was developed in 2020 to identify AE and Aerie products made with less environmental impact than conventional methods. AEO has developed the Real Good program as a label that covers a broad range of sustainability efforts used in the production of fibers, fabrics and finished goods.

To qualify as **Real Good**, a product must be made with majority sustainable fibers. We reference the **Textile Exchange’s Preferred Fiber Materials & Materials Matrix (PFMM)**. Additionally, American Eagle’s Real Good jeans are manufactured in factories and fabric mills that meet our expectations for AEO’s Water Leadership Program (more information on page 25).

We aim to continually raise the bar for garments labeled with our Real Good tag. From regular evaluation of our materials to supply chain improvements, our commitment to sustainable materials is driving real results for the planet. We are also proud of the increased number of Real Good products across our brands and collections.

## HOW REAL GOOD SHOWS UP IN OUR PRODUCTS



### Aerie Real Chill Bra

Launched in spring 2022, the Aerie Real Chill bra was the first Real Good cotton bra. It features recycled components like hook-and-eye closure and elastic straps made from recycled materials. The purchase of this bra also supports the Better Cotton Initiative, which promotes more sustainable cotton farming practices.



### OFFL/NE Hugger Fabrication

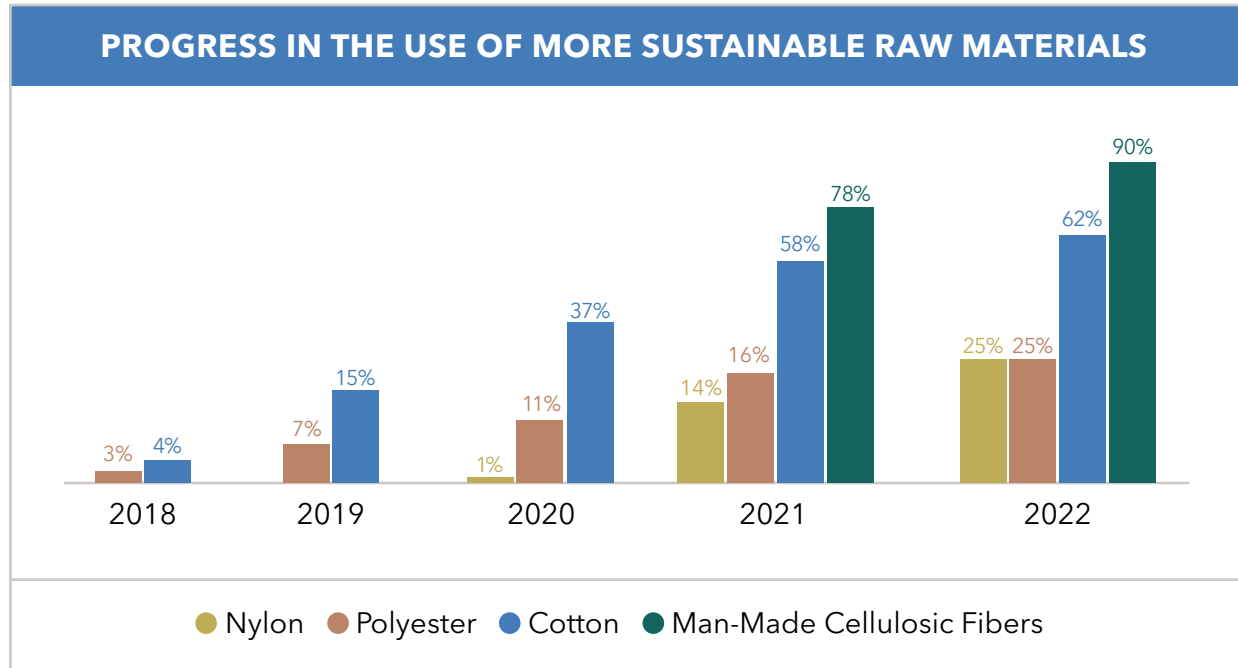
Relaunched in 2022, OFFL/NE’s hugger collection now meets Real Good standards. We use polyester active fabric, made with First Mile’s recycled yarns.



### AE Heritage Fleece

Introduced in 2022, AE’s Heritage Fleece is an improved, heavier-weight fabric used across women’s tops and bottoms. Heritage Fleece products are created using Better Cotton sourced cotton, providing a super-soft handfeel and a brushed back for extra coziness.

# BREAKDOWN BY MATERIAL



## Man-made cellulosics



The world’s Ancient and Endangered Forests are irreplaceable. We work with the CanopyStyle initiative to eliminate the use of these fiber sources from our clothing - expanding our innovative solutions for viscose and rayon.

The CanopyStyle initiative’s Green Shirt ratings serve as an assessment tool for the fashion industry’s man-made cellulosic fiber sourcing practices. The key criteria emphasizes traceability and transparency specifically on forest impacts,



including the commitment to eliminate the use of Ancient and Endangered Forests in viscose and other cellulosic fabrics. The criteria additionally focus on innovation of new alternative fibers to reduce impacts of chemical use and improve wastewater requirements.

## Closed Loop MMCF

Closed-loop MMCF production refers to a manufacturing process for cellulosic fibers, such as rayon, viscose, modal, or lyocell, where the chemicals used in the production are captured, recycled and reused. This approach aims to minimize the environmental impact of producing these fibers by reducing the consumption of chemicals and water, as well as mitigating pollution.

The closed-loop approach aligns with AEO Real Good criteria by promoting resource efficiency, reducing chemical pollution, and minimizing the overall environmental footprint of the fiber manufacturing process.

AEO’s Real Good Program aligns with the Canopy-Style initiative by including MMCF which are both traceable and from a Closed-looped Green Shirt rated man-made cellulosic fibers, offering customers more sustainable choices in their fashion options.

## Polyester

In 2022, 25% of all polyester used in our production was recycled. This is the equivalent to saving 174 million plastic bottles.

## Animal Welfare

At AEO, we respect the lives of animals. See our [Animal Welfare Policy](#) to learn more.

# BREAKDOWN BY MATERIAL

## Cotton



Since 2014, we've partnered with **Better Cotton** to support more sustainable cotton farming practices, working toward a more climate-resistant and responsible industry. Through its implementing partners, Better Cotton trains farmers to use holistic approaches, which promote better growing processes through careful use of water, chemical fertilizers and pesticides. Better Cotton relies on a mass balance system, which means that Better Cotton and conventional cotton may be combined during the supply chain after the cotton is sent to a yarn spinner. As such, Better Cotton cannot be physically traced to end products; however, Better Cotton Farmers benefit from the demand for Better Cotton in equivalent volumes to those they "source".

- We set a goal for 100% sustainable cotton by 2023 and in 2022, **increased our total to 62% of total cotton, up from 15% in 2019.**
- This means, in 2022, an estimated **5.5 billion gallons of water were saved and an estimated 29,333 lbs of pesticides were avoided** thanks to our sourcing of Better Cotton.



## Recycled Cotton

Recycled cotton is the repurposing of post-industrial or post-consumer cotton waste, such as discarded garments or fabric scraps, into new textile products, helping to promote circularity in the fashion industry and conserve resources.

Recycled cotton undergoes a series of sorting, cleaning and processing steps to remove impurities and transform it into usable fiber. For recycled products to be labeled as Real Good, manufacturers must be compliant with the third-party programs GRS or RCS.

## Organic Cotton

Organic cotton restricts the use of synthetic chemicals and genetically modified seeds while promoting natural ways to control pesticides. For an organic product to be labeled as Real Good, manufacturers must be compliant with the third-party programs: The Organic Content Standard (OCS) or the Global Organic Textile Standard (GOTS).

OCS audits each step of the supply chain from farm to final product to verify the presence and amount of organic material. GOTS was developed by leading standard setters to define world-wide recognized requirements for organic textiles to provide a credible assurance to consumers.



**The U.S. Cotton Trust Protocol** (Trust Protocol) is a sustainability program for U.S. cotton that provides a data-driven and verified approach to measuring sustainability performance in addition to article-level supply chain transparency. It aims to improve the environmental, social and economic sustainability of U.S. cotton production.

AEO signed on as a member of the Trust Protocol in 2022, and we are excited to begin to scale this program across our cotton products.

## OUR APPROACH TO CHEMICAL MANAGEMENT

AEO is committed to reducing the use and impact of harmful substances in our global supply chain. We maintain a Product Restricted Substance List (RSL), which is a dynamic document that is updated semi-annually informed by changes in global legislation and corporate requirements. Our Corporate Vendor Manual requires suppliers to comply with, and abide by, our RSL, and we validate compliance with regular audits. We work closely with a third-party accredited lab for expert regulatory advice and updates. We also monitor high-risk chemicals of concern in the industry with a third-party accredited lab, industry groups such as AAFA, AFIRM Group and RILA, and monitor Prop 65 notices in California.

**In early 2022, we made the decision to ban the use of Poly- and Perfluorinated Alkyl Substances (PFAS), a chemical that creates a waterproof coating on apparel, in our products.** PFAS was added to our RSL as a “prohibited” substance, and we have committed that there is no PFAS intentionally added to any AEO products.

We reference the Zero Discharge of Hazardous Chemicals (ZDHC) Manufacturing Restricted Substance List (MRSL) to guide manufacturers on acceptable chemicals. In 2022, AEO denim laundries and denim fabric mills used at least 90% and 70%, respectively, of their chemical formulations with MRSL compliance certificates in the production process. We plan to keep increasing the certificate rate of chemicals used by our suppliers in the future.





## CLIMATE: REDUCING ENERGY & EMISSIONS

Energy efficiency and renewable energy are central components in AEO’s journey to reduce our greenhouse gas (GHG) emissions and reach our climate goals. We have followed the GHG Protocol and Reporting Standard for calculating our emissions and the Science Based Target Initiative guidelines for setting targets. AEO is working to reduce Scope 1 and 2 greenhouse gas emissions by 80% by 2030, and reduce scope 3 GHG emissions from purchased goods, services and capital goods by 40% by 2030 and 60% by 2040.

As we make progress toward our ambitious goals, we are setting our sights on net-zero emissions no later than 2050. To help us get there, we are proud to share that we have joined the RE100 initiative and set a goal to source 100% of our electricity from renewable sources for our owned and operated facilities.

**TCFD** | TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

AEO understands that climate risks are impacting our business, and that our operations have an impact on the environment. **The TCFD framework helps our stakeholders understand these risks and ensure we are mitigating as best we can.** You can find our TCFD index located in the Appendix of the report.

**CDP**  
DISCLOSURE INSIGHT ACTION

In 2022, **AEO received a B score from CDP** in the climate category. Companies are scored on an A to F scale across environmental topics and risks, and ways companies are taking actions and implementing policies and strategies to address these issues.



# OUR EMISSIONS REDUCTION PROGRESS

## SCOPE 1 & 2

- It's going to take continued, hard work to reach our Scope 1 and 2 emissions goals. On our journey to 100% renewable energy in our operations, we continue to source renewable energy for our offices, distribution centers and stores in Pennsylvania, Ohio, New York, Texas, Connecticut, Illinois, Massachusetts, Maryland and New Jersey, covering 23% of our operation in 2022. This is down from 25% in 2021, driven by store growth and the addition of Quiet Platforms, a new fulfillment and logistics subsidiary of national delivery services. We are focused on driving continued further improvement in our emissions outputs in the coming years.
- In 2022, we saw a 10% decrease in the average energy intensity per square footage across our facility types.

Additionally, in 2022 we completed upgrades to our Energy Management System (EMS) in 258 stores to ensure lights and heating and cooling systems are off when stores are empty. The Ottawa distribution center and all new retail stores have transitioned to LED lighting, which now covers 99% of total lighting used in stores, helping to minimize energy.

### What's next for 2023

There's still more to do to reach our GHG targets and in 2023, we're continuing our conversion to green energy suppliers where feasible. We're also exploring investments into Virtual Purchasing Power Agreements and engaging with mall landlords and shipping companies about opportunities for improvement across our stores and logistics.

## SCOPE 3

We recognize that indirect emissions, Scope 3, represent a majority of our GHG footprint. Of these, we elected to focus on our manufacturing supply chain, Category 1—Purchased Goods and Services (PG&S) and Category 2—Capital Goods (which make up 85% of our scope 3 emissions) for our SBTi verified goal. PG&S includes emissions from the production of raw materials, manufacturing of our product, and corporate spend on goods and services.

Overall, PG&S emissions did increase; however, this was led by an increase in capital investments and not product or manufacturing emissions.

- Product manufacturing emissions decreased 9,000 MTCO<sub>2</sub>e (0.8%) in 2022.
- Overall material emissions decreased 3% due to the increase in adoption of sustainable materials (recycled polyester and recycled nylon).

While we do not have direct control over our vendors and service providers, we recognize the importance of reducing our impact and will continue to look for ways to work with our supply chain.

While not part of our SBTi goal, we continue to measure and carefully review emissions from Category 4—Upstream Transportation (from factory to distribution center) and Distribution, and Category 9—Downstream Transportation and Distribution (from distribution center to retail or customer).

- Due to the acquisition of Quiet Platforms, we saw a reduction in miles driven from distribution centers to final destinations, which helped reduce downstream transportation 6%.
- Overall in 2022, we saw a 60% decline in transportation emissions, well below baseline levels.
- Upstream transportation emissions decreased 61% due to 1) the decrease in air travel from vendor to transloader, and 2) a decrease in average distance from vendor to transloader due to the addition of U.S.-based transloader facilities.

## CLIMATE: PARTNERSHIPS & PROGRAMS

### AEO Carbon Leadership Program

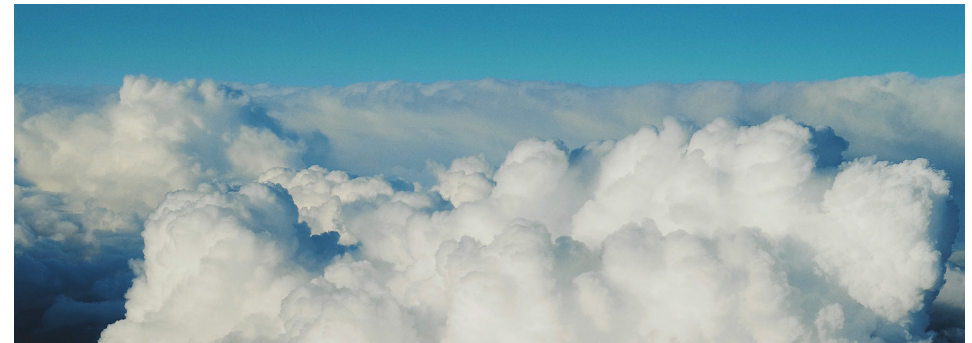
In 2021, AEO launched our **Carbon Leadership Program (CLP)** for strategic factories that represent approximately 80% of our procurement volume to encourage suppliers to develop their own GHG inventory, commit to reduction targets, and develop long-term climate-mitigation plans. Strategic suppliers are required to develop carbon inventory for Scope 1 and 2 and demonstrate that they have set energy and carbon reduction targets and implementation plans via the Higg FEM platform.

By 2023, we are expecting our suppliers to set a **40% carbon reduction target by 2030**, using 2018 as baseline year.



Since 2021, we have partnered with **Apparel Impact Institute (Aii)** to implement factory improvement programs, including Carbon Tech Assessment consultations, to identify opportunities for energy. In 2022, we nominated an additional 60 factories and mills to join the program. On average, the facilities have around 20% carbon reduction opportunities by 2023.

Additionally, we nominated our suppliers to join Aii Carbon Leadership Project to conduct a more in-depth onsite and offsite assessment by engineering experts in the industry and helping suppliers set carbon reduction targets with a detailed action plan. In 2022, we have sent three laundries and mills to join the Project and will continue to nominate suppliers to join this Project.



### Coal Phase-Out

Acknowledging the impact of coal use on the environment and our emissions, we have committed not to accept any new factories into the AEO supply chain who use coal-fired boilers after 2025. We are working with our existing factory base to phase out coal-fired boilers entirely by 2030.



Strategic suppliers are also required to complete the Climate Action Training, which is designed to help brands and manufacturers to meet the goals of the **UN Fashion Industry Charter for Climate Action**. As an introductory training, it aims to get suppliers started in achieving **science-based reduction targets by 2030 and net zero emissions by 2050**. The training is developed by a collaboration of brands (including AEO), manufacturers, UNFCCC and GIZ.



# WASTE REDUCTION

We've made strong progress in 2022 in our work to minimize and mitigate waste across our operations.

## 2022 PROGRESS

- 100% of on-product marketing (hang tags, price tags and accessory packaging) used Forest Stewardship Council (FSC) paper.
- 100% of paper for in-store marketing (shopping bags, gift cards, marketing signage) used preferred paper sources.
- 100% of product tags (printed poly tags, woven labels, accessory packaging) were made from recycled plastic.
- All vendor sourced polybags required to be made from 100% recycled content.
- All plastic mailers contain more than 50% recycled content and thinner material for less overall plastic use.

### Minimizing Waste in New Stores

Since recycling rules and regulations vary across the U.S., we've created a special program to make waste reduction of hard-to-recycle soft plastics easier when a new American Eagle, Aerie or OFFL/NE store opens. In the first year, **more than 2,875 pounds of plastic have been eliminated from landfills!**

## GARMENT RECYCLING



**Free The Girls** provides holistic reintegration services for women who are human trafficking survivors. As part of their programs, the organization collects new and used bras to serve as inventory in small businesses run by survivors. Since 2018, Aerie has collected over 71,000 bras and helped to connect customers with this important work through discounts and promotions encouraging bra donations.



We work with Cotton's Blue Jeans Go Green™ program to recycle old jeans into new products like insulation and sustainable packaging. In 2022, we recycled more than 30,000 pairs of jeans, bringing our total contributions to over 600,000 pieces of denim since 2014. To incentivize the program, AEO loyalty customers who recycle their jeans receive a coupon for \$10 off a new pair of jeans.



Give Back Box, a mail-in donation program, allows AEO customers to use any box, download a free shipping label, and send in old jeans and other clothes to be recycled. Once the clothes reach Give Back Box, they are sorted for resale or reuse. In 2022, our customers donated more than 4,000 pounds of clothing.



A program of the New York Design Office, **Fab Scrap** collects and recycles leftover fabrics and samples. Since 2019, we've donated 30,632 pounds of fabric.






A photograph of four young adults (two men and two women) laughing and running joyfully outdoors. They are in front of a brick building with large windows. The woman in the center is wearing a light green off-the-shoulder crop top and olive green cargo pants, and is holding a brown quilted jacket. The man on the far right is wearing a brown jacket over a hoodie and maroon pants. The woman on the far left is wearing a white and brown striped sweater and blue jeans. The man on the far left is wearing a white jacket with a plaid scarf and blue jeans.


# PEOPLE

We show up for our associates, customers and communities and take positive action to uplift our people and champion causes that are important to them.

# BUILDING A BETTER WORKPLACE & COMMUNITY - GOALS

FOCUS AREA	GOAL	ESTABLISHED	STATUS	PROGRESS + ACHIEVEMENTS
 <b>INCLUSION, DIVERSITY, EQUITY AND ACCESS</b>	Achieve sustainable and relevant progress in hiring and promotion through strategic, data-supported and IDEA-centric action	2018	<b>ON TRACK</b>	20% increase since 2018 in associates who identify as non-Caucasian; 6% increase since 2018 in Vice Presidents and above who identify as female; since 2018, Directors and above who identify as non-Caucasian have more than doubled.
	Continue to identify and implement new IDEA-specific initiatives each year	2018	<b>ON TRACK</b>	Original signatory to Open to All's Charter to Mitigate Racial Bias in Retail; creation of L.E.A.D. program; associate participation in The Advanced Leadership Institute's (TALI) Emerging Leaders Program; expansion of inclusive behavior and leadership programs
 <b>OUR PEOPLE</b>	Build the pipeline of future and emerging leaders by increasing jobs filled through internal promotions and transfers by 2025	2018	<b>ON TRACK</b>	Internal promotions increased 32% since 2018
	Strengthen the impact of the AEO Steven A. Davis Scholarship for Social Justice by mentoring and advancing the careers of scholarship recipients	2021	<b>ON TRACK</b>	\$850,000 in scholarships have been awarded to 45 associates to advance educational opportunities since 2021
 <b>COMMUNITY</b>	Increase associate participation for the "Count Me In!" campaign by 15%, annually	2021	<b>★★ EXCEEDED</b>	54% increase in participation in 2022
	Amplify charitable giving impact through the establishment of new programs and partnerships	2021	<b>ON TRACK</b>	Aerie Real Foundation established Launched May Month of Service for field associates to give back to local communities
	Contribute 100,000 hours of service by AEO associates to local communities by 2030	2021	<b>ON TRACK</b>	Associates volunteered with 100+ organizations, providing 14,000+ hours of service in 2022

## BUILDING A BETTER WORKPLACE & COMMUNITY - GOALS

FOCUS AREA	GOAL	ESTABLISHED	STATUS	PROGRESS + ACHIEVEMENTS
 <p><b>RESPONSIBLE SOURCING</b></p>	Invest in women workers through health, life skills, and employment skills training, as well as increase women’s access to representative positions and management roles	2022	<b>ON TRACK</b>	Continued investment in women workers through BSR’s Herproject, within the newly formed RISE initiative
	Create a culture of safety in the workplace by full compliance with national building requirements and fire codes, and on-going training for workers	2022	<b>ON TRACK</b>	Founding signatory of the Bangladesh Accord on Fire and Building Safety in 2013. Became a signatory to the Pakistan Accord in 2022.
	Ensure that workers’ voices are represented and respected, with effective grievance systems and elected worker-management committees	2022	<b>ON TRACK</b>	Finalized criteria for measurement of effective grievance systems for broad use across all suppliers
	Provide protection to vulnerable worker groups, with particular attention to migrant workers and other priority populations	2022	<b>ON TRACK</b>	Formalized and rolled out specialized approaches for assessing migrant worker or gender-based concerns in our monitoring program



## OUR VALUES

Our values are the cornerstone of our culture and heritage.

In 2022, we refreshed our values to ensure they are purposefully aligned with our initiatives around **Planet, People and Practices**.



### People

We believe Inclusion, Diversity, Equity and Access are the foundation to our REAL culture. We empower our associates so that they can achieve exceptional results for the business, for our customers and our communities.



“We believe in a collective sense of belonging and foster a culture of accountability. In 2022 we made intentional changes within our core values to reflect our commitment to Planet, People and Practices—empowering our teams to find solutions, take meaningful action and build a better world.”

**MARISA BALDWIN**

Executive Vice President, Chief Human Resources Officer



### Innovation

We are curious and change-oriented, constantly looking for ways to improve ourselves, the business and our planet. We make decisions in the face of ambiguity and take calculated risks in order to better serve our customers and communities, and protect our planet.



### Integrity

We are honest and authentic. Even in the face of difficulty, we maintain the highest ethical standards. We care deeply about people and our planet, and keep them at the center of every decision.



### Passion

We are excited about the company direction and our future. We relentlessly pursue solutions to challenges and issues with a positive outlook.



### Teamwork

We celebrate when goals are achieved. We are collaborative and inspire others to deliver against business objectives. We come together to support the community and causes we believe in.



## OUR CULTURE

Rooted in excellence, teamwork and passion.

Caring for our people and fostering a culture of respect, recognition and empowerment has been in our DNA since 1977.

**Together, we play a pivotal role in fostering an environment where everyone feels seen and celebrated** while we continue to grow as a community that promotes individuality and difference.

To achieve this, we are consistently:

- **Listening to our associates, customers and candidates.**  
**Our doors are always open.** We listen to our associates' direct feedback through on-boarding surveys, culture surveys, exit surveys, Glassdoor reporting, LinkedIn responses and hotline reporting. We encourage transparency in day-to-day engagement, while also periodically facilitating company-wide town halls and roundtables to facilitate broader discussions.
- **Observing who we are and what our associates are doing.**  
 We study our demographic data and retention rates.
- **Supporting a positive company culture.** Our strategies and processes promote AEO's strong values while addressing leadership development opportunities, work-life integration, wellbeing initiatives, fair pay initiatives, family support and inclusion, diversity, equity and access programs.
- **Informing and clearly communicating our values.** We pride ourselves on modeling the behaviors we expect and providing training, as well as constructive feedback.



### CULTURE SURVEY ENHANCEMENTS

Over the last five years we've expanded our global culture survey to include all associates across stores, distribution centers and corporate. This has grown our ability to listen directly to our population of approximately **40,000 people**, tailoring the survey approach to best support meaningful action. **In 2022, we heard from more than 27,000 associates, representing over two thirds of our total population.**

# A 360° APPROACH TO SUPPORTING OUR PEOPLE

## Our Total Rewards Approach

We support our associates through competitive compensation and access to resources that enhance their lifestyles. We pay our associates fairly and equitably, and reward them for delivering results, through straightforward compensation programs composed of four key elements: competitive base pay rates, performance-based incentive bonuses, annual stock awards and extensive benefits that range from medical, dental, and vision plan offerings to gym/online fitness discounts, student loan debt management programs and mental health benefits.

Our compensation and benefits programs are designed to attract and retain highly skilled and performance-oriented associates. We actively evaluate our programs to enhance our offerings to meet the evolving needs of our workforce.

## Health & Safety

Creating a healthy, safe and secure environment for our associates and customers is a top priority. In addition to offering non-acute medical services at four health centers located in two of our corporate offices and two distribution centers, AEO's Health and Safety Management Program focuses on accident prevention, training and response.

### SAFEST PLACE TO WORK & SHOP

We work hard to provide a safe environment for associates and customers, offering courses to inform, educate and empower our teams on the actions to take during an emergency. These resources are made available on mobile devices to ensure associates always have guidance when they need it most.

- **Asset Protection Classes & Workshops:** Dedicated to personal safety, active shooter and situational awareness.
- **AEO's Safest Place App:** Includes step-by-step outlines for multiple safety and security protocols, including workplace violence.
- **Ready:** U.S. Government readiness resources for a multitude of situations related to disasters and emergencies.



In 2022, we introduced **Be Well@AEO**—a holistic approach to wellbeing that encompasses a wide range of benefits, tools and resources that support the physical, emotional, social and financial needs of our associates.



### Be Well Health + Medical

New hires are eligible for benefits on day one.



### Be Well Mental + Behavioral

Additional time off is available through Care Days to support our associates with balance, mental wellbeing and recharging their battery.



### Be Well Financial + Retirement

Through a partnership with Candidly, a student debt solutions program, we help associates move beyond their debt. AEO has contributed more than \$200,000 toward the repayment of associates' student loans.



### Be Well Parenting + Caregiving

Our Paid Parental Leave Policy was significantly enhanced and we introduced a new Paid Caregiver Leave Policy, to give associates the time they need to care for their families at every stage of life.

## REAL OPPORTUNITIES

### Empowering Our People to Achieve Their Fullest Potential

We provide associates - at every level - the chance to plan, discover and explore. This is key to our individual and collective success, now and in the future.

### AEO NEXT

We empower our associates to discover what is **NEXT** for them through performance and development planning, helping to guide their career journey.

Our consistent talent reviews, performance evaluations, equitable pay practices and succession planning in 2022 contributed to:

- A full-time voluntary turnover rate, including our store associates, of **approximately 30%** (consistent with our retail peer group and compares to a 25% five-year company average).
- A full-time promotion rate of **approximately 28%** (compares to a 23% five-year company average).

### AEO ACADEMY

Through our industry-leading learning module, associates can access thousands of courses to hone their skills or explore new ones. Associates completed more than **1 million AEO Academy learning modules in 2022**, and **over 3 million modules since 2019**.



The **Leadership Development Series** and **Emerging Leaders** programs are designed to teach and promote leadership skills through workshops and cohort learning.



### Close Knit Mentorship Program

This program is inspired by the notion that we all have something valuable to teach and to learn from others. Associates from different departments, levels, and experience are paired up to form new, enriching relationships across the business. Our goal is to foster an inclusive culture with diverse perspectives to ensure our people thrive at AEO and beyond.

### Personal Retail Enrichment Program (PREP)

Connects associates to college students from underrepresented groups within retail, to provide them with both professional and personal development.

## Developing Future Retail Leaders

AEO provides opportunities for the best and brightest young talent to learn what it takes to design, create, market and merchandise our industry-leading brands.

## Full-Time Teammate Training Program

Our 16-week paid training and onboarding program is a post-graduate opportunity to jumpstart a career at AEO. Participants learn classroom knowledge and work firsthand with product, inventory channels and learn the business with the support from mentors. The program builds a foundational understanding of retail and supports the transition to a full-time role.

## Internships

Students within two years of graduation can apply for a 10-week paid summer opportunity. Interns work alongside a mentor to gain skills in corporate retail—all while learning directly from executives and gain key company insights.

## ASSOCIATE SPOTLIGHT: From Intern to Senior Vice President

**Jessica Catanese** began her career at AEO more than 20 years ago as an intern in Human Resources. Today, she is Senior Vice President - Total Rewards and leads the teams responsible for Compensation, Benefits, HR Information Systems and People Analytics. Development opportunities, including company-sponsored training programs and conscious exposure to various aspects of the business, helped propel Jessica's career—making her one of the many talented and passionate female leaders at AEO.



“AEO has supported my career advancement by providing opportunities to work alongside leaders who offered trust, exposure to multiple aspects of the business and formal training programs. The encouragement to explore my interests, take risks and continuously grow has been invaluable to my professional development.”

**JESSICA CATANESE**

Senior Vice President - Total Rewards



## IDEA: Inclusion, Diversity, Equity and Access

We remain steadfast in our commitment to building a future that integrates IDEA into everything we do.

Our IDEA journey formally began in early 2018, well before the momentous events of 2020 forever changed our lives and deepened many organizations' commitment to engage with their communities and foster employee belonging.

It is a testament to the strength of our brands and the quality of our people that AEO continues to invest in our associates, build an authentic culture and embed the principles of IDEA into every aspect of our business. There remains much work to do; however, AEO is built on a bedrock of strong values, consistently rising to the challenge and putting its people first.



### INCLUSION

AEO will provide an environment where all associates feel a sense of belonging and are able to succeed as their authentic selves.

### DIVERSITY

Difference and individuality make AEO stronger, higher-performing and more innovative.

### EQUITY

AEO is committed to fairness in policies, practices, opportunities and outcomes.

### ACCESS

Barriers (both physical and non-physical) should be eliminated to allow stakeholders the ability to participate in, and realize, all that AEO has to offer.



“The foundation of IDEA that we created nearly five years ago has proven invaluable in allowing us to continue moving forward in our mission—to achieve sustainable progress in the pillars of hiring, community and development through strategic, data-driven and people-centric action.”

#### TERRY ROBERTS

Vice President - Employment Law and Chief Inclusion and Diversity Officer

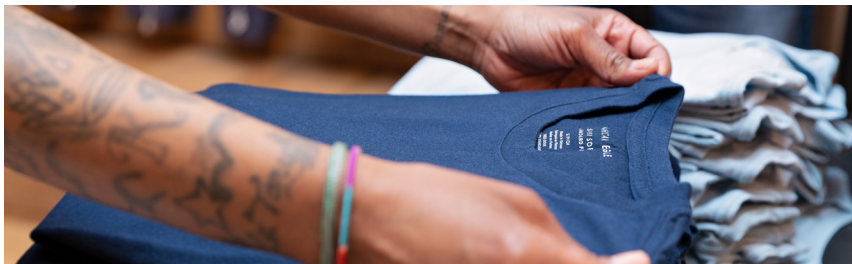
## IDEA: Notable New Initiatives in 2022

**Original signatory to Open to All’s Charter to Mitigate Racial Bias in retail establishments.** AEO has taken a cross-functional approach by bringing together store operations, asset protection, human resources and the IDEA team to develop L.E.A.D to nurture positive customer interactions and eliminate perceptions of profiling and bias. This new framework has been incorporated into store management training and manager onboarding.

- L** LIVE OUR VALUES.
- E** EDUCATE YOURSELF.
- A** ASSUME POSITIVE INTENT.
- D** DELIVER INCREDIBLE GUEST SERVICE THROUGH OUR SELLING MODEL.

**Sponsorship of The Advanced Leadership Institute (TALI).** Investing in the development of high-performing and high-potential associates of color through their participation in TALI’s Emerging Leaders Program.

**Capturing greater amounts of qualitative and quantitative data** through our IDEA-focused survey and innovative training platform, Emtrain. These tools continue to become more accessible to larger percentages of our associate population, with the information and learnings from these tools informing our strategies.



### AEO Associates Graduate from TALI’s Emerging Leaders Program



Left to Right: Miguelina Javier, Tammy Mack, Terry Roberts, Shana Shields

By championing our hiring and development pillars, TALI’s Emerging Leaders Program prepares rising Black leaders for professional success and meaningful advancement in both corporate and community roles. Offering associates the opportunity to participate in the program is part of AEO’s commitment to provide resources to those in our community to achieve personal and career growth while encouraging them to find what is next for them at AEO.

**“The Advanced Leadership Institute is an amazing representation of the value AEO places on inclusion, diversity and professional advancement of associates. Being offered the opportunity to participate in the program enabled me to enhance my interpersonal skills, learn new concepts and identify strategies to successfully tackle challenges I may face as a new leader.”**

**MIGUELINA JAVIER**

Senior Analyst - International Support, Digital Customer Service  
TALI Class of 2022/2023

# GUIDING PRINCIPLES & PILLARS: Hiring, Community and Development

The foundation of IDEA was created by our associates to ensure everyone feels respected and empowered. We structure our efforts under the following pillars: **hiring, community and development**. Each pillar is led by subject matter experts who develop plans and facilitate action to ensure that consistent progress is made on our IDEA mission and goals.



## Hiring

Attracting top talent from underrepresented groups to diversify and strengthen our teams and senior leadership.

- Ensuring hiring process is objective, consistent and equitable.
- Strengthening relationships with community organizations and Historically Black Colleges and Universities.
- Incorporating inclusive leadership and unconscious bias training for all hiring managers.



## Community

Embody inclusion in action by activating our associates to authentically engage with each other and the communities we serve.

- Fostering a culture of inclusion and a true sense of belonging.
- Making a lasting impact in our communities through the AEO Foundation and corporate charitable giving programs.

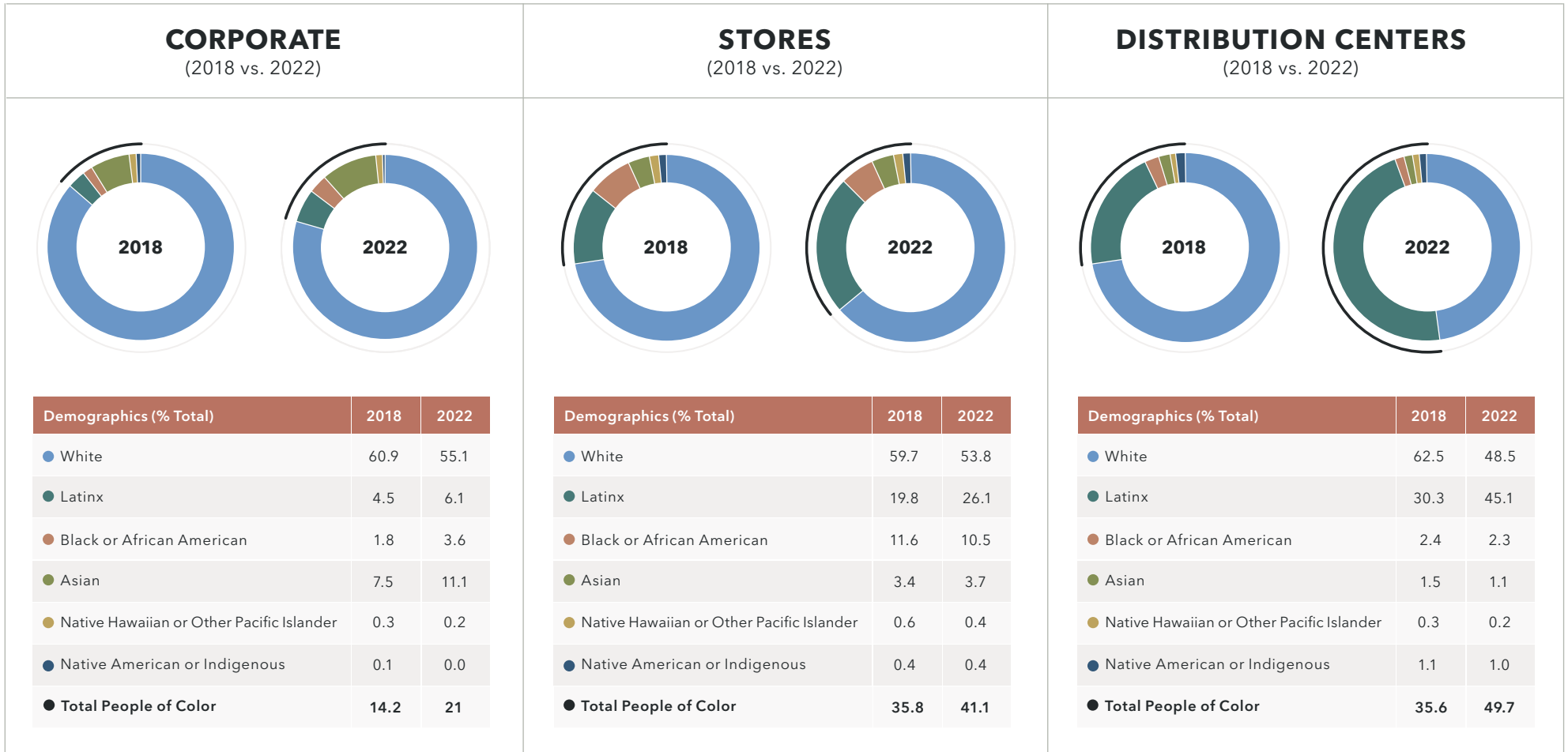


## Development

Build and fulfill the pipeline of future and emerging leaders through external hiring and internal promotion of individuals from underrepresented groups into management positions.

- Creating an inclusive and supportive workplace through education.
- Continuously improving our talent development process, performance metrics, mentorship opportunities, and people analytics.

# PEOPLE DATA: Five Years of Progress



Population of women grew from  
**73% → 79%**  
 over the past 5 years.

VP's who identify as women went from  
**43% → 49%**  
 in the past 5 years.

**~3x**  
 increase of corporate  
 associates since 2018 who  
 identify as **Black**.

**20%**  
 increase in total associates  
 since 2018 who  
 identify as **non-Caucasian**.



# ASSOCIATE NETWORKS & CONNECTIONS

Fostering a sense of belonging allows our associates to bring their whole authentic selves to work each day.

## OUR GROUPS

- AEO Green Team
- REAL Parents
- REAL Pride Network
- Women@AEO
- Veteran & Military Employee Resource Group
- REAL Black Alliance
- The Anti-Racism Connection
- New-ish to Pittsburgh
- AEO REAL Creators
- AEO REAL Dogs
- AEO REAL Jewish Connection
- Asian-American Pacific Islander (AAPI)
- Mental Inclusivity & Neurodiversity Community
- AEO Newish to Golf
- AEO Readers
- AEO Cats

## women@aeo

**Women@AEO** fosters an environment where women are empowered and inspired to achieve their full potential. The network provides opportunities for professional development, networking, resource sharing and support. Events are hosted to expand skills, share inspiring speakers, address unique issues that women face in their careers, families and communities, and make time to give back to our communities.

## THE REAL PRIDE NETWORK

Welcomes all LGBTQ+ associates and allies in a safe, supportive space to advocate for equality and justice in the workplace and beyond.



**MIND (Mental Inclusivity + Neurodiveristy Connection)** fosters an inclusive Neurodivergent workplace through reducing stigma and building an environment that recognizes and emphasizes each person’s individual strengths and talents while providing support for their needs.



## CREATING IMPACT: Partnerships That Make a Difference

We support causes that are important to our customers through local and national charity partnerships, grantmaking, matching gifts, customer activations and in-kind donations.

Together, AEO, the **AEO Foundation** and our customers contributed more than **\$10 million to causes that share our vision for building a better world.**

We also supported local communities by awarding 178 grants to organizations that are paving the way for mental health, youth empowerment and education programs for teens and young adults.



Aerie was the first national brand to support the National Eating Disorders Association. Together with our customers, we've raised \$2.1 million to date in support of their life saving mission.



We are working to end hunger through our partnership with Feeding America and Food Banks Canada.



Since 2016, AEO, customers and our associates have provided nearly \$1.4 million in support of disaster recovery and response programs.



OFFL/NE by Aerie celebrated Global Week of Inclusion by honoring Special Olympics athletes with the help of Olympic gymnast, activist and #AerieREAL Role Model, Aly Raisman.

## SHINE A LIGHT

We are united in shining a light on antisemitism in all of its forms and denouncing hatred and bigotry.



We encourage our customers and associates to use their voice, to register to vote and participate in democracy.



## IT GETS BETTER PROJECT.

AEO is the largest sponsor of the It Gets Better Project, making a transformative commitment to uplift, empower and provide connection for LGBTQ+ youth over the last seven years.



Since 2018, AEO has supported the Anti-Defamation League's **No Place For Hate** education-based program, which empowers youth in more than 1,800 schools across the country to stand up against hatred and acts of bullying.

## CREATING IMPACT: Together with Our Customers

We create opportunities for our customers to actively participate in our shared goal of building a better world.

### Establishing the Aerie Real Foundation



In October 2022 the **Aerie Real Foundation** was created to expand upon the brand's long history of giving back. The foundation seeks to champion and empower women, foster an inclusive community and protect the planet. Since its launch, the Aerie Real Foundation has supported organizations including the National Eating Disorders Association (NEDA), Delivering Good, PERIOD., Free The Girls and Special Olympics. Community Grants were also provided to 56 organizations across the country working to encourage girls to feel strong, smart and bold; inspire equality and inclusion; and cultivate the next generation of conservation leaders.

### WE WANT TO FUND YOU!

Aerie customers are encouraging their favorite nonprofit organizations to submit grant proposals for awards of **up to \$10,000**. In 2022, 56 organizations received grants to support programs in our customers' local communities that are building confidence, fostering inclusion and protecting our planet.



Recognizing that the climate crisis is a leadership crisis, **Black Girl Environmentalist (BGE)** is a supportive community dedicated to empowering Black girls, women and non-binary leaders across environmental disciplines to nurture a just and livable future.



**Exhale to Inhale** uses the healing practices of trauma-informed yoga to empower survivors of domestic violence and sexual assault, while helping communities to develop the skills and knowledge to support them.

## FUTURE TOGETHER

Created in 2022, **Future Together** allowed American Eagle customers to actively participate in our shared goal of building a better future.

Customers were able to submit applications for a grant to help create positive change in their local communities. In total, **the program awarded \$10,000 grants to 20 organizations** focused on mental health awareness, sustainability, food insecurity and education.



**OneUpAction** supports marginalized youth trying to tackle the climate crisis within their communities.



**Urban Growth** promotes sustainable farming through hydroponics.



## GIVING BACK TO OUR PEOPLE & COMMUNITIES

We give back and roll up our sleeves to make a difference in the communities where we live and work.

AEO associates volunteered with **100+ organizations** providing more than **14,000 hours of service** in their communities in 2022.



Launched in 2009, this program is funded by associates to support fellow associates experiencing a severe personal tragedy. To date, Helping Hands has provided more than \$375,000 to hundreds of associates in need.

### Volunteer Recognition Program and Volunteer Time Off

Designed to support individual associates' volunteer efforts by providing a \$500 donation to the charitable organization where they perform at least 25 hours of community service per year. **Additionally, AEO offers full-time associates up to 8 hours of paid volunteer time off annually.**

### AEO Better World Community Day

Each year, associates participate in a day dedicated to volunteering to help make our communities vibrant places to live, work and play. Since 2013, associates have logged more than 25,000 hours at this annual service project by volunteering with nonprofits around the globe.



In partnership with the AEO Foundation, AE and Aerie store teams across the U.S. and Canada work with store leadership to support a nonprofit that matters most to each district by completing a service project. Since 2021, \$745,000 has been awarded to 184 organizations.



Since 2015, AEO associates have personally contributed more than \$1 million to nonprofit organizations that empower youth in local communities through this charitable payroll deduction. The tax deductible donation to the AEO Foundation supports the community grants program, funding organizations in Pittsburgh (PA), New York City (NY), Hazleton (PA), San Francisco (CA), Ottawa (KS) and Mississauga (Ontario).

### Team of Ten

Encourages volunteer efforts by providing a \$500 donation to a charitable organization where at least ten AEO associates participate in a community service or fundraising project together. If 20 or more associates participate in a project, AEO will donate \$1,000. In 2022, more than 500 associates participated and contributed more than 1,300 hours of service.

### VOLUNTEER SPOTLIGHT



For more than seven years, Michael Ashbaugh, AE District Team Leader, has spent the weekends giving back to his local community through a nonprofit that provides food, medical and financial assistance to those in need.

**“Giving back promotes a sense of unity and togetherness, leading to the development of a more inclusive and supportive community where everyone feels valued. I hope to serve as an inspiration to my peers to get involved, take action, and create positive change that can spread beyond our local communities and contribute to building a better world.”**

**MICHAEL ASHBAUGH**, AE District Team Leader

# CREATING IMPACT: Advancing Educational Opportunities for Our Associates

AEO

Steven A. Davis  
**Scholarship**  
for social justice

AEO’s Steven A. Davis Scholarship for Social Justice is a \$5 million commitment to advance educational opportunities for associates who are actively driving anti-racism, equality and social justice initiatives. Since the launch in 2021, we have awarded nearly \$850,000 to 45 associate scholars who share our passion for creating a more equal and inclusive society.



“I am incredibly grateful to be a scholarship recipient. This had a tremendous impact on my college experience. It helped me recognize that I am making a difference in the world and provided the opportunity to continue making positive change.”

**AMARYLIS**

Steven A. Davis Scholarship for Social Justice recipient

Amarylis was one of the first recipients of AEO’s Steven A. Davis Scholarship for Social Justice. We were inspired by her passion for igniting change in the community and her work to educate peers on the significance of Hispanic culture and heritage.

Amarylis graduated from Rhode Island College with a double major in Marketing and Spanish. During her studies, she served as the President of Unidos—a diverse organization that welcomes students from all backgrounds and minority groups. As President, Amarylis organized social justice events on campus and led open discussions on topics that are important to today’s youth, such as colorism and voting. Amarylis is looking forward to furthering her efforts in the community and working in the marketing field.



“The support I have received from AEO has made me feel incredibly valued and given me the confidence to continue working on my dream to build a more open and equitable society post-graduation.”

**JAZMINE**

Steven A. Davis Scholarship for Social Justice recipient

Jazmine shares our commitment to helping end racism, discrimination and inequality. She attended University of Denver where she spent time working as a research assistant for the Josef Korbel School of International Studies Human Trafficking Center. She was also a research associate on the Literature Review Team at the Frederick Pardee Center for International Futures, where she focused on women’s development across the globe.

Now a graduate with a dual degree in International Studies and English, Jazmine has been working on a poetry collection that explores human rights and the climate crisis. Jazmine will pursue a master’s degree and continue her work in research at the University of Denver’s Josef Korbel School of International Studies.

# POSITIVE ACTION ACROSS OUR SUPPLY CHAIN: Women’s Equity, Safety & Workers’ Voice

## OUR PROMISE

AEO will only source from suppliers that commit to the **AEO Vendor Code of Conduct**, establishing foundational requirements for workplace conditions.



## Human Rights in Our Supply Chain

AEO’s Human Rights Commitment and Code of Conduct guide how we manage and partner with external suppliers. We work closely with more than 300 manufacturing factories in over 20 countries around the world. We do not own or operate any factories, so it is important to develop trusted relationships with suppliers to responsibly make our products.

## Factory Inspection, Scoring and Improvement

We uphold an extensive factory inspection program to monitor compliance with our Code of Conduct. All factories are rated based on an internal rating system through social compliance audits, visits by the AEO team, or other touchpoints that arise throughout the year.

Potential factory partners are reviewed for social compliance before they can begin production. We review and rate factories annually to reassess social compliance monitoring needs. Depending on the circumstances, factories may: receive a new audit; send in an existing audit report that is acceptable by our equivalence standards; receive customized training; or be exempt from social auditing for a given year.

“I am incredibly proud of AEO’s business commitment to prioritize factories that operate with the highest responsibility and social compliance performance. We have an extremely dedicated and thorough team that is continuously evaluating our factory partners to inform our decisions. We keep an open dialogue through meetings, onsite visits and continuing education to help advance training programs and industry standards.”

### MARK ROSE

Senior Vice President - Production & Sourcing



# FACTORY RATING SYSTEM

## BLUE

Identified issue is minor. A remediation plan is required and business is encouraged.

## YELLOW

Isolated major issue. A remediation plan is required, no impact on business.

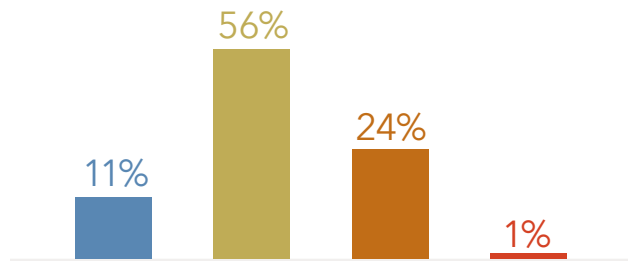
## ORANGE

Multiple major or critical issues. Factory is moved to probation status, future business cannot increase over past seasons.

## RED

Identified one or more severe issues. Factory is deactivated until issue is resolved and cannot receive any new purchase orders.

### Approved factories in 2022 that received an audit or visit by our internal team or external partners:



For factories identified as Orange and Red, remediation steps and timelines are customized depending on the issues and circumstances. Our policy is to work with factories to improve whenever possible; however, AEO will end its relationship with factory partners for lack of improvement or non-compliance.

New factories rated Blue or Yellow after a pre-sourcing audit are approved for production. If rated Orange or Red, factories must remediate all related issues before they can start production for AEO. In 2022, 86% of new factories were approved as future partners.

Since 2013, our supplier scorecard has helped to measure factory compliance and improvement, and now includes a Responsible Sourcing and Sustainability score

COUNTRY	ACTIVE AUDITS
Bangladesh	32
Cambodia	8
Canada	1
China	66
Guatemala	4
India	18
Indonesia	13
Jordan	8
Macau	1
Mexico	2
Pakistan	3
Philippines	1
Portugal	1
Sri Lanka	2
Thailand	1
United States	2
Vietnam	55

## AUDITING BEYOND TIER 1

AEO is extending Tier 1 factory monitoring policies to include deeper tiers of our supply chain, with a focus on mills, laundries, trim and labeling suppliers.

Through a pilot program, we have begun to conduct audits and accept audit reports for facilities beyond Tier 1 and are expanding the program to more facilities in 2023.

AEO is dedicated to the highest level of social and environmental responsibility. Based on internationally accepted standards, our Code of Conduct includes standards pertaining to:

- Laws and Regulations
- Discrimination
- Harassment and Abuse
- Forced Labor
- Wages and Benefits
- Health and Safety
- Child Labor
- Environment
- Hours of Work
- Monitoring and Transparency
- Integrity
- Freedom of Association
- Subcontracting





A partnership between the United Nations International Labour Organization (ILO) and the International Finance Corporation (IFC), a member of the World Bank Group – Better Work brings together all levels of the global garment industry to improve working conditions and respect labor rights for workers, while boosting the competitiveness of apparel businesses. Better Work programs assess factory working conditions and compliance, and also provide training and consistent advisory support throughout the year.

As a Better Work global partner, AEO has active collaboration at the national level in Bangladesh, Vietnam, Cambodia, Indonesia and Jordan, and we supported the expansion of the program to Pakistan in 2022. We accept the Better Work assessments instead of requiring our own audits to leverage efficiencies.



Michelle Tarry, Vice President, Responsible Sourcing and Sustainability at AEO was recently elected as the U.S. Buyer Representative for the Better Work Advisory Council.

COUNTRY	Factories Participating in Better Work
Vietnam	40
Bangladesh	17
Indonesia	14
Cambodia	12
Jordan	7
Pakistan	5

### FACTORY SPOTLIGHT: REGINA MIRACLE

A key supplier of intimate apparel and sports bras for the Aerie and OFFL/NE brands, Regina Miracle was recognized in 2022 by Better Work as a high-performance factory due to its demonstrated achievements in compliance, and sustained self-governance. This role model company employs 32,000 people across six production hubs in Vietnam.

As a vital member of AEO’s Responsible Sourcing Supplier Council, Regina Miracle is a positive example for factory peers, notably developing a Performance Improvement Consultative Committee, which plays an indispensable role in its self-governance.

### Purchasing Practices: Better Buying Institute

Analysis of our purchasing practices is an important aspect of our responsible sourcing strategy. In 2022, AEO partnered with the Better Buying Institute to gather insights—based on a methodology identified by academics and experts—allowing suppliers to anonymously rate the purchasing practices of their brand customers, providing scored feedback in seven categories:

- Planning and Forecasting
- Design and Development
- Cost and Cost Negotiation
- Sourcing and Order Placement
- Payment and Terms
- Management of the Purchasing Process
- Win-Win Sustainable Partnerships

Following the exercise, analysis provided by the Better Buying Institute was reviewed and opportunities for improvement were identified. AEO intends to continue this engagement in the future to analyze trends and track progress.



## We are committed to safe working conditions, supplier relations and human rights across our supply chain.

### Creating a culture of safety in the workplace

In 2013, AEO was a founding signatory of the Bangladesh Accord on Fire and Building Safety—an unprecedented independent, legally binding agreement to build a safer and healthier ready-made garment industry. The program is very successful in the regular monitoring of safety conditions, establishment of an employee hotline, safety committees and regular training.

We subsequently signed the 2021 International Accord for Health and Safety in the Textile and Garment Industry to continue this vital work. In 2022, AEO also became a signatory to the Pakistan Accord and supports expanding to suppliers in that country.

### Ensuring that workers’ voices are represented and respected

We approach factory relationships from a long-term perspective, collaborating to foster an environment in which workers feel comfortable and have the ability to raise and discuss concerns. Our goal is for all strategic suppliers to have effective grievance systems and elected worker-management committees in place.

### Providing protection to vulnerable worker groups

We ensure partner factories provide a safe work environment, which includes:

- Disclosing the steps we take to mitigate the risk of slavery and human trafficking in our supply chain through our joint California Transparency in Supply Chains Act / UK Modern Slavery Act statement since 2017.
- Committing to the American Apparel & Footwear Industry Commitment to Responsible Recruitment to address forced labor rights for migrant workers in 2018.
- Implementing a Forced Labor and Migrant Worker Policy to ensure protection from exploitation for migrant workers in 2019.
- Prohibiting the manufacture of any product or the use of any raw material from the Xinjiang Uygur Autonomous Region in China, due to allegations of forced labor since 2020.
- Formalizing and rolling out specialized approaches for assessing migrant worker or gender-based concerns in our monitoring program in 2022.

## OUR PROGRESS

### 2015

Introduced the Worker Voice Program to better understand factory workers’ perceptions and feelings.

### 2018

Launched a project with 14 factories in China to create elected worker-management committees to monitor and oversee responses to worker concerns.

### 2019

Became a partner of Better Work Academy to leverage efforts globally and transform the apparel industry’s approach to improving working conditions and enhancing worker wellbeing by focusing on effective worker communication and representation.

### 2022

Finalized our guide and criteria for measurement of effective grievance systems for broad use across all suppliers.



## Investing in women workers through health, life skills and employment training RISE



AEO continues to advance women’s empowerment, helping to increase leadership opportunities through our 10-year partnership with **BSR’s HERproject** and their new initiative, **RISE: Reimagining Industry to Support Equality**.

We sponsored the launch of RISE in four Bangladesh factories and joined some of the world’s largest apparel brands to drive accelerated and lasting impact while promoting women’s wellbeing to ensure they can thrive in their roles. **RISE focuses on training for women and pursues its mission through three core strategies:** strengthening knowledge and skills for workers and managers, embedding gender equality in business practice, and influencing industry and public policy.

To date, more than 60 AEO partner facilities across Bangladesh, Vietnam, India, Pakistan, Cambodia and Indonesia have participated in a HERproject training- such as HERhealth, HERfinanace and HERrespect - with AEO serving as one of the lead brands supporting factory participation.

Previously, AEO assisted with the development of HERessentials, a digitalized package of critical resources for women workers during a time of crisis when the pandemic limited in-person training.

### Women in Leadership Roles

An estimated 80% of the workforce in the factories that make AEO products are women. Because they play such a vital role, it is incredibly important that women are represented in managerial and leadership positions.

**AEO is focused on positively impacting the working environment so that women feel empowered and encouraged to take on leadership roles and are set up for success.**

We are currently measuring factories that have created environments where women can flourish in managerial positions. These factories have instituted preferential salaries reflecting overtime work, leadership training and mentorship.



Images courtesy of BSR

### FACTORY SPOTLIGHT: HIRDARAMANI GROUP

#### Building a More Inclusive Factory Environment



Hirdaramani Group’s subsidiaries, Kenpark in Bangladesh and Fashion Garments in Vietnam, actively promote women’s empowerment and local talent growth. Hirdaramani’s Wonder of Wellbeing (WOW) program is central to their success and is a core facet of their strategy to elevate employee lives.

By incorporating social, mental, physical, environmental, and financial dimensions, the WOW program has effectively promoted female participation in supervisory positions in both Bangladesh and Vietnam. Notably, Bangladesh has achieved a remarkable 100% representation of females in leadership roles. In addition, Fashion Garments in Vietnam stands out with an impressive 80% female management, further highlighting the group’s dedication to nurturing diversity and skill development.

Hirdaramani Group demonstrates a commitment that not only cultivates skilled teams but also underscores how upholding social values drives remarkable accomplishments, showcasing their efforts to nurture a competent and diverse workforce while creating a positive influence across communities.

## RESPONSIBLE SOURCING SUPPLIER COUNCIL

AEO highly values working with suppliers to gather input on our programs and share best practices.

Now in its second year, AEO's Responsible Sourcing Supplier Council was launched with a focus to:

- Bring together a selected group of strategic suppliers to have open discussions on social and environmental issues in our supply chain.
- Compare approaches and experiences, as well as share ideas for the future of our Responsible Sourcing program.

The council consists of three sourcing agents and 17 vendors who were invited to participate based on business relationship and their demonstrated performance on social compliance and worker engagement. These vendors represent 43 factories across eight countries: Bangladesh, China, Cambodia, India, Indonesia, Vietnam, Jordan and Sri Lanka.

In 2022, AEO hosted three working sessions for the council to identify best practices in the following areas:

- Using a mobile app for tracking and resolution of complaints, as well as providing updates and feedback to factory workers on the progress of their concerns.
- Identifying internal monitoring protocol to enhance transparency and sustained compliance.
- Understanding diversity, equality and inclusion.
- Achieving high-performance factory status under the Better Work Program.





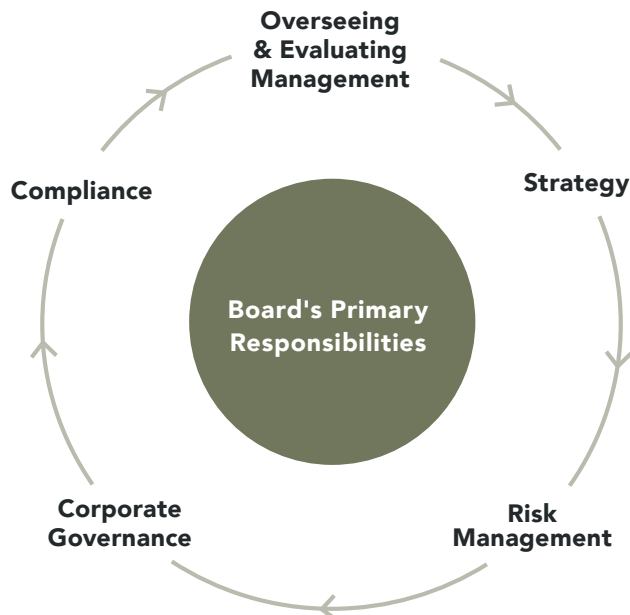
# PRACTICES

Operating with the highest ethical standards means we hold ourselves accountable in how we treat each other, the planet and all of our stakeholders.

# CORPORATE GOVERNANCE & BOARD OF DIRECTORS HIGHLIGHTS

Our commitment to effective corporate governance and the highest ethical standards starts at the top with our highly engaged Board of Directors. We aim to do what’s right to promote the long-term interests of our company and to maximize shareholder value.

AEO’s Board of Directors is responsible for oversight, counseling and providing direction to the management of the company. The Board’s primary areas of focus include strategy, risk management, corporate social responsibility, corporate governance and compliance, as well as evaluating management and guiding changes as circumstances warrant.



### Board Recognition



**National Association of Corporate Directors (NACD)** Public Company Board of the Year

---

**Noel Spiegel**, Lead Independent Director, named a **NACD Top 100**

---

**Suja Chandrasekaran** is a two-time **Directors to Watch by Directors & Boards**, recognized for driving boards towards a higher level of inclusion and effectiveness.



Ongoing director education is vital, and our Board strongly encourages directors to participate annually in external education programs.

Our directors attend professional development forums and industry-leading conferences convened by the NACD, Harvard Business School, external accounting firms and retail organizations focused on topics that are relevant to their duties as directors, including topics focused on ESG. Continuing director education is also provided during Board meetings and discussions, and as part of information sessions. Throughout Fiscal 2022, our Board participated in roundtable discussions with external advisors as well as learning opportunities with management on topics including governance matters, executive compensation, regulatory developments, workplace culture, technology, environmental sustainability and cybersecurity.

### Board Certifications

- **Deb Henretta** completed the **Competent Boards Global ESG Certificate and Designation (GCB.D)**
- **Suja Chandrasekaran** named a Governance Fellow by the NACD 
- **Suja Chandrasekaran** completed the **NACD Cybersecurity Oversight CERT certification** and holds the **NACD.DC certification in corporate governance**

# GOVERNANCE OVERVIEW

Integrity is one of AEO’s core values—how we do business is just as important as what we do.

The company maintains a robust, cross-functional ethics and compliance program. Based on our Code of Ethics, it includes clear policies and procedures, training and education, annual and quarterly auditing, monitoring and investigating functions and routine reporting mechanisms.

## BEST PRACTICES



**Continue to prioritize representation in our Board of Directors** to ensure diversity of backgrounds, experience and thought in the boardroom.



**Maintain business integrity** through a majority independent Board of Directors.



**Uphold corporate governance best practices** including sustaining high ethical standards, providing oversight through defined roles and responsibilities and driving accountability through regular and comprehensive disclosures.



**Maintain consistent and open channels of communication** and engagement with shareholders.

## OUR POLICIES: Planet, People and Practices\*

- AEO Training for Brand Ambassadors
- Anti-Boycott Policy
- Anti-Bribery & Anti-Corruption Policy
- Anti-Fraud and Financial Reporting Whistleblower Policy
- Climate Policy
- Code of Conduct
- Code of Ethics
- Customer Service
- Forced Labor and Migrant Worker Policy
- Human Rights Commitment
- Insider Trading Policy
- Open Door Reporting Policy
- Prohibited Sourcing Regions Policy
- Subcontracting Policy
- Workplace Culture Policy
- Zero-tolerance Harrassment and Discrimination Policy



\*For more information on our policies, visit [aio-inc.com](http://aio-inc.com).

# HIGHLY TALENTED, SKILLED & DIVERSE BOARD OF DIRECTORS

We believe diversity can and should be described and defined in many different ways. We encourage our associates and directors to bring their authentic selves to their work. In our journey to build a world-class public company governance structure, we have strengthened and developed a Board with a diverse set of backgrounds, skills, and experiences.

**Our Board embodies a broad and diverse set of experiences, qualifications, attributes, skills and viewpoints that are vital to the success of AEO.**

- Leadership
- Retail Industry
- Financial Literacy
- Audit Committee / Financial Expertise
- Risk Management
- International
- Marketing & Consumer Insights
- Public Relations
- Technology & Digital
- Real Estate
- Crisis Management
- Mergers & Acquisitions
- ESG
- Corporate Social Responsibility
- Philanthropy/Fundraising
- Other Public Company Board Service

## BOARD OF DIRECTOR HIGHLIGHTS

**All Directors are independent,**  
except the CEO

**100% independence** on committees

Experienced and engaged  
**Lead Independent Director**

**Highly talented, skilled** Board with  
deep retail expertise

**Focused and thoughtful**  
Board refreshment

**Ongoing stockholder engagement**

**Prohibition on hedging or  
pledging** company stock

**Stock ownership requirements**



## MEET TWO OF AEO'S DIRECTORS



**JANICE E. PAGE**

**Independent Director** since 2004  
**Chair** - Nominating, Governance and Corporate Social Responsibility Committee  
**Member** - Audit and Compensation Committees

A proven strategist and corporate executive with over 27 years of expansive retail apparel, merchandising, marketing and operating experience. Since 2004, Janice has been a highly engaged and influential board member. Her insights and guidance have been instrumental in helping us grow into a \$5 billion multi-brand global company. Additionally, Janice has been passionate about AEO's work in ESG, bringing it to the forefront of our strategy and ensuring board oversight. She has led the Board's diversity, driving the appointment of two additional female directors with strong relevant experience in technology and operations. As AEO's first female director, Janice has been a strong advocate for women and a valued role model for our female associates.

"Over my extensive career at Sears Roebuck & Company, I rose to Group Vice President, leading a variety of retail businesses. In this role, I was responsible for crafting strategies to address unique branding, buying, marketing, merchandising and operational needs. Having led large departments, I appreciate and respect the complexities of inspiring teams to achieve successful results. The breadth of this experience has been invaluable as a director of the public companies I have served.

I believe AEO's success is driven by its relentless pursuit of excellence. AEO's culture, superior talent and powerful brands continue to fuel growth and innovation while seeking to implement best practices in every facet of the business.

I am extremely proud that we have been able to significantly advance AEO's progress within Planet, People and Practices over the last several years. Our industry continues to evolve and we have the agility to continue to navigate new responsibilities and challenges."



**DAVID M. SABLE**

**Independent Director** since 2013  
**Member** - Audit, Compensation, and Nominating, Governance and Corporate Social Responsibility Committees

A highly inspirational, creative thought leader who brings more than 30 years of leadership experience in advertising, marketing and digital entrepreneurship to AEO. David's insights and diverse skill set has added tremendous value to our company and our brands. Since 2013, his creative energy has been instrumental in helping us craft our brand ethos and build genuine customer connections through innovative marketing campaigns. He has also been a passionate advocate for our initiatives across inclusion and diversity, protecting our planet and giving back to our communities. David was selected as both a Top 10 Most Generous Marketing Geniuses by Fast Company and a Top 20 Must-Know Global Influencer by LinkedIn.

"As a Co-founder, Chairman, Chief Marketing Officer, Chief Operating Officer and Senior Advisor to several successful companies, I have worn countless hats over the years, providing exposure to a myriad of responsibilities and challenges in the operating and marketing world. Scaling and integrating organizations has allowed me to develop a unique eye for innovative ideas and experience firsthand, the power of a vision that marries profit with purpose and a culture that emphasizes accountability for results and governance. Imparting these insights has been central to my engagement across the public and private boards I serve on.

I am both proud and grateful to be a member of the AEO Board. Long before ESG was 'fashionable' our CEO and leadership were focused on doing the right things to achieve our goals and understood that purpose is a business driver. We are a company where success is defined by delivering returns to all stakeholders—our associates, investors, partners, vendors, the communities we touch, customers and the world."



## CODE OF ETHICS & WORKPLACE CULTURE

Our Code of Ethics and Workplace Culture policies are provided to all associates during onboarding, including corporate, distribution and store associates. Additionally, all corporate associates receive annual training on these policies with associates in the United States also receiving annual training on Preventing Workplace Harassment and Discrimination.

### Code of Ethics Guiding Principles:

- **Accountability** includes leading by example, asking questions, and speaking up with no fear of retaliation.
- **Honesty** is inclusive of our anti-corruption and bribery policy as well as other financial subjects.
- **Being respectful** means treating each other and our customers ethically and with dignity.
- **Being authentic** includes customer privacy, security, product quality and other matters that can impact our reputation.

### Anti-Bribery & Anti-Corruption

We have a zero tolerance policy for bribery and corruption within our organization and with our business partners. Our Anti-Bribery and Anti-Corruption Policy provides strict guidelines around prohibited activities, with annual training provided to all corporate associates on these topics. Our suppliers are also required to adhere to AEO's Vendor Code. Our operations are audited quarterly and annually as part of our company-wide ethics and compliance program to ensure alignment with our policies.

### Associate Hotline

AEO's culture fosters an atmosphere of open communication and encourages associates to speak up when they have concerns. In addition to having the option to speak directly with Human Resources, department managers, our General Counsel/Chief Compliance Officer or any member of our Executive Leadership Team, associates also have access to an associate hotline hosted by an independent provider to report incidents in the workplace. The hotline is free, confidential and available online and by telephone 24 hours a day, seven days a week, around the world (interpreters are available). Associates have the option to report anonymously and all issues raised through the hotline receive fair, prompt and thorough investigation. Investigations are overseen by the Compliance team in partnership with all appropriate departments depending on the nature of the report, with quarterly updates provided to the Audit Committee on the number of reports, nature of reports and actions taken. The company prohibits any retaliation against associates making a good faith report of a violation of our internal policies.



# PURCHASING PRACTICES

Our policies aid in fulfilling our commitments to responsibly operate our supply chain.

## Uzbek and Turkmen Cotton Ban

In response to issues around forced and child labor practices, we have banned the use of cotton from Uzbekistan and Turkmenistan. Given the widespread improvements noted in Uzbekistan by the International Labor Organization (ILO) we are in the process of re-evaluating our position to allow cotton verified and traced to sources meeting our standards.

## Raw Materials and Manufacturing in the Xinjiang Uygur Autonomous Region in China

Due to allegations of forced labor, we prohibit the manufacturing of any product or the use of any raw material from this region.

## Animal Welfare Policies

We oppose the inhumane treatment of animals and do not tolerate animal cruelty in the design, manufacturing or testing of our products, including our stance on specific materials and procedures.

## Sandblasting Ban

In 2011, we banned sandblasting in the production of our denim as well as the presence of sandblasting equipment in any facility producing for AEO.

## Supply Chain Security

Since 2004, AEO has been a certified, validated member of the Customs-Trade Partnership Against Terrorism program (CTPAT), a voluntary program offered by U.S. Customs and Border Protection (CBP) working with CBP to strengthen overall supply chain security. In 2016, we were accepted into one of CBP's Centers of Excellence and Expertise, the Apparel, Footwear and Textiles Center.

## Code of Conduct

We require our suppliers, sourcing agents, vendors, factories and their own suppliers to share our vision of ethical and fair working conditions. Our Code of Conduct outlines our minimum standards and is based on internationally accepted standards, including the International Labor Organization (ILO)'s core conventions and the Universal Declaration of Human Rights.



## DATA PRIVACY & SECURITY

Providing data privacy and security protections for AEO customer information is critical to building and maintaining customer trust and supports our growth and success.

Customers entrust us with their personal information. It is our responsibility to safeguard that data as we use it in our business to ensure our customers receive the best possible service and experience from our brands.

AEO has dedicated teams whose mission is to ensure that we comply with all applicable data protection and privacy laws around the globe. The Audit Committee of the Board provides regular oversight to ensure these areas receive appropriate attention and resources.

**Cybersecurity Team** - To effectively identify, protect, detect and respond to information security threats, we have a dedicated Chief Information Security Officer whose team leads our enterprise-wide security strategy, policy, standards, architecture and processes.

**Information Security Program/Policies** - AEO's Information Security Program and Policies are built upon industry best practices. This program includes, but is not limited, to:

**Independent Testing** - The security team commissions independent penetration testing against its systems at least annually to identify and mitigate security concerns.

**Security Training** - All AEO associates and contractors with access to company systems are required to complete an Information Security Awareness Training program on an annual basis. The training covers a wide variety of topics designed to familiarize associates with the Information Security Program, set security expectations, and provide guidance on how to help protect associates and AEO from internal or external cyber threats at work and at home.

**Incident Response** - AEO maintains a comprehensive Incident Response Program that is tested annually through internal tabletop exercises and provides for notification of data subjects in the event of a breach.

AEO's information security program is in full compliance with the latest Payment Card Industry (PCI) Data Security Standard (DSS), which includes but is not limited to annual policy updates and review/attestation of compliance by an independent PCI Qualified Security Assessor.

**Global Privacy Team** - To ensure that AEO customer data is collected and used appropriately, and in compliance with all relevant laws, our Global Privacy Team works closely with marketing, technology, security and other business teams to develop and execute enterprise-wide privacy strategy, policy, standards and expectations. AEO's data protection policy covers all brands and subsidiaries. We also work to maintain contracts with third parties with whom we may share data that include coverage for security and privacy risks up to AEO's high standards.

**Privacy Notice** - AEO's publicly available Privacy Notices outline how and why we collect and use customer data across various brands' websites, apps and stores that proudly serve a variety of global jurisdictions. We transparently collect and maintain required consent from our customers across our platforms for the purposes stated in our Privacy Notice.

**Oversight** - The Audit Committee receives quarterly reports from the Chief Information Security Officer on, among other things, the company's cyber risks and threats, the status of projects to strengthen our information security systems, assessments of the company's cybersecurity program, cyber insurance coverage and the emerging threats in this area.

**New SEC Cybersecurity Disclosure Rules**  
On July 26, 2023, the U.S. Securities and Exchange Commission adopted final rules regarding cybersecurity risk management, strategy, governance and incident reporting by public companies. AEO intends to fully comply with these new rules which are effective beginning in December 2023.



## FORWARD-LOOKING STATEMENTS

Unless otherwise indicated, this report covers our fiscal year ended January 28, 2023.

This ESG report contains certain forward-looking statements based on AEO's current assumptions and expectations. These statements are typically accompanied by the words "aim," "anticipate," "believe," "commit," "could," "drive," "estimate," "envision," "ensure," "goal," "intend," "may," "might," "mission," "seek," "strategy," "strive," "target" and "will" or similar words or phrases. The principal forward-looking statements in this report include: our sustainability goals, commitments and programs; our social goals, initiatives, programs and objectives; the scope and impact of ESG risks and opportunities; and standards and expectations of third parties.

All of our forward-looking statements are intended to enjoy the protection of the safe harbor for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995, as amended. Although we believe there is a reasonable basis for the forward-looking statements, our actual results, including the achievement of our targets, goals or commitments, could differ materially. These forward-looking statements are based largely on our expectations and judgments and are subject to a number of risks and uncertainties, many of which are unforeseeable and beyond our control. These risks include, but are not limited to, our ability to achieve our stated diversity, equity and inclusion, ESG and sustainability, and climate change goals, as well as those risks identified in Item 1A of our most recent Annual Report on Form 10-K and subsequent quarterly reports precision of our data collection and analysis methods, which are

subject to future evolution and calibration. Such information is subject to additional uncertainties, as there are limitations inherent in the data collection and analysis methods. While we consider information from external resources and consultants to be reliable, we do not assume responsibility for its accuracy. Additionally, all numbers referenced are on Form 10-Q filed with the Securities and Exchange Commission ("SEC"), which should be read in conjunction with the forward-looking statements in this report, as well as other assumptions, risks, uncertainties and factors identified in this report.

The information contained in this ESG report also is subject to the quality and comprehensiveness of the reporting received by the Company from internal and external sources and, therefore, are approximate and/or estimated values. It is also important to note that the availability of data varies from section to section in this report.

Our goals and commitments include aspirational components that may take years or decades to achieve. AEO cannot assure you that the results reflected or implied by any forward-looking statement will be realized or, even if substantially realized, that those results will have the forecasted or expected consequences and effects. We urge you to consider all of the risks, uncertainties and factors identified above or discussed in this and other reports carefully in evaluating the forward-looking statements in our reporting. The forward-looking statements in our reporting are made as of the date they are made, and we undertake no obligation to update these forward-looking statements to reflect new information, subsequent events or circumstances or otherwise.





**APPENDIX**

## SUSTAINABILITY ACCOUNTING STANDARDS BOARD (SASB) INDEX

Sustainability Accounting Standards Board (SASB) is an independent standards-setting organization that promotes the disclosure of material sustainability information to meet investor needs. This index refers to relevant indicators from the Apparel, Accessories & Footwear Standard.

Topic	Accounting Metric	Code	AEO Response
<b>Management of Chemicals in Products</b>	Discussion of processes to maintain compliance with restricted substances regulations	CG-AA-250a.1w	AEO Inc. has a robust testing program to ensure compliance with our global safety protocols as well as our Restricted Substance List (RSL). Our RSL is based on industry best practices, national and international regulations, as well as our own internal standards and commitments, which may be above and beyond government regulations. We work with a third-party accredited lab to assure we comply with all regulatory chemical requirements in our products. We are notified of any chemical risks immediately and work to resolve the issue with the supplier before goods are placed on the market.
	Discussion of processes to assess and manage risks and/or hazards associated with chemicals in products	CG-AA-250a.2	AEO is committed to reducing the use and impact of harmful substances in our global supply chain. As part of that commitment, we maintain a Product Restricted Substance List (RSL), which is a dynamic document that is updated semi-annually based on changes in global legislation and corporate requirements. Our suppliers are required to follow our RSL as part of their Master Purchase Agreement, and we validate compliance with regular audits. We work closely with a third-party accredited lab for expert regulatory advice and updates. We also monitor high-risk chemicals of concern in the industry with our third party accredited lab, industry groups such as AAFA, AFIRM Group, and RILA, and monitor Prop 65 notices in CA. We recently made the decision to ban the use of Poly- and Perfluorinated Alkyl Substances (PFAS) in our products. In early 2022, PFAS was added to our RSL as a “prohibited” substance, and we have committed that there is no PFAS intentionally added to any AEO products.

Topic	Accounting Metric	Code	AEO Response
<p><b>Environmental Impacts in the Supply Chain</b></p>	<p>Percentage of (1) Tier 1 supplier facilities and (2) supplier facilities beyond Tier 1 in compliance with wastewater discharge permits and/or contractual agreement</p>	<p>CG-AA-430a.1</p>	<p>Apparel production involves a large quantity of water and needs to be treated properly. In 2013, we created the AEO Wastewater Management Standard to provide factories with guidance on how to properly manage water and make sure that water is safe before it is discharged. In 2017, we launched our Water Leadership Program, which sets expectations for our denim factories and woven mills on wastewater, water reduction, water recycling and chemical management. Each year, our expectations increase as we work with our factories toward meeting our overall water goals. Factories that meet our requirements receive higher scores on our vendor scorecard and are prioritized for receiving business.</p> <p>We work with key laundries to implement new technologies and equipment that greatly decrease overall water needs for garment finishing and washing, ultimately reducing the amount needed to be discharged. Our manufacturers and laundries have made investments to develop new approaches and install computer-controlled washing machines that use a fraction of the water used by conventional washers, as well as other technologies such as nebulization.</p> <p>Many of our laundries are using Jeanologia’s Environmental Impact Monitoring (EIM) software as an initial step toward measuring and building more sustainable processes. The EIM software assesses the environmental impact of the garment finishing process in four areas: water consumption, energy consumption, chemical use and worker health.</p> <p>We first met our goal to reduce water use per jean by 30% by 2023 two years early in FY2021. We have now extended our goal for a 50% reduction by 2025, and a total water reduction of 30% across all products by 2028.</p> <p>In 2022, we surpassed our goal to recycle 50% of total water used in denim, and have set new targets here as well with a plan for 70% water recycled by 2025.</p> <p>Our goal for 100% of eligible, water-intensive factories, mills and laundries to adhere to our AEO Wastewater Management Standards by 2023 was met two years early in FY2021, and we continue to follow this with 56 laundries and dye houses and 94 fabric mills submitting annual wastewater tests.</p> <p>Tier 1: 100% of strategic laundries are in compliance with conventional parameters and 95% are compliance with MRSL parameters.</p> <p>Tier 2: 98% of strategic fabric mills are in compliance with conventional parameters and 89% are compliance with MRSL parameters.</p>
	<p>Percentage of (1) Tier 1 supplier facilities and (2) supplier facilities beyond Tier 1 that have completed the Sustainable Apparel Coalition’s Higg Facility Environmental Module (Higg FEM) assessment or an equivalent environmental data assessment</p>	<p>CG-AA-430a.1</p>	<p>In FY2022 AEO worked with 234 Tier 1 facilities considered strategic apparel cut-sew facilities (representing more than 90% of 2022 procurement volume). Our Tier 1 subcontracted wet process facilities include all active denim laundries and strategic dyeing house/ laundries for non-denim products.</p> <p>T1 strategic apparel vendors: 234 (FEM completed); 188 (verified); 80% verification rate</p> <p>T1 subcontracted wet process facilities: 39 (FEM completed); 34 (verified); 87% verification rate</p> <p>T2 denim fabric mills, and strategic fabric mills: 113 (FEM completed); 103 (verified); 91% verification rate</p>

Topic	Accounting Metric	Code	AEO Response
<b>Labor Conditions in the Supply Chain</b>	Percentage of (1) Tier 1 supplier facilities and (2) supplier facilities beyond Tier 1 that have been audited to a labor code of conduct, (3) percentage of total audits conducted by a third-party auditor	CG-AA-430b.1	CG-AA-430b.1 1. We define Tier 1 factories as the origin-conferring (according to U.S. Customs) facilities with whom we directly place purchase orders for finished product. In 2022, 81% of our active factories that were in scope for our social monitoring program received an audit. We view social audits as one of many tools that we use to engage with our supply chain. We use multiple criteria to decide which factories will be audited in a given year. For example, we may choose to engage with factories via ongoing training programs or onsite visits from an AEO Responsible Sourcing team member to follow up on open issues. 2. Facilities beyond Tier 1 that are eligible for audits include mills, trim suppliers, subcontractors and denim laundries. In 2022, 36 facilities beyond Tier 1 were either audited by our internal team or participated in third-party audit programs, such as SLCP. 3. 83% of our Tier 1 factories were audited by third-party companies in 2022. All audits for facilities beyond tier 2 were conducted by third parties.
	Priority non-conformance rate and associated corrective action rate for suppliers' labor code of conduct audits	CG-AA-430b.2	We have an extensive rating system that is used to flag factories that require urgent or complicated solutions to issues identified during audits. In 2022, 25% of audits for active factories were rated Orange and 1% were rated Red according to our rating system, which required close follow-up and may have resulted in business consequences, depending on the circumstances.
<b>Raw Materials Sourcing</b>	(1) Amount of priority raw materials purchased, by material, and (2) amount of each priority raw material that is certified to a third-party environmental and/or social standard, by standard	CG-AA-440a.4	Recycled Cotton - 900 metric tons Organic Cotton - 90 metric tons Better Cotton - 28,077 metric tons Recycled Polyester - 2,984 metric tons Recycled Nylon - 1,521 metric tons



## TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES (TCFD) INDEX

	TCFD Metrics	AEO Response
<b>Governance</b>	a. Describe the Board’s oversight of climate-related risks and opportunities.	2023 CDP Climate Change Disclosure: C1.1a, C1.1b
	b. Describe management’s role in assessing and managing climate-related risks and opportunities.	2023 CDP Climate Change Disclosure: C1.2
<b>Strategy</b>	a. Describe the climate-related risks and opportunities the organization has identified over the short, medium and long term.	2023 CDP Climate Change Disclosure: C2.1a, C2.3, C2.3a, C2.4, C2.4a
	b. Describe the impact of climate-related risks and opportunities on the organization’s businesses, strategy and financial planning.	2023 CDP Climate Change Disclosure: C2.3a, C2.4a, C3.1, C3.2a, C3.2b, C3.3, C3.4
	c. Describe the resilience of the organization’s strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	2023 CDP Climate Change Disclosure: C3.2, C3.2a, C3.2b
<b>Risk Management</b>	a. Describe the organization’s processes for identifying and assessing climate-related risks.	2023 CDP Climate Change Disclosure: C2.1, C2.2, C2.2a
	b. Describe the organization’s processes for managing climate-related risks.	2023 CDP Climate Change Disclosure: C2.1, C2.2
	c. Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organization’s overall risk management.	2023 CDP Climate Change Disclosure: C2.1, C2.2
<b>Metrics &amp; Targets</b>	a. Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.	2023 CDP Climate Change Disclosure: C4.2, C4.2a 2022 ESG Report: Page 21
	b. Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas (GHG) emissions and the related risks.	2023 CDP Climate Change Disclosure: C6.1, C6.3, C6.5, C6.5a 2022 ESG Report: Pages 73-74
	c. Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.	2023 CDP Climate Change Disclosure: C4.1, C4.1a, C4.2, C4.2a, 2022 ESG Report: Page 21

# ANNUAL GHG INVENTORY RESULTS

## 1. GHG Emissions

### GHG Emissions Summary (metric tons CO<sub>2</sub>e)

	2018	2019	2020	2021	2022
Scope 1	11,537	11,784	10,340	11,803	12,343
Scope 2 <sup>1</sup>	71,930	56,318	45,161	43,205	45,476
<b>Total Scope 1&amp;2</b>	<b>83,467</b>	<b>68,102</b>	<b>55,501</b>	<b>55,008</b>	<b>57,819</b>

### Scope 1 GHG Emissions Breakdown (metric tons CO<sub>2</sub>e)

Emissions Category	2018	2019	2020	2021	2022
Stationary Combustion	6,943	7,257	7,263	7,453	7,849
Mobile Combustion	3,393	3,314	1,759	3,029	3,069
Refrigerants	1,201	1,214	1,318	1,322	1,425
<b>Total Scope 1</b>	<b>11,537</b>	<b>11,784</b>	<b>10,340</b>	<b>11,803</b>	<b>12,343</b>

### Scope 2 GHG Emissions Breakdown (metric tons CO<sub>2</sub>e)

Emissions Category	2018	2019	2020	2021	2022
Electricity	71,893	56,258	45,129	43,170	45,436
Chilled Water	37	60	32	35	39
<b>Total Scope 2</b>	<b>71,930</b>	<b>56,318</b>	<b>45,161</b>	<b>43,205</b>	<b>45,476</b>

### Scope 1&2 GHG Emissions Breakdown by Region (metric tons CO<sub>2</sub>e)

Emissions Category	2018	2019	2020	2021	2022
North America	82,456	66,951	54,432	53,848	55,289
Central America	722	827	434	376	1,271
Eastern Asia	289	224	634	784	1,259
<b>Total Scope 1&amp;2</b>	<b>83,467</b>	<b>68,102</b>	<b>55,501</b>	<b>55,008</b>	<b>57,819</b>

<b>Scope 3 Emissions Breakdown (metric tons CO<sub>2</sub>e)<sup>2</sup></b>				
<b>Emissions Category</b>	<b>2018</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>
Purchased Goods and Services	927,000	929,000	1,122,000	1,134,000
Capital Goods	7,600	5,300	9,800	10,000
Fuel and Energy - Related Activities	(not calculated)	9,000	12,000	11,000
Upstream Transportation and Distribution	131,200	78,000	150,400	58,700
Waste Generated in Operations	51,000	49,000	30,000	29,000
Business Travel	6,000	1,000	2,000	5,000
Employee Commuting	(not calculated)	14,500	23,600	29,800
Downstream Transportation and Distribution	2,900	3,200	3,200	2,900
Use of Sold Products	2,005,000	1,861,000	2,171,000	2,172,000
End-of-Life Treatment of Sold Products	(not calculated)	89,000	38,000	38,000
Franchises	13,000	19,000	19,000	20,000
<b>Total Scope 3</b>	<b>3,143,763</b>	<b>3,058,111</b>	<b>3,580,928</b>	<b>3,510,658</b>

<b>2. Energy/Electricity (kWh)</b>					
	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>
Total Energy Use	198,301,858	245,005,798	191,173,198	200,698,914	206,570,708
Total Electricity Consumption <sup>3</sup>	160,097,543	164,067,700	151,137,780	159,606,616	163,519,206

<b>Energy Use by Facility Type (kWh)</b>					
<b>Facility Type</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>
Store	96,554,633	98,325,051	83,085,906	89,490,219	94,453,702
Warehouse	59,654,573	65,625,267	68,514,071	68,466,240	68,299,996
Outlet	24,782,172	43,942,320	23,970,374	27,246,362	28,391,217
Office	13,256,775	33,251,604	12,094,085	12,128,325	12,174,224
Data Center	4,053,705	3,861,556	3,508,763	3,367,768	3,251,570
<b>Total</b>	<b>198,301,858</b>	<b>245,005,798</b>	<b>191,173,198</b>	<b>200,698,914</b>	<b>206,570,708</b>

<b>Total Renewable Energy Use (kWh)</b>										
<b>Facility Type</b>	<b>2018</b>		<b>2019</b>		<b>2020</b>		<b>2021</b>		<b>2022</b>	
	Total Energy Use (kWh)	%	Total Energy Use (kWh)	%	Total Energy Use (kWh)	%	Total Energy Use (kWh)	%	Total Energy Use (kWh)	%
Renewable Energy	2,802,057	2%	30,075,123	18%	32,416,471	21%	39,903,127	25%	37,502,300	23%
Non-Renewable Energy	157,295,486	98%	133,992,577	82%	118,721,308	79%	119,703,489	75%	126,016,906	77%

<b>Renewable Energy<sup>4</sup> by Facility Type (kWh)</b>					
<b>Facility Type</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>
Store	189,413	5,357,704	7,214,12	12,996,189	11,370,376
Warehouse	1,404,478	12,980,736	12,914,266	13,177,805	12,856,068
Outlet	63,081	1,124,025	1,806,295	3,581,129	3,078,915
Office	582,897	6,790,364	7,014,544	6,843,054	7,006,053
Data Center	562,188	3,822,294	3,467,245	3,304,949	3,190,889
<b>Total</b>	<b>2,802,057</b>	<b>30,075,123</b>	<b>32,416,471</b>	<b>39,903,127</b>	<b>37,502,300</b>

<b>Average Energy Use/Normalized Electrical Power Usage (kWh/sqft)</b>					
	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>
Average Energy Use	17.9	18.2	14.3	16.4	14.7

<b>3. Fleet Fuel Consumption (gallons)</b>					
<b>Fuel Summary</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>
Total Fleet <sup>5</sup>	93,993	118,988	83,530	70,889	97,364

Footnotes:  
<sup>1</sup> Scope 2 emissions are calculated using the market-based approach, which allows us to account for renewable energy in our footprint.  
<sup>2</sup> In 2020, we completed a re-baseline of our scope 3 emissions. We also completed calculations for three new categories.  
<sup>3</sup> All electricity purchased and consumed from the grid.  
<sup>4</sup> All renewable energy are purchased Green-e Certified renewable energy credits (RECs) for facilities in Connecticut, Illinois, Maryland, Massachusetts, New Jersey, New York, Ohio, Pennsylvania and Texas.  
<sup>5</sup> All fuels are from non-renewable sources.

# GHG VERIFICATION STATEMENT

## American Eagle Outfitters – 2022 Greenhouse Gas Emissions Inventory

Ruby Canyon Environmental, Inc. (RCE) conducted the verification of American Eagle Outfitters GHG Emissions Inventory (Project) according to the requirements found in ISO 14064-3:2019. The objective of this verification was to ensure that the GHG statement is materially correct and conforms to all relevant criteria. The GHG statement is the responsibility of American Eagle Outfitters.

### A summary of the GHG statement is as follows:

- GHG-related activity: AEO is a retail clothing and accessories company based in Pittsburgh, Pennsylvania. AEO's Scope 1 and 2 inventory boundary includes global facilities open during the fiscal year. AEO's operational components (facilities) include Scope 1 emissions from stationary combustion, mobile combustion, and refrigerants; Scope 2 emissions were calculated using market-based and location-based approach.
- GHG statement: 02/01/2022 – 01/31/2023
- Criteria:
  - The Greenhouse Gas Protocol (GHG Protocol): Corporate Accounting and Reporting Standard, World Resources Institute and World Business Council for Sustainable Development, March 2004.
  - ISO 14064-3:2019 "Greenhouse gases – Part 3: Specification with guidance for the validation and verification of greenhouse gas assertions".

The data and information supporting the GHG statement were historical and estimated in nature.

Based on the examination of the evidence, nothing comes to RCE's attention which gives cause to believe that the GHG statement is not a fair representation of GHG data and information.

### RCE confirms that there is no evidence that the GHG statement has not been prepared:

- Without material discrepancy,
- In accordance with all applicable criteria, and
- Verified to a limited level of assurance.



## COMPLETE MATERIAL TOPIC LIST

	Category	Material Topic	Material Topic Description
<b>Environment</b>	Climate	Climate change	Using Science-Based targets, limit emissions and climate change contributions while building business and community resilience.
		Energy & emissions	Reduce greenhouse gas emissions through energy efficiency initiatives and renewable energy generation and procurement.
		Biodiversity	Combat the main threats to biodiversity—habitat loss, pollution and the unsustainable use of resources - by conscientiously sourcing raw materials, ensuring responsible production practices and providing customers with opportunities to reduce their impact.
	Circularity	Circular economy	Design products to be easily recycled at end of life. Divert waste from landfill by collecting post-consumer apparel waste to give it a new purpose.
		Packaging	Reduce excess packaging and product labels, with a focus on plastics, and transition to more sustainable options.
		Waste	Reduce apparel waste in manufacturing and waste in operations.
	Resource Management	Sustainable materials	Increase the use of sustainable materials in our products, including recycled and organic content, as well as other sustainably sourced materials.
		Water stewardship & wastewater	Manage and preserve water by working with factories to reduce the amount of water needed to make our products, and increase water recycling.
		Chemicals management	Manage the chemicals used by factories making our products in order to maintain compliance, manage risks and ensure safety for factory workers, our customers and the environment.
<b>Social</b>	Human Rights in the Supply Chain	Forced labor	Ensure that our supply chain is free from all forms of forced, involuntary or trafficked labor, including prison, bonded and indentured.
		Labor conditions	Ensure that the partner factories who make our products are providing a safe working environment for their employees. Ensure that human rights are respected in our supply chain. Work towards living wages for factory workers.
		Gender equity	Continuously push for greater gender equity in our supply chain.

	Category	Material Topic	Material Topic Description	
<b>Social</b>	Human Capital Management	IDEA: Inclusion, Diversity, Equity & Access	Create an environment where everyone feels respected and empowered, and continue to grow as a community that promotes individuality and difference.	
		Health, safety & wellbeing	Connect associates to resources, incentives and rewards that support their physical, financial, emotional and social wellbeing.	
		Fair wages	Pay our associates fairly and equitably, make pay decisions based on consistent and fair criteria, and engage outside counsel to ensure no systematic differences in pay exist.	
		Employee engagement, development & recognition	Provide resources for associates to achieve personal and career growth by continuously improving our talent development process, performance metrics, mentorship opportunities and people analytics.	
	Community Impact	Community engagement & charitable giving	Create positive change in our communities by giving back to causes that are important to both our customers and associates.	
		Women’s empowerment	Promote the health and wellbeing of women to create positive change, both in our communities and globally in our supply chain, by investing in skills training and expanding opportunities for personal and professional advancement.	
		Consumer Trust	Product quality & safety	Ensure that our products meet or exceed our high standards for quality and safety.
			Consumption behaviors	Help customers understand how to care for their clothes to extend their lifespan, and reduce the negative environmental impacts associated with washing and end-of-life disposal.
			Body image	Promote body confidence and celebrate the individuality of our customers by supporting the prevention of, and reducing the stigma associated with, eating disorders and body dysmorphia.
<b>Governance</b>	Responsible Business	Ethical & transparent business practices	Hold ourselves to the highest ethical standards and effective corporate governance to ensure that all business is conducted free from any form of corruption.	
		Privacy & data security	Protect the privacy and integrity of data for both our customers and company.	
	Supply Chain Management	Logistics	Optimize inventory, accelerate online deliveries, reduce miles traveled and reduce carbon emissions in our manufacturing and product shipping processes, through our innovative and industry-leading logistics and supply chain capabilities.	
		Responsible buying practices	A mindful approach to corporate sourcing that evaluates possible impacts to suppliers, positive and negative, while making purchasing decisions.	
		Traceability	Publish public supplier lists. Improve the traceability of the raw materials that go into our products and of partners in deeper tiers of our supply chain.	

## MEMBERSHIPS & ASSOCIATIONS

<b>AEO is proud to support these leading organizations and initiatives:</b>		<b>AEO, the AEO Foundation and the Aerie Real Foundation partner with these organizations to support causes that are important to our customers and associates:</b>
American Apparel & Footwear Association (AAFA)	RE100	Anti-Defamation League (ADL)
Apparel Impact Institute (All)	Retail Industry Leaders Association (RILA)	Big Brothers Big Sisters
Apparel & Footwear Industry Commitment to Responsible Recruitment	RISE: Reimagining Industry to Support Equality	Bring Change to Mind
Better Cotton Initiative	Science Based Target Initiative (SBTi)	Delivering Good
CanopyStyle Initiative	Sustainable Apparel Coalition (SAC)	Free The Girls
Cotton Inc. Blue Jeans Go Green	Textile Exchange	Good360
Fabscrap	The Jeans Redesign Project	Feeding America
First Mile Initiative	United Nations Framework Convention on Climate Change's (UNFCCC) Fashion Industry Charter for Climate Action	Harlem's Fashion Row
Give Back Box	U.S. Fashion Industry Association (USFIA)	HeadCount
International Labor Organization/IFC Better Work Program	U.S. Green Building Council	It Gets Better Project
Jeanologia EIM	U.S. Cotton Trust Protocol	Legal Defense Fund
LEED Green Building Certification	International Accord for Health and Safety in the Textile and Garment Industry (Including Pakistan and Bangladesh)	National Eating Disorders Association (NEDA)
National Retail Federation (NRF)		PERIOD.
		Special Olympics
		The Pittsburgh Promise





# AEO

For questions regarding this report, contact  
us at **[AEOBetterWorld@ae.com](mailto:AEOBetterWorld@ae.com)**.