



## **CALIFORNIA TRANSPARENCY IN SUPPLY CHAINS ACT / UK MODERN SLAVERY ACT**

American Eagle Outfitters, Inc. (NYSE: AEO) is a leading global specialty retailer offering high-quality, on-trend clothing, accessories and personal care products at affordable prices under its American Eagle® and Aerie® brands. The company operates more than 1,000 stores in the United States, Canada, Mexico, China and Hong Kong, and ships to 81 countries worldwide through its websites. American Eagle Outfitters and Aerie merchandise also is available at more than 200 international locations operated by licensees in 25 countries. For more information, please visit [www.aeo-inc.com](http://www.aeo-inc.com).

AEO is dedicated to the highest level of social responsibility. As part of that commitment, we direct our business relationships to those suppliers, including our sourcing agents, vendors, factories and their own suppliers, who share our vision of ethical and fair working conditions. An important component of this vision is the idea that work undertaken at all levels of our supply chain should be free and voluntary.

The following statement is made pursuant to The California Transparency in Supply Chains Act of 2010 (SB 657) and The UK Modern Slavery Act (Section 54) and discloses the steps that AEO takes to mitigate the risk of slavery and human trafficking in our supply chain.

### **Responsible Sourcing at AEO**

Our Responsible Sourcing department works with suppliers to continuously improve factory working conditions. Along with regular social compliance monitoring through audits, our Responsible Sourcing team also:

- works with factories to identify sustainable remediation plans;
- provides tailored trainings to suppliers;
- encourages the creation and strengthening of internal compliance activities in factories;
- finds alternative ways to understand worker experiences, such as worker surveys;
- builds relationships with NGOs, industry groups and other brands to collaborate on both industry-wide and factory-specific issues.

The Responsible Sourcing team reports into AEO's Production and Sourcing department. This reporting structure allows for maximum coordination and exposure of our work into multiple areas within the company.

The following sections highlight a few of AEO's Responsible Sourcing policies and activities, as they relate to the prevention of slavery and human trafficking.

### **Supplier Code of Conduct & Supplier Agreement**

AEO's Supplier Code of Conduct is based on universally-accepted human rights principles and sets forth our minimum standards and expectations for suppliers. Our Code expressly prohibits the use of child labor and forced, involuntary or trafficked labor. These prohibitions include, but are not limited to, prison, bonded, and indentured labor, as well as employment practices such as forced overtime; retention of workers' IDs; collection of deposits at time of hire; and restrictions on movements within workplaces and living quarters.

# AEO INC.

All supplier vendors and factories must agree contractually and in writing to abide by the terms of our Supplier Code of Conduct and other applicable laws and regulations before we do business with them. As part of this agreement, AEO suppliers also warrant that any subcontractors they may independently contract with to assist with the manufacturing of AEO product will comply with the terms of our Code and other applicable laws and regulations. To view our complete Supplier Code of Conduct, please [click here](#).

## **Supplier Monitoring**

AEO maintains a dedicated team of people and an extensive factory monitoring program to assess supplier compliance with the terms of our Supplier Code of Conduct. Through a combination of our internal teams and third-party auditors, we conduct pre-sourcing audits of sourcing apparel factories before any purchase orders are placed and we visit approved factories at least once a year. Audits can be unannounced, announced or semi-announced with a window; we make tailored decisions on audit announcement depending on the circumstances of each particular factory. Audits include opening and closing meetings with factory management; facility walk-throughs; review of payroll, time and other records; and private interviews with workers. All of these tools are used to ascertain the working conditions and experiences of workers, including their recruitment and hiring and daily work experiences.

AEO Responsible Sourcing team members review audit results with factory management and provide targeted training to help suppliers continuously improve factory working conditions. Factories that cannot meet minimum standards and pass our pre-sourcing inspections will not be approved to receive orders. If we uncover a serious breach of our Code of Conduct by a supplier already approved for production, including evidence of human trafficking or slavery, we take steps up to and including the severance of our business relationship, depending on the specific situation. While AEO wishes to aid in the resolution of issues such as human trafficking and slavery within our supply chain, cooperation and commitment by our suppliers is necessary for sustainable change to occur.

Factories are given ratings based on issues identified during audits, management commitment and remediation efforts. These ratings are incorporated into AEO's Vendor Scorecard, which evaluates suppliers on various metrics, including vendor compliance, transportation, and quality assurance.

For more details about our factory monitoring programs, please see the [Responsible Sourcing section](#) of our website.

## **Potential Risks in AEO's Supply Chain**

AEO is aware that there are potential risks of slavery and human trafficking in apparel industry supply chains, including country-specific concerns. New sourcing countries are assessed for possible risks, including those related to slavery and human trafficking.

Countries with large populations of refugees and international migrants are flagged for additional analysis and attention during audits. Auditors note the nationalities of workers and any potential recruitment and hiring risks. Other potential risks include countries where large numbers of internal migrants move from their hometowns in order to find work in factories. Interviews with workers and management in these countries are among the tools used by our team and third-party representatives

# AEO INC.

to ascertain if workers in any factories producing for AEO are at risk of issues such as restriction of free movement or employment schemes.

In order to delve further into potential supply chain risks, we have made plans to commission a risk assessment of all current AEO sourcing countries. We are also planning projects focused on supply chain traceability. The results of both of these projects will help to guide our future areas of focus for further risk mitigation.

Although not a manufacturing country, we also monitor reports regarding forced and child labor in Uzbekistan and Turkmenistan. As a result of practices in the country, AEO does not allow suppliers to knowingly use Uzbek or Turkmen cotton in any of our products. We are also members of the Responsible Sourcing Network (RSN) Cotton Economic Leverage Working Group.

## **Responsible Recruitment Pledge**

AEO has signed on to the American Apparel & Footwear Association (AAFA) and Fair Labor Association (FLA) Apparel & Footwear Industry Commitment to Responsible Recruitment, a proactive industry effort to address potential risks that migrant workers can face related to forced labor. By signing on to the commitment, AEO agrees to work with our suppliers to align with the below principles:

- No workers should pay for their job;
- Workers should retain control of their travel documents and have full freedom of movement;
- All workers should be informed of the basic terms of their employment before leaving home.

As part of our commitment, we will incorporate the Commitment to Responsible Recruitment into our existing Supplier Code of Conduct and will periodically report on how we are incorporating the Commitment into our Responsible Sourcing program policies and processes.

## **Associate Training & Accountability**

A testament to its strong culture of compliance, AEO maintains a comprehensive Code of Ethics. The Code of Ethics sets forth written standards designed to deter employee wrongdoing and to promote honest and ethical conduct, legal and regulatory compliance, and full, fair, accurate, timely, and understandable company public disclosure. Pursuant to the Code of Ethics, Associates are required to report any known or suspected violations of the Code of Ethics, either through the anonymous AEO Hotline (1-888-587-3582) or online at <https://aehotline.com/>. AEO makes all associates aware of this Code of Ethics. For more information on our Code of Ethics and related policies, please click [here](#).

Associates who engage frequently with suppliers, including members of our Production and Design teams, are trained regularly on the Responsible Sourcing program, our Supplier Code of Conduct and the risk of forced labor and trafficking in apparel supply chains. In addition, the AEO Responsible Sourcing team meets regularly with AEO's Production and Sourcing teams to review supplier performance on social compliance and discuss sourcing strategy. The Responsible Sourcing team reports to the AEO Board of Directors on a quarterly basis.