



AEO BUILDING A BETTER **WORLD** | PLANET PEOPLE PRACTICES

2021 ESG REPORT



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ABOUT THIS REPORT

This report highlights the focus of our Building a Better World ESG strategy, our goals and the progress we are making toward them. Informed by a comprehensive materiality assessment, we have prioritized topics that matter most to our business and our stakeholders - including our customers, associates, vendors, investors and regulators. The Appendix at the end of this report includes detailed performance information aligned with internationally recognized reporting frameworks, including the Sustainability Accounting Standards Board (SASB). Additional information can be found at www.aeo-inc.com.

For questions regarding this report contact us at AEOBetterWorld@ae.com.

Building a Better World Report: Fast Facts

Data primarily covers fiscal year (FY) 2021: the 52-week period from January 31, 2021 to January 29, 2022 ("2021"), unless otherwise stated.

Scope of ESG data includes all of American Eagle Outfitters, Inc.'s operations and brands included in the Fiscal 2021 financial statements, unless otherwise stated.

Reporting is informed by the following internationally recognized frameworks, standards and indices*:

- Aligned with Sustainability Accounting Standards Board (SASB) Apparel, Accessories & Footwear Standard; and
- Utilizes the Greenhouse Gas Protocol Corporate Accounting and Reporting Standard.

*Specific framework indices can be found in the Appendix.



CEO WELCOME



Jay Schottenstein
Executive Chairman of the Board
and Chief Executive Officer

At AEO, we have always led with purpose and optimism for the future. Since our earliest days, we have stood for inclusion, positivity and doing the right thing for our associates, customers and communities. Our heritage traces back to my father, Jerome Schottenstein, and his vision to be a retailer that was accessible and welcoming to all – affordable, diverse and with merchandise made to last. He laid the groundwork for what is now a portfolio of leading brands rooted in strong principles, integrity and a responsibility to give back. In my 30 years of leadership with AEO,

We strive for greater transparency, communication and the standardized reporting of our ESG progress.

I am proud to say that my father’s vision lives on in everything we do.

Today, more than ever, we have an obligation to continue building a better world for future generations. In this report, we are excited to share our plan of action, progress - and most importantly - our goals for ongoing improvement. In the past year, we formalized our ESG strategy and introduced three key areas of focus: **Planet** (Environment), **People** (Social) and **Practices** (Governance). These pillars touch every aspect of our organization and are deeply integrated into our strategic growth plan. To help guide our journey, we established a cross-functional ESG working group and steering committee, with oversight from AEO’s Board of Directors.

We are taking action to move our sustainability practices forward and preserve our **planet**. Several years ago, we established climate goals aimed at reducing water usage and lowering greenhouse gas emissions.

KEY AREAS OF FOCUS



Planet (Environment)

Protect our planet with responsible choices, for future generations



People (Social)

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



Practices (Governance)

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

I’m extremely pleased with the progress we have made on these commitments, including surpassing our water goals ahead of schedule. Across brands, we are expanding the use of sustainable materials in our products – identified by our Real Good™ label.

Caring for **people** is at the very core of how we show up. Our company and brands celebrate individuality and amplify the

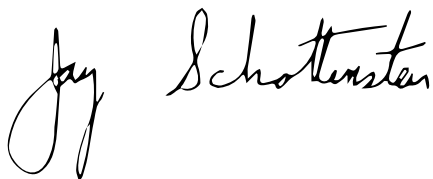
unique voices of our associates, customers and partners. Indeed, American Eagle's inclusive platform was the inspiration for Aerie's transformational body positive movement – featuring diverse, unretouched models of all shapes and sizes.

Our commitment to people is further underscored by the AEO Foundation and corporate giving, which exceeded \$15 million in 2021. We champion organizations paving the way for better mental health, youth and women's empowerment, and education. In 2021 we launched the \$5 million AEO Steven A. Davis Scholarship for Social Justice – advancing educational opportunities for associates carrying forward our vision for a more equal and inclusive society.

By operating with the highest ethical standards, we hold ourselves accountable in how we treat each other and all of our stakeholders, as outlined through our **practices** and in our Code of Conduct and Human Rights Policy.

I hope our passion for driving tangible progress shines through in this report. We aim to provide greater transparency and have prepared this report in alignment with the Sustainability Accounting Standards Board (SASB) standards, a comprehensive and industry-leading ESG framework.

In working toward our goals, every milestone achieved presents new opportunities to do more. You have my commitment that we will continue to raise the bar for ourselves as we deliver consistent progress. We must lead by example and inspire all of our stakeholders to join us on our journey to Build a Better World.

 Jay Schottenstein



BUILDING A BETTER WORLD HIGHLIGHTS



3.5 billion gallons of water saved by jeans factories since 2017

58% of cotton more sustainably sourced through the **Better Cotton Initiative**



88% of the **Board of Directors** are independent

50% of the **Board of Directors** are diverse, defined by gender and/or ethnicity

40 million meals donated to Feeding America over the last two years

26% of electricity in owned or operated locations is sourced from renewable energy



Over \$46 million donated to charitable organizations championing mental health, youth empowerment, education and the environment since 2012

OUR JOURNEY

Pursuing positive returns for AEO shareholders means doing so with our focus squarely on how we treat people and the planet, while operating with the very best practices.



About American Eagle Outfitters, Inc.

American Eagle Outfitters, Inc. (AEO) is a portfolio of unique, loved and enduring brands. We provide a welcoming and engaging customer experience – and we embrace all. Merchandise assortments consist of 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 REAL, which is optimistic, empowering and celebrates individual self-expression. That power and authenticity drives us to create a positive impact across every facet of our business, brands, and products.

We are a company led by purpose. Over ten 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 is 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. In 2019 we established goals to reduce water usage and greenhouse emissions. 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.

Led by Purpose

Our mission is to profitably grow AEO and our portfolio of brands in a socially responsible and sustainable way for the **benefit of all of our stakeholders.**

We are guided by optimism and believe that when people are empowered, they can change the world and be their real, authentic selves.



AEO AT A GLANCE

Founded **1977**

NYSE: **AEO**

41,000
global associates

\$5 billion in
revenue

\$1.8 billion
in digital sales

1,300 global
owned & licensed
retail stores

80+ countries
where our brands
are sold



**Caring for our People:
AEO is highly recognized
for creating an innovative,
inclusive and rewarding
corporate culture.**



Stop Antisemitism
'A' rating for response to
antisemitism in corporate America



Human Rights Campaign
Score of 90 – Corporate
Equality Index

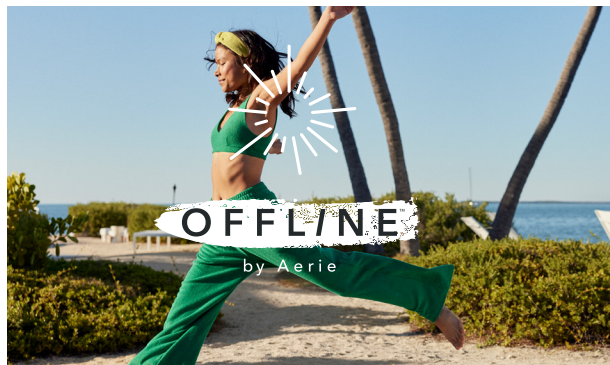


Fast Company
#25 – 100 Best Workplaces
for Innovators 2021





Fueled by optimism, our brands are designed to empower our customers to be their **real, authentic selves.**



AMERICAN EAGLE

We are a leading American jeans and apparel brand that is true in everything we do.

The go-to destination for casual style, embraced by generations of youth since 1977. We are rooted in authenticity, powered by positivity and inspired by our community. Our collections are designed to inspire self-expression and empower our customers to celebrate their own uniqueness. We have broadened our leadership by producing innovative, sustainable fabrics and using the highest environmental standards through our Real Good promise.

“American Eagle has been a trailblazer for inclusion and diversity. From our earliest days, welcoming and embracing all was core to our DNA—and today it is a driving force for customer and associate connectivity.”

Jay Schottenstein

Executive Chairman of the Board and Chief Executive Officer



95%
of all AE jeans

4.8 billion
gallons of water saved
through sourcing with
Better Cotton

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



Built on a platform of power, positivity and no photo retouching—inspiring people to love their REAL selves.

Aerie is a fast-growing lifestyle brand offering intimates, apparel, activewear, and swim collections. With the #AerieREAL movement, we celebrate our community by advocating for body positivity and the empowerment of all women. As part of our Real Good promise, we create swimsuits, bras and underwear with materials made from recycled polyester, recycled nylon fabric or sustainably sourced cotton.

OFFL/NE
by Aerie

OFFL/NE by Aerie offers a complete collection of activewear and accessories made for **REAL movement and REAL comfort**. Built on the success of Aerie’s leggings and sports bras, OFFL/NE’s unique take on an active lifestyle celebrates REAL life— when some days you feel like you can take on the world and other days you need that extra push to get off the couch. Our Real Good promise extends to the OFFL/NE collections with some of our best-selling fleece, leggings and tees made with the planet in mind.



"We were the first to celebrate real women, natural unretouched beauty and body positivity through the #AerieREAL movement. Inspiring others to be confident and amplifying real voices is at the heart of everything we do."

Jennifer Foyle
President, Executive Creative Director—AE & Aerie



More than **70%** of Aerie apparel

10.9 million plastic bottles used in recycled polyester

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

unsubscribed[®]

A truly unique brand offering consciously-made, slow fashion with timeless clothing and accessories.

Unsubscribed offers one-of-a-kind vintage pieces that represent socially conscious and ethically produced practices. Each store is a unique experience that respects and highlights the heritage of the space and the surrounding community. We are making wise choices through planet-first practices, emphasizing local makers, natural fibers, and a desire to produce pieces that stand the test of time in both style and quality.

"Unsubscribed is about slowing down, celebrating the beauty of modern simplicity and embracing sustainable fashion through timeless collections where less is more."

Jennifer Foyle
President, Executive Creative Director—
AE & Aerie



"Todd Snyder is the style destination for the modern gentleman. And being stylish today is about more than looking good; it's about doing what's right. That's why our collaborations with organizations that promote acceptance and equality are incredibly meaningful."






Todd Snyder
Executive Vice President - Chief Brand Officer

TODD SNYDER
NEW YORK

A premium menswear brand informed by heritage, yet updated for today, with an emphasis on versatility and comfort.

Todd Snyder offers signature essentials, statement pieces, custom suiting and iconic accessories reflective of quintessential American style. From bespoke tailoring to innovative capsule collections—good style can be attainable and playful.

Our Journey to Build a Better World – Over Two Decades of Progress

| | | | | | | | | |
|--------------------|---|---|---|--|--|---|--|--------------------|
| <p>1999</p> | <p>AEO Foundation established to support our charitable efforts and build better communities</p> | <p>Began Social Compliance Audits to assess factory working conditions</p>  | <p>Vendor Code of Conduct established to set expectations for ethical and fair working conditions</p> | <p>Janice Page joins Board of Directors as first female member</p> <p>First Eagle of the Year recipient is named for leaving a lasting impact on the company in a given year</p> | <p>Became a signed Buyer Partner with the ILO/IFC Better Work program</p> <p>Lead Independent Director appointed to support best in class governance structure</p> | <p>Banned sandblasting in jeans production</p>  | <p>Greenhouse Gas Emissions goals established</p> <p>Whistleblower Policy published to support strong governance principles</p> | <p>2012</p> |
| <p>2013</p> | <p>First AEO Better World Community Day, with over 1,000 volunteers participating across communities</p> | <p>#AerieREAL campaign launches the body positivity movement</p>  | <p>Joined the Better Cotton Initiative and the Sustainable Apparel Coalition</p>  <p>AEO Academy, an online learning and development portal, launches</p> | <p>IDEA Alliance created to fuel inclusion, diversity and sense of belonging</p> <p>Suja Chandrasekaran joins Board of Directors as second female member</p> | <p>Board of Directors expands scope to formally include ESG oversight</p> <p>Deb Henretta joins Board of Directors as third female member</p> |  <p>Introduced Real Good label for sustainable product collection</p> <p>Appointed Chief Inclusion and Diversity Officer</p> | <p>Signed International Accord for Health and Safety in the Textile and Garment Industry</p> <p>ESG Steering Committee formalized</p> <p>Annual charitable giving surpasses \$15 million</p> <p>Human Rights Policy published</p> | <p>2021</p> |
| | <p>Founding signatory of the Bangladesh Accord on Fire and Building Safety</p> | | | <p>Measurable planet goals established across water and energy reduction, sustainable materials and recycling</p> | <p>Life@AEO internal communication app launched to further strengthen transparency and engagement</p> | <p>Steven Davis joins Board of Directors as first Black member</p> <p>Climate Policy published to demonstrate our commitment to the planet</p> | | |

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. **With the publication of this report, we are committed to greater transparency, communication and standardized reporting of our progress.**

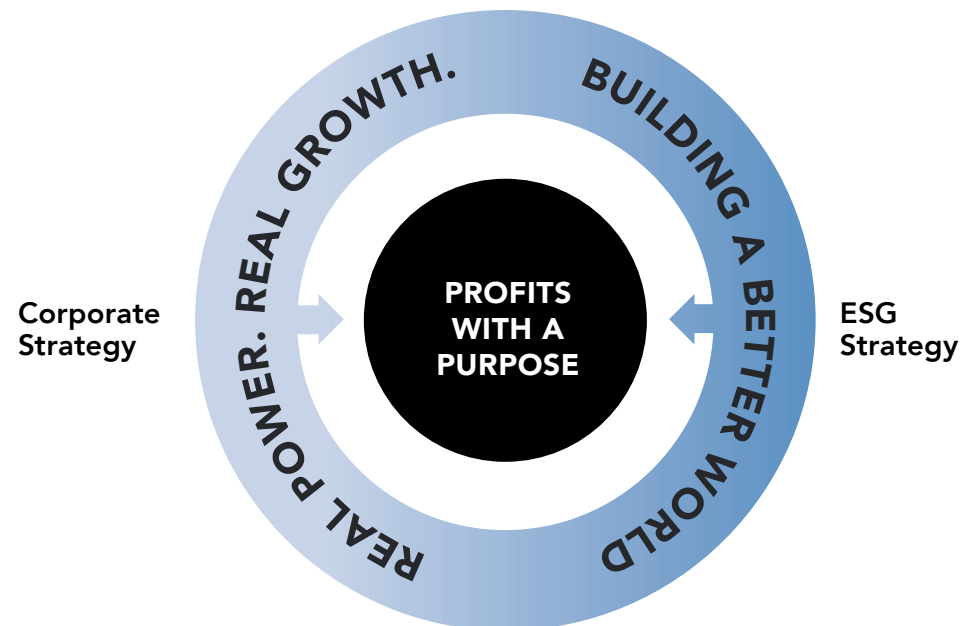
“Our efforts to protect the planet, serve our people and operate with the very best practices, are woven throughout the fiber of AEO – and an important part of every decision we make.”

Janice Page

Independent Director & Chair—
Nominating, Governance and Corporate
Social Responsibility Committee

ESG OVERSIGHT GOALS

- Ongoing prioritization of ESG initiatives and considerations across company strategy
- Continued transparency and alignment with the most up-to-date and comprehensive reporting standards



BRANDS • OPERATIONS • PEOPLE • PLANET • PRACTICES

ESG Oversight and Collaboration Setting Best Practices

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. This includes cross-functional teams across multiple levels of the organization to encourage diverse input and multiple points of view on our Planet, People, Practices initiatives. In Fiscal 2021, we established both Board and Committee oversight of these initiatives, as well as an internal management-led Steering Committee.

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



MULTI-LEVEL FOCUS

Board of Directors

Executive Leadership Team

ESG Steering Committee

ESG Working Groups

Three board committees provide oversight of our 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 Well-Being

Material ESG Topics

Through a comprehensive materiality assessment, we identified the ESG topics that we believe are most important to our associates, customers, partners and shareholders.

As part of our continuous journey to Build a Better World, we began conducting routine comprehensive materiality assessments in 2020 to identify the ESG topics of most importance to our business.

In 2022, we engaged a nationally certified women-owned ESG consulting firm to lead a material topic update. This included executive interviews, an associate survey and analysis of customer and industry data. We also gathered feedback from the majority of our shareholders on ESG topics most important to them. Ongoing engagement with key investors remains a priority as we continue to drive our initiatives forward.

A complete list of material topics and definitions can be found in the Appendix.



PLANET

Climate

Climate action
Energy & emissions
Biodiversity

Circularity

Circular economy
Packaging
Waste

Resource Management

Sustainable materials
Water stewardship
Chemicals management




PEOPLE

Human Rights in the Supply Chain

Forced labor
Labor conditions
Gender equity

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 behaviors
Body image



PRACTICES

Responsible Businesses

Ethical and transparent business practices
Privacy & data security

Supply Chain Management

Logistics
Responsible buying
Traceability



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 - Sustainability Goals



Water Reduction

Reduce water use per jean by 30% by 2023 from a 2017 baseline year

Recycle 50% of total water used in denim laundries by 2023

Apply AEO Wastewater Management Standard to 100% of strategic water-intensive factories, mills and laundries by 2023



Energy Reduction

Achieve carbon neutrality across owned or operated facilities (offices, stores, distribution centers) by 2030

Reduce carbon emissions 40% by 2030 and 60% by 2040 in AEO's manufacturing from a 2018 baseline year



Sustainable Materials

Use 100% sustainably sourced cotton by 2023

Use 50% sustainable polyester by 2023

Ensure 100% of viscose is from non-endangered forests by 2023



Reduce & Reuse

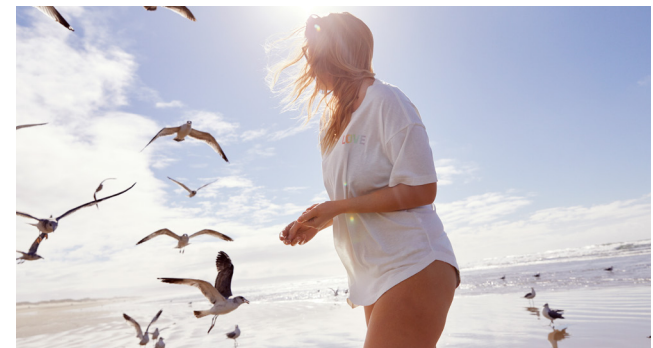
Recycle apparel waste

Reduce plastic packaging or move to alternatives with less impact

Convert all labels to sustainably sourced materials

In 2019, we introduced specific, measurable climate goals. We are making excellent progress and remain focused on achieving our targets.

Our journey to protect our planet began many years ago. In 2013, we introduced our first set of targets to reduce greenhouse gas emissions within company-owned operations. Several years ago, we expanded the scope of our goals to include indirect emissions from the inputs and manufacturing of our products as well as goals for water stewardship. Our GHG goals have been approved by the Science Based Targets initiative, the primary organization verifying the validity of GHG targets and alignment with the Paris Agreement. AEO recognizes the scientific consensus that climate change is real and significantly impacts our world.



A Decade of Water Leadership

We are committed to protecting one of the earth's most precious resources.

Jeans manufacturing is a water-intensive process and with worldwide access to clean water being crucial, AEO has been on a continuous journey to reduce the amount of water used to create our products. We are proud of our progress to date and we will continue to expand our targets on water reduction.



2021 Progress

- ✓ Reduced water usage per jean by 36%, meeting our goal 2 years early
- ✓ Recycled 45% of water in denim factories
- ✓ 100% of strategic water-intensive factories conduct wastewater tests annually

"We have incentivized our manufacturing partners to contribute to water conservation. They have not only met our expectations but have gone well beyond what we would have thought possible."

Mark Rose

Senior Vice President—
Global Sourcing & Production

Our progress on water reduction has been significant. We will continue to set the bar higher and lower our impact through innovation and new technologies.

In 2013, the AEO Wastewater Management Standard was created to provide factories with guidance on how to properly manage water and make sure the water leaving our factories does not pollute the environment.

In 2017, we launched the Water Leadership Program. This initiative set standards for our jeans factories and 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. They are prioritized for receiving business and qualify for our Real Good label. This incentivizes our partners to focus on water-reduction investments including computer-controlled washing machines that use a fraction of the water used by conventional washers, as well as other specialized treatment technologies such as nebulization, lasers and ozone.

Today, many of our laundries use Jeanologia’s Environmental Impact Monitoring (EIM) software as an initial step towards measuring and building more sustainable processes.



EIM software assesses the environmental impact of the garment finishing process in four areas: water consumption, energy consumption, chemical use– and worker health.

WATER REDUCTION BY THE NUMBERS

3.5 billion gallons of water saved by jeans factories in total since 2017

100% of eligible jeans factories now recycle water back into production

12 gallons of water reduced per AE jean, on average compared to 2017



Sustainable Materials

We are working to increase the use of sustainable materials in our products, including recycled, organic and other sustainably sourced fibers, and eliminate materials sourced from endangered forests.

Cotton, polyester, and man-made cellulosic fibers (MMCFs) make up 82% by weight of the materials we use to make our products, with cotton alone representing 57% of our total material usage. To continually improve and innovate, we participate in the following industry-leading initiatives.



Since 2015 we've partnered with Better Cotton to support more sustainable practices, working towards cotton farming becoming a more climate-resilient, environmentally conscious and responsible industry.



In 2019, we joined Textile Exchange, which guides brands, manufacturers and farmers to more purposeful production. The shared resources that TE offers helps to guide our strategies.



We work with the First Mile initiative to use recycled polyester made from responsibly collected bottles from Haiti, Honduras, and Taiwan. This program supports income generation for people around the world and keeps plastic waste out of landfills and oceans.



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.



2021 Progress

- ✓ 59% of cotton is sustainably sourced
- ✓ 16% of polyester is sustainably sourced
- ✓ 78% of MMC fibers from Canopy "Green Shirt" designated suppliers
- ✓ All hangtags and all AE product labels are sustainably sourced



"Using materials that lessen the environmental impact is vital to achieving our targets for water, carbon and waste reduction. We continue to develop innovative technologies with sustainable materials in mind."

Michelle Tarry

Vice President, Responsible Sourcing & Sustainability

Real Good. Made with the Planet in Mind

In 2020, we launched our Real Good label—apparel designed with the planet in mind. Our growing assortment of products under this label include sustainably sourced cotton tees, recycled nylon intimates and sustainably manufactured jeans.

Real Good jeans are made in factories and mills that meet our Water Leadership Program standards, including criteria for water recycling, restriction of hazardous chemicals in wastewater, and water reduction in production.



Other apparel under the Real Good label is made from a majority of more sustainable preferred fibers, or through sustainably sourced material programs. Examples include:

- In 2021, Aerie’s #1 selling Sunnie bra collection was transformed to use recycled nylon
- Aerie swim fabrics have been elevated to include Real Good options that contain recycled polyester and nylon
- Aerie Play leggings are made with recycled polyester from First Mile™
- The AE super soft slub tee is sourced through Better Cotton from growers using sustainable farming techniques

“Every product design decision begins with sustainability in mind. We’ve made great progress expanding Real Good across assortments and brands, and we will continue to set the bar higher as we strive to make products our customers love while minimizing our impact on the environment.”

Jennifer Foyle
President, Executive Creative Director—
AE & Aerie

REAL GOOD BY THE NUMBERS

1.5 billion gallons in total factory water savings in 2021

95% of AE jeans

More than **50%** of AE and Aerie product

Used the equivalent of **129 million** plastic bottles in recycled polyester

Climate: Energy and Emissions

We developed a targeted, feasible approach to reduce emissions across our operations.

Energy efficiency and reduction are a central component of our journey to reaching our goals and science-based targets. **In 2019 we made a commitment to use 100% renewable energy in our owned or operated facilities by 2030.** We are proud to note that our corporate office in Mexico, our largest distribution center in Hazleton and the Quiet Platforms Dallas facility are LEED (Leadership in Energy and Environmental Design) certified. Additionally, new stores are being built with an Energy Management System (EMS) that optimizes energy usage.

We are taking numerous steps to reduce emissions in our supply chain, including

- Joining the United Nations Fashion Industry Charter for Climate Action
- Collecting metrics on supplier energy performance via the SAC’s Higg Facility Environmental Module to measure the environmental impacts of factory operations at over 300 factories, mills and laundries
- Launching the AEO Carbon Leadership (CLP) Program 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
- Partnering with the Apparel Impact Institute (Aii) to implement factory improvement programs, including Carbon Tech Assessment in-depth consultations, to identify opportunities for energy reduction, and carbon reduction goal setting by factories and mills

RE100 CLIMATE GROUP

AEO is committed to achieving carbon neutrality across all of our owned and operated facilities and associate business travel by 2030 by sourcing 100% renewable energy.



Along with other fashion stakeholders, AEO is committed to holistic climate action and supporting the ambition of the Paris Agreement.



2021 Progress

- ✓ Increased the amount of renewable energy in our operations to 26% of total energy used.

Reducing Environmental Impacts through Efficient Logistics

Our 2021 acquisitions of AirTerra and Quiet Logistics to form Quiet Platforms, a wholly-owned subsidiary of AEO, has helped us improve service and reduce packaging miles traveled. By optimizing inventory placement and consolidating orders into fewer shipments, we are reducing miles traveled and continuing to decrease carbon emissions. Within a year, the total distance traveled from distribution centers to customers decreased by 27%, with a 17% reduction in related emissions.

Circularity and Waste Reduction

Circularity starts with design—making products that are made to last and creating options to re-engage them over time.

THE JEANS REDESIGN

Ellen MacArthur Foundation's Jeans Redesign Project

In 2021, American Eagle launched its AE x The Jeans Redesign Collection. The 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 placed a strong emphasis on durability, recyclability, material health, and traceability.



By partnering with innovative organizations such as **Fabscrap**, we provide a home for fabric scrap and samples used in our design process.

569,000
pairs of jeans recycled

In collaboration with **Cotton Inc.'s Blue Jeans Go Green program**, AE offers customers incentives to dispose pre-loved denim in stores. Since 2014, we have recycled more than 569,000 pairs of jeans through the program.



American Eagle and Aerie partner with **Give Back Box** to make donating gently used clothing, shoes and accessories easy for our customers.



PEOPLE

Caring for people is at the heart of every decision we make. We lead with purpose and inspire our associates and communities to make a difference with positive actions.

Building a Better Workplace and Community - Social Goals

- Improve hiring diversity in overall hires each year
- Aim to increase Persons of Color (POC) representation for all Director and above
- Build the pipeline of future and emerging leaders by increasing POC representation in jobs filled through internal promotions and transfers by 2025
- Increase associate participation for the **“Count Me In!”** campaign by **15% annually**
- Amplify charitable giving impact through the establishment of new programs and partnerships
- Contribute **100,000 hours** of service by AEO associates to local communities by 2030
- Strengthen the impact of the **AEO Steven A. Davis Scholarship for Social Justice** by mentoring and advancing the careers of scholarship recipients

We place people at the center of all our decisions. We are continually reimagining connection and collaboration to empower our associates, uplift our customers, and meaningfully support our communities.



Our People and Values Are at the Center of Everything We Do

Empowering our associates creates positive impacts across our company and our communities.

OUR VALUES

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, our customers and our communities.

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 our communities and protect our planet.

Passion

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

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 will keep them at the center of all we do.

Teamwork

We celebrate when goals are achieved. We are collaborative and inspire others to deliver against business objectives.

"Our people are our greatest asset, and we continually strive to ensure we are listening, learning, growing and doing good together. I am proud to be part of the strong culture we have built at AEO, where associates feel a true sense of belonging and are given the opportunity to develop their careers."

Marisa Baldwin

Executive Vice President, Chief Human Resources Officer



Our Culture is a Competitive Advantage

Caring for our people and fostering a strong workplace is a top priority and key to our success.

Advancing Our Culture

We all have a vital role to play in creating an environment where everyone feels empowered, respected and recognized. As we continue to grow as a community, we promote individuality and self-confidence. At AEO, we are continually:

- **Listening** to our associates, customers and candidates through annual culture surveys, exit surveys, Glassdoor reporting, LinkedIn responses and hotline reporting; we also conduct open door engagement, company-wide town halls and roundtables.
- **Observing** who we are and what our associates are doing by regularly reviewing our demographic data and retention rates.

- **Supporting** a positive company culture through programs that promote our strong values and create leadership development opportunities, work-life integration, family support, well-being, fair pay initiatives, and inclusion and diversity programs. We celebrate and reward milestones and accomplishments through our AEO ICON Award, Corporate Service Awards, REAL Deal, and Operating Committee recognitions.
- **Informing** and clearly communicating our values, modeling the behaviors we expect, and providing training as well as feedback.

Promoting Health, Safety & Wellbeing

Our associates' mental and physical wellbeing is a top priority. In 2021, we opened three new AEO Real Care Health Centers, giving us a total of four health centers located in two corporate offices and both U.S.-based distribution centers. Each center has an onsite registered nurse, offering non-acute medical services, as well as virtual specialist and doctor visits for all associates working at these locations.

We also support our associates and their families with numerous benefits focused on health, mental wellness, and financial and emotional wellbeing.



Our Total Rewards Approach

Reinforcing the company’s corporate social responsibility priorities, we have included our People, Planet, and Practices objectives as a part of our associates’ annual performance reviews.

We support our associates holistically through competitive compensation and access to resources that enhance their lifestyles. We pay our associates fairly and equitably, and reward associates for delivering results, through straightforward compensation programs composed of four key elements: competitive base pay rates, incentive bonuses, annual stock awards and extensive benefits that range from a variety of medical, dental, and vision plan offerings to a gym/online fitness discount program and pet insurance.



2021 AEO Icon Recipient, Mathew Lee (center) pictured with his campaign team.

Engaging, Developing & Recognizing Our Associates

Our culture provides an environment where we learn and grow, support innovation, and **empower our people to achieve outstanding results**. Many of our talent management resources and programs allow associates to achieve personal and career growth. For example, AEO Academy provides eligible associates with continuous online learning opportunities:

- 1,000 modules, completed 1.1 million times during fiscal 2021
- 8.9 million total views since the fiscal 2019 launch

Our consistent talent reviews, performance evaluations, equitable pay practices and succession planning in fiscal 2021 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)

In 2021, we introduced two new successful mentorship programs developed with IDEA (inclusion, diversity, equity and access) in mind:

- **Close Knit Co-Mentorship Program** pairs associates from different departments, levels, and experiences to form enriching relationships across the business to foster an inclusive culture and an appreciation for diverse perspectives
- **Personal Retail Enrichment Program (PREP)** connects associates to college students from underrepresented groups within retail, to provide them with both professional and personal development

IDEA: Inclusion, Diversity, Equity and Access

We are on a continuous journey to enhance the way in which IDEA is embedded in the everyday actions of our business and the experiences of our associates.

- **Inclusion:** AEO will provide an environment where all associates feel a sense of belonging and are able to succeed as their authentic selves
- **Equity:** AEO is committed to fairness in policies, practices, opportunities, and outcomes
- **Diversity:** Difference and individuality make AEO stronger, higher-performing and more innovative
- **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



Associates Fiona Ki, Terry Roberts and Michelle Tarry with Harlem Fashion Row founder, Brandice Daniel.

Building a Better Workplace Through Inclusion & Diversity

“I am proud to lead a passionate team dedicated to building a better workplace that empowers AEO associates to think inclusively, succeed as their authentic selves and realize their full potential.”

Terry Roberts

Vice President—Employment Law and Chief Inclusion and Diversity Officer

AEO appointed a Chief Inclusion and Diversity Officer in 2020 and **established a formal IDEA department** focused on three key pillars: **hiring, community, and development**. The department has been instrumental in ensuring that AEO continually leads with purpose, uses positive actions to inspire others and remains dedicated to breaking down the inequalities around us.

In 2021, AEO:

- **Increased hiring rates and representation of Persons of Color** across each of its business units (corporate, stores, and distribution centers)
- **Launched the first [IDEA Annual Report](#)** to reflect on the important work we have done and our journey forward as we continue to build a future that integrates inclusion, diversity, equity and access into everything we do
- **Implemented the first Inclusion & Diversity Survey** to gain valuable insights into what is most meaningful to our associates in building an inclusive culture that values belonging and individuality
- **Piloted a new interview scorecard and training guide** focused on ensuring a more equitable and consistent assessment of candidates

IDEA Alliance and Guiding Principles

We are a community of unique backgrounds, opinions, voices, talents and skills. In 2018, a group of associates, genuinely passionate about inclusion and diversity, founded the IDEA Alliance to ensure everyone feels respected and empowered. This created a foundation for the guiding principles we live and work by today.

Hiring

- Ensuring candidate diversity in our recruiting process through our commitment to hiring a diverse workforce, welcoming all the unique contributions that our associates bring.
- Curating interview panels with associates from many different backgrounds.
- Strengthening our relationships with community organizations and Historically Black Colleges and Universities.
- Incorporating inclusive leadership and unconscious bias training for all hiring managers.

Community

- Fostering a culture of inclusion and a true sense of belonging. With the freedom to be themselves, AEO associates feel valued and are appreciated for their contributions.
- Making a lasting impact in our communities, the AEO Foundation and our corporate charitable giving program has supported the Anti-Defamation League (ADL), The Pittsburgh Promise, Dress Up for Downs, It Gets Better Project, and Big Brothers Big Sisters Workplace Mentoring, among others.

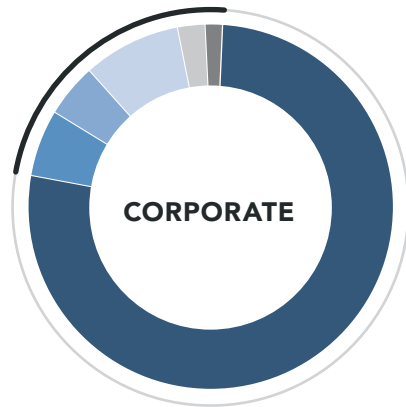
Development

- Creating an inclusive and supportive workplace through educating our workforce, at all levels, on important topics and issues for marginalized communities.
- Continuously improving our talent development process, performance metrics, mentorship opportunities, and people analytics to ensure our associates achieve personal and career growth while at AEO.
- Strengthening our practices with inclusive leadership training and open forum discussions.

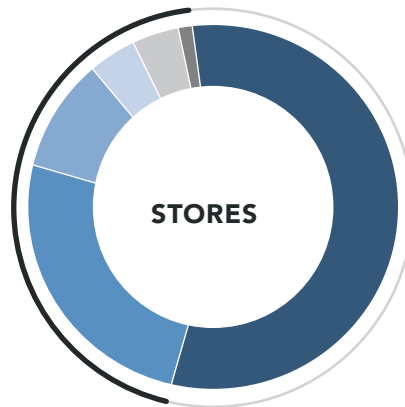


People Data

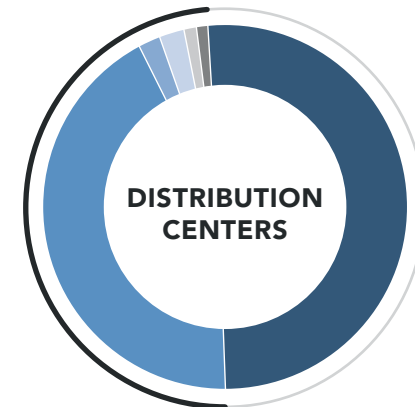
AEO has transformed the way in which inclusion and diversity is embedded in the everyday actions of our business and experiences of our associates. We are making decisions for our future, not just the present. Demographic information helps ensure transparency as we strive to increase diverse representation across our community of associates.



| | |
|--|--|
| 78% (-4% since 2020) White | 6% (+1% since 2020) Latinx |
| 4% (+1% since 2020) Black or African American | 9% (+1% since 2020) Asian |
| 0.3% Native Hawaiian or Other Pacific Islander | 0.1% Native American or Indigenous |
| 22% (+4% since 2020) Total People of Color | |



| | |
|---|--|
| 54% (-4% since 2020) White | 25% (+2% since 2020) Latinx |
| 10% (+1% since 2020) Black or African American | 4% Asian |
| 0.5% Native Hawaiian or Other Pacific Islander | 0.4% Native American or Indigenous |
| 44% (+3% since 2020) Total People of Color | |



| | |
|--|--|
| 50% (-3% since 2020) White | 43% (+3% since 2020) Latinx |
| 2% (-1% since 2020) Black or African American | 2% (+1% since 2020) Asian |
| 0.3% Native Hawaiian or Other Pacific Islander | 1% Native American or Indigenous |
| 50% (+3% since 2020) Total People of Color | |


Notes: The demographic information reflects the voluntary racial identifications made to the company by AEO associates. The percentage of Total People of Color (POC) in our associate population has been calculated as that portion of the population that does not identify as White.

Associate Networks & Connections

A sense of belonging is critical for associates to bring their whole, authentic selves to work each day.

These shared resource interest groups, tied to AEO’s purpose, values and corporate responsibility promote educational educational opportunities, foster a strong community and culture, and build a sense of belonging.

| | |
|----------------------------|--|
| AAPI Connection | REAL Black Alliance |
| AEO Green Team | REAL Parents |
| AEO REAL Jewish Connection | The REAL Pride Network |
| The Anti-Racism Connection | Veteran & Military Employee Resource Group |
| New-ish to Pittsburgh | Women@AEO |



Provides a supportive community that acknowledges, celebrates, and nurtures the realities of working parents.

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.

Working Together to Create Meaningful Change

AEO Networks and Connections share the company’s values and passion for our associates by inspiring real change within the organization. In 2021, AEO announced two new family planning programs based on ongoing dialogue with the REAL Parents and REAL Pride networks. The unique perspectives of these groups are vital in guiding company decisions to ensure AEO offers benefits that are important to associates and their families.



Members of the REAL Parents network with their children at a "Bring Your Child to Work Day" event.

Caring for Our People: Human Rights in Our Supply Chain

AEO’s positive corporate culture and strong governance extends across our supply chain.

Our Human Rights Commitment and Code of Conduct guide how we manage and partner with our external suppliers. We work closely with over 300 manufacturers and 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 our suppliers to responsibly make our apparel.

Factory Inspection, Scoring and Improvement

We uphold an extensive factory inspection program to monitor compliance with our Code of Conduct. New factories must pass an initial inspection and all the apparel factories we actively source from are visited every year by our internal team or third-party auditing partners.

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



"We are dedicated to upholding global human rights, which is fundamental to living our values wherever we do business. This commitment applies to our operations, our associates and our partners."

Michael Rempell
Executive Vice President—Chief Operations Officer

Code of Conduct

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



Better Work – a partnership between the United Nation’s International Labour Organization (ILO) and the International Finance Corporation (IFC), a member of the World Bank Group – 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. AEO is a Better Work global partner with active collaboration at the national level in Bangladesh, Vietnam, Cambodia, Indonesia and Jordan.

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

We ensure our partner factories are providing a safe work environment, which includes the following actions:

- Since 2017, 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.
- In 2018, committing to the American Apparel & Footwear Association/Fair Labor Association Apparel and Footwear Industry Commitment to Responsible Recruitment to address forced labor risks for migrant workers.
- In 2019, implementing a Forced Labor and Migrant Worker Policy to ensure protection from exploitation for migrant workers.
- Since 2020, prohibiting the manufacture of any product or the use of any raw material from the Xinjiang Uyghur Autonomous Region in China, due to allegations of forced labor.

Health and Safety

Requirements are in place for our Strategic Apparel Suppliers to comply with national building requirements and fire codes, and to provide training for their workers on safe workplace practices.



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. We subsequently signed the 2021 International Accord for Health and Safety in the Textile and Garment Industry to continue this vital work. AEO has also launched its own Global Fire and Building Safety guideline and has provided training and conducted inspections focused on fire and building safety in factories in Pakistan and India.

In 2021, we published a **Human Rights Commitment** informed by our values as well as the International Labor Organization’s Declaration on Fundamental Principles and Rights at Work, the United Nations (UN) Declaration of Human Rights, and the UN Guide for Developing a **Human Rights Policy**.

Partnering with Factories on Worker Voice

We approach our factory relationships from a long-term perspective, collaborating to foster an environment in which workers feel comfortable and have constructive channels to raise and discuss concerns:

- In 2015, we introduced the Worker Voice Program to better understand factory workers’ perceptions and feelings.
- In 2018 we launched a project with 14 factories in China to create elected worker-management committees to monitor and oversee responses to worker concerns.
- In 2019, we became a partner of Better Work Academy to leverage our efforts globally and transform the apparel industry’s approach to improving working conditions and enhancing worker wellbeing.





Empowering Women

Investing in women workers through health, life skills, and gender equality training, and increasing women’s access to leadership opportunities are key priorities for AEO.

Our partnership with BSR's HERproject, a collaborative initiative that strives to empower low-income women working in global supply chains, has played a critical role in driving this agenda forward.

Since our first launch in Cambodia in 2013, AEO has partnered with 31 factories in Bangladesh, India, Indonesia, and Vietnam to support various programs (i.e., HERhealth, HERfinace, and HERrespect), reaching more than 50,000 workers.

When the pandemic limited in-person training, AEO supported the development of “HERessentials,” a digitalized package of critical resources for women workers during a time of crisis.

In 2021 and 2022, we also invested in Empower@Work, a new and collaborative global supply chain initiative that HERproject is also part of. Empower@Work supports women workers in factories, focusing on health, financial planning, and gender equality.



Consumer Trust

Since 1977, AEO has created merchandise and a brand experience with an unwavering commitment to authenticity and quality while providing value to our customers.

Product Quality and Safety

AEO has been built on more than 38 years of customer focus, dedication and innovation to create products that meet or exceed our high standards for quality and safety, producing merchandise that is made to last.

AEO is committed to eliminating all poly- and perfluorinated alkyl substances (PFAS) from our products by 2024 with the benefits of this extending to both our customers and the environment.

We also take measures to combat the worldwide problem of counterfeit merchandise. By recording trademarks and intellectual property, and participating in numerous law enforcement actions, we help our customers receive authorized merchandise made to the highest standards.



Partnerships That Make a Difference

AEO supports numerous causes that inspire today's youth to be the change they want to see in the world.



Aerie was the first national retailer to support the National Eating Disorders Association.



Bring Change to Mind (BC2M), a nonprofit dedicated to ending the stigma around mental illness, received the largest contribution in the charity's history from AEO this year.



As the largest contributor to the It Gets Better Project over the last five years, AEO has made a strong commitment to uplifting, empowering and connecting LGBTQ+ youth to provide hope, encouragement and community worldwide.



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

"Being an #AerieREAL brand partner has been so empowering for me. I've seen a transformation within myself through body acceptance, speaking my truth and being my authentic self. I am proud to join Aerie in support of Special Olympics to create a community that fosters inclusion and inspires fellow women athletes to celebrate their unique abilities."

Aly Raisman
Gymnast & Advocate



Since 2005, Aerie has raised nearly \$2.5 million and shared important resources to help young women educate themselves and take charge of their breast and ovarian health.



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



Since 2010, AEO has pledged more than \$2 million toward post-secondary education scholarships to graduating high school seniors within the City of Pittsburgh.



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

Supporting People and Strengthening Our Communities

Charitable Giving

Through the AEO Foundation, we have been providing consistent annual grants to support our communities and numerous organizations since 1999. This is enhanced by our corporate giving initiatives which fund key brand and charitable partnerships. We're proud of how we leverage our reach to generate awareness for many important causes through matching gift programs, customer activations, community grants, in-kind donations, and strategic charity partnerships.

2021 Charitable Giving Summary

Last year, we donated nearly \$16 million in cash and in-kind contributions to causes that reflect our optimism and passion for building a better world. This included donating 40+ million face masks to Good360 to support the fight against COVID-19 in underserved communities across the country and the globe and providing grants to 99 non-profit organizations across the U.S. and Canada through the AEO Foundation.

"I am truly honored to work alongside our incredibly caring and charitable associates. Their energy for giving back in our communities and supporting those in need through volunteer efforts and financial donations makes me proud to work for AEO."

Marcie Eberhart

Senior Director - Corporate Social Responsibility and the AEO Foundation



Chamara
Eckerd College



Brandon
Wesleyan University



Angelyvette
PA College of Technology



Advancing Racial Equality

One of the most exciting initiatives was the creation of the REAL Change Scholarship for Social Justice, which was recently renamed in honor of the late Steven A. Davis.* This is a \$5 million commitment to advance educational opportunities for AEO associates who are actively driving anti-racism, equality and social justice initiatives. In 2021, the inaugural class of 15 recipients each received \$10,000 per year, with eligibility for up to \$40,000 for higher education.

*AEO Board Member, Steven A. Davis passed away in July 2022. Additional information can be found on page 47.

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



"Count Me In!"

A charitable payroll deduction program that allows associates to make a donation to support the AEO Foundation's community grants program. Since 2015, AEO associates have personally contributed nearly \$1 million to non-profit organizations which are empowering youth in our local communities.



AEO Community Day

Each year associates participate in AEO Community Day, a day dedicated to volunteering and giving back to local communities. Since its establishment in 2013, AEO associates have logged more than 20,000 volunteer hours to non-profit organizations from Pittsburgh to Shanghai. Associates participate in various volunteer activities like park beautification, trash clean-up, and working at local food banks.



Helping Hands

A program funded by contributions from associates to support fellow associates experiencing severe personal tragedies such as house fires, the death of an immediate family member, and disaster relief, among other needs. In 2020, the AEO Foundation and Helping Hands established a COVID-19 Assistance Fund to support AEO associates and their immediate families.

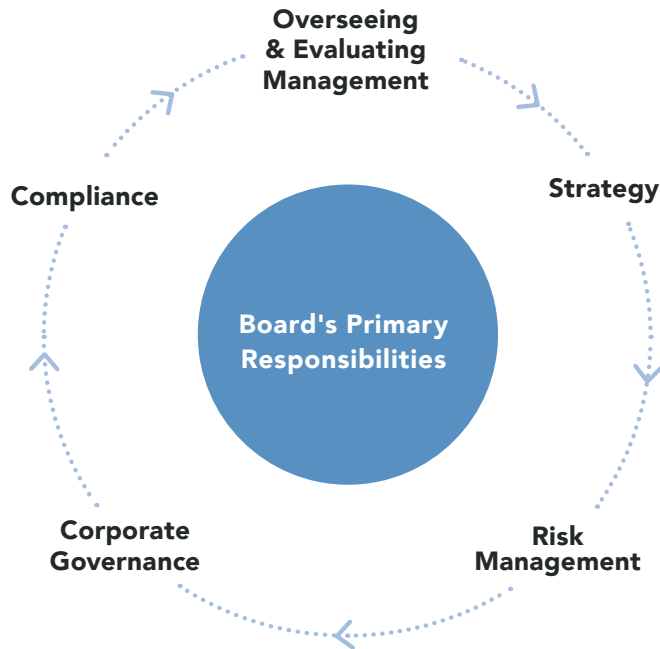
PRACTICES

Operating with integrity has been key to our success and continues to serve as the foundation of everything we do.



Corporate Governance and Board of Directors

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.



Our 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



NACD Public Company Board of the Year (2021),
Three Rivers Chapter

Noel Spiegel and **Steven Davis** have been named to the National Association of **Corporate Directors Top 100**

"I am extremely proud of the breadth of experience and multi-faceted talent that our directors bring to the boardroom. Each member exhibits an innovative perspective and a passion for driving the business forward to help position AEO for success."

Noel Spiegel
Lead Independent Director and Chair of the Audit Committee

GOVERNANCE HIGHLIGHTS

All Directors are independent, except the CEO

100% independence on committees

Robust Lead Independent Director Role

Highly talented, skilled Board

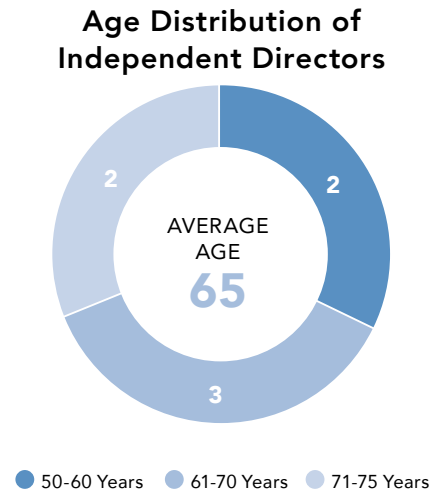
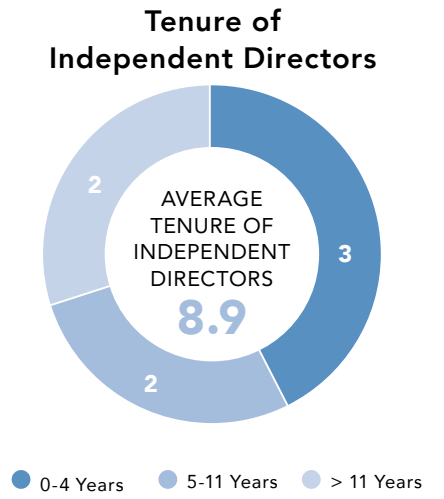
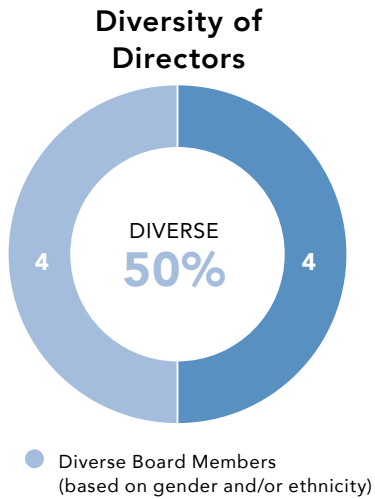
Focused and thoughtful Board refreshment

Ongoing stockholder engagement

Prohibition on hedging or pledging company stock

Stock ownership requirements

In our journey to build out a world-class public company governance structure, we have strengthened and developed a Board with a diverse set of backgrounds, skills, and experiences. We also promote diversity within Board leadership, as evidenced by Janice Page’s service as Chair of the Nominating, Governance and Corporate Social Responsibility Committee.



Data as of June 2022.

Best Practices – Governance Goals

- Continue to prioritize minority 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

Responsible Business

We hold ourselves to the highest ethical standards, transparent business practices, and effective corporate governance to ensure that all business is conducted with the greatest integrity.

Code of Ethics

Integrity is one of AEO's core values: how we do business is just as important as what we do. Our Code of Ethics is built around four 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

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



Key Sourcing Policies and Protocols

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

Uzbek and Turkmen Cotton Ban

In response to issues around forced and child labor practices, we have currently 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 us.

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 and 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 has a keen interest in ensuring these areas receive appropriate attention and resources, and performs regular oversight of these functions.

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 cover all relevant subsidiaries and brands of AEO, and 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.

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. 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.

In Memoriam of Steven A. Davis



"I am deeply saddened by the sudden passing of Steven Davis. Steve was a friend and trusted advisor to AEO Inc. as a member of the Board of Directors. His leadership, integrity and kindness were unmatched. It was truly an honor to know and work alongside Steve. His loss leaves a void for many, and that void will be especially felt within our AEO family."

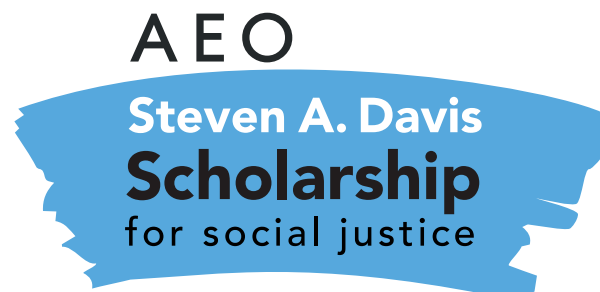
Jay Schottenstein

Executive Chairman of the Board
and Chief Executive Officer

Steven A. Davis, cherished member of AEO Inc.'s Board of Directors, unexpectedly passed away on July 10, 2022. Steve joined the Board in October 2020 and was an esteemed advisor to our leadership team. His deep consumer knowledge, leadership development expertise and genuine kindness—along with his passion for building strong communities through diversity, equity and access—is profoundly missed.

Steve was a tremendous asset to AEO. His business acumen, coupled with his enthusiasm for giving back, aligned perfectly with our values. He was particularly passionate about the company's IDEA initiatives and the role education plays in our personal development. We will uphold his legacy by continuing to make investments and strides to further advance inclusion and diversity within the company. In Steve's honor, we have recently renamed our REAL Change scholarship initiative to the AEO Steven A. Davis Scholarship for Social Justice.

We remember Steve fondly and will carry his insights forward as we continue to grow the business while ensuring that AEO remains a thriving place to work, where everyone's unique voices are celebrated.



Forward-looking Statements

Unless otherwise indicated, this report covers our fiscal year ended January 29, 2022.

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 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 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 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

SASB Index

The 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 |
|--|---|--------------|--|
| Management of Chemicals in Products | Discussion of processes to maintain compliance with restricted substances regulations | CG-AA-250a.1 | 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 3rd 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 Inc. 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 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 3rd party accredited lab for expert regulatory advice and updates. We also monitor high-risk chemicals of concern in the industry with our 3rd 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 PFAS in our products due to the overwhelming concern for issues found in the use of this chemical in all aspects of the supply chain. PFAS was added to our RSL as “prohibited” in early 2022, and AEO is committed to eliminating all PFAS from our products by 2024. |

| Topic | Accounting Metric | Code | AEO Response | | | | | | | | | | | | |
|---|--|--|---|--------------------|---|--|---|-----|------|---------------------------------|-----|-----|---|------|------|
| <p>Environmental Impacts in the Supply Chain</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>The entity shall discuss its supply chain risks associated with discharge of water from supplier facilities and describe how it manages these risks.</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 towards 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>Our goal to reduce water use per jean by 30% by 2023 was actually met two years early in FY2021.</p> <p>We have reached 45% water recycling, on the way to our goal to recycle 50% of total water used in denim laundries by 2023. 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, with 42 laundries and dye houses and 56 fabric mills submitting annual wastewater tests.</p> <table border="1" data-bbox="821 1027 1677 1292"> <thead> <tr> <th data-bbox="821 1027 1146 1089">Wastewater testing</th> <th data-bbox="1146 1027 1392 1089">% Tier 1 Subcontracted Wet process facilities</th> <th data-bbox="1392 1027 1677 1089">% Tier 2 denim fabric mills and strategic non-denim fabric mills</th> </tr> </thead> <tbody> <tr> <td data-bbox="821 1089 1146 1151">Compliance with conventional parameters</td> <td data-bbox="1146 1089 1392 1151">98%</td> <td data-bbox="1392 1089 1677 1151">100%</td> </tr> <tr> <td data-bbox="821 1151 1146 1213">Compliance with MRSL parameters</td> <td data-bbox="1146 1151 1392 1213">98%</td> <td data-bbox="1392 1151 1677 1213">95%</td> </tr> <tr> <td data-bbox="821 1213 1146 1292">Tested against the ZDHC wastewater guidance foundational level annually</td> <td data-bbox="1146 1213 1392 1292">100%</td> <td data-bbox="1392 1213 1677 1292">100%</td> </tr> </tbody> </table> | Wastewater testing | % Tier 1 Subcontracted Wet process facilities | % Tier 2 denim fabric mills and strategic non-denim fabric mills | Compliance with conventional parameters | 98% | 100% | Compliance with MRSL parameters | 98% | 95% | Tested against the ZDHC wastewater guidance foundational level annually | 100% | 100% |
| Wastewater testing | % Tier 1 Subcontracted Wet process facilities | % Tier 2 denim fabric mills and strategic non-denim fabric mills | | | | | | | | | | | | | |
| Compliance with conventional parameters | 98% | 100% | | | | | | | | | | | | | |
| Compliance with MRSL parameters | 98% | 95% | | | | | | | | | | | | | |
| Tested against the ZDHC wastewater guidance foundational level annually | 100% | 100% | | | | | | | | | | | | | |

| Topic | Accounting Metric | Code | AEO Response | | | | | | | | | | | | | |
|---|--|--|---|--|---|--|--|------------------------------------|-----|----|-----|--------------------------------------|----|----|-----|-------------------|
| Environmental Impacts in the Supply Chain | 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 | CG-AA-430a.2 | In FY21 AEO worked with 138 Tier 1 facilities considered strategic apparel cut-sew facilities. Our Tier 1 Subcontracted wet process facilities include all active denim laundries and strategic dyeing house/laundries for non-denim products. | | | | | | | | | | | | | |
| | | | <table border="1"> <thead> <tr> <th></th> <th>% Tier 1 strategic apparel vendors using Higg index FEM</th> <th>% Tier 1 Subcontracted Wet process facilities using Higg Index FEM</th> <th>% Tier 2 denim fabric mills, and strategic fabric mills and sweater yarn spinners using Higg Index FEM</th> </tr> </thead> <tbody> <tr> <td>FEM 2020 (data collection in 2021)</td> <td>138</td> <td>28</td> <td>126</td> </tr> <tr> <td>Verified FEM 2020 (verified in 2021)</td> <td>92</td> <td>24</td> <td>100</td> </tr> <tr> <td>Verification rate</td> <td>67%</td> <td>86%</td> <td>79%</td> </tr> </tbody> </table> | | % Tier 1 strategic apparel vendors using Higg index FEM | % Tier 1 Subcontracted Wet process facilities using Higg Index FEM | % Tier 2 denim fabric mills, and strategic fabric mills and sweater yarn spinners using Higg Index FEM | FEM 2020 (data collection in 2021) | 138 | 28 | 126 | Verified FEM 2020 (verified in 2021) | 92 | 24 | 100 | Verification rate |
| | % Tier 1 strategic apparel vendors using Higg index FEM | % Tier 1 Subcontracted Wet process facilities using Higg Index FEM | % Tier 2 denim fabric mills, and strategic fabric mills and sweater yarn spinners using Higg Index FEM | | | | | | | | | | | | | |
| FEM 2020 (data collection in 2021) | 138 | 28 | 126 | | | | | | | | | | | | | |
| Verified FEM 2020 (verified in 2021) | 92 | 24 | 100 | | | | | | | | | | | | | |
| Verification rate | 67% | 86% | 79% | | | | | | | | | | | | | |
| Labor Conditions in the Supply Chain | 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 (accord to US Customs) facilities with whom we directly place purchase orders for finished product. In 2021, 85% of our active factories that were in scope for our social monitoring program received an audit. Although our typical intention is to audit each in-scope factory on an annual basis, we do have criteria that might exempt factories from the requirement, for example, participation in an ongoing training program or an onsite visit from a Responsible Sourcing team member to follow up on open issues. In addition, we built extra flexibility into our social monitoring implementation for 2021, given that many of our sourcing countries were affected by COVID-19-related restrictions. 3. 97% of our factories were audited by third-party companies in 2021. | | | | | | | | | | | | | |
| | Priority non-conformance rate and associated corrective action rate for suppliers’ labor code of conduct audits ³ | 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 2021, 18% of audits for active factories were rated Orange or Red according to our rating system, which required close follow-up and may have resulted in business consequences, depending on the circumstances. | | | | | | | | | | | | | |
| Raw Materials Sourcing | (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 - 350 metric tons Organic Cotton - 28 metric tons Better Cotton Initiative Cotton - 25,781 metric tons Recycled Polyester - 2,174 metric tons Recycled Nylon - 800 metric tons | | | | | | | | | | | | | |

Annual GHG Inventory Results

| 1. GHG Emissions | | | | |
|--|---------------|---------------|---------------|---------------|
| GHG Emissions Summary (metric tons CO₂e) | | | | |
| | 2018 | 2019 | 2020 | 2021 |
| Scope 1 | 9,953 | 9,537 | 7,790 | 9,248 |
| Scope 2 ¹ | 70,418 | 53,027 | 41,795 | 40,231 |
| Total Scope 1&2 | 80,371 | 62,564 | 49,585 | 49,480 |
| Scope 1 GHG Emissions Breakdown (metric tons CO₂e) | | | | |
| Emissions Category | 2018 | 2019 | 2020 | 2021 |
| Stationary combustion | 5,474 | 5,223 | 4,945 | 5,129 |
| Mobile combustion | 3,393 | 3,314 | 1,759 | 3,029 |
| Refrigerants | 1,086 | 1,001 | 1,086 | 1,090 |
| Total Scope 1 | 9,953 | 9,537 | 7,790 | 9,248 |
| Scope 2 GHG Emissions Breakdown (metric tons CO₂e) | | | | |
| Emissions Category | 2018 | 2019 | 2020 | 2021 |
| Electricity | 70,197 | 52,967 | 41,763 | 40,196 |
| Chilled Water | 37 | 60 | 32 | 35 |
| Total Scope 2 | 70,234 | 53,027 | 41,795 | 40,231 |
| Scope 1&2 GHG Emissions Breakdown by Region (metric tons CO₂e) | | | | |
| Region | 2018 | 2019 | 2020 | 2021 |
| North America | 79,161 | 61,394 | 48,517 | 48,319 |
| Central America | 732 | 943 | 434 | 376 |
| Eastern Asia | 293 | 227 | 634 | 784 |
| Total Scope 1&2 | 80,186 | 62,564 | 49,585 | 49,480 |

| Scope 3 Emissions Breakdown (metric tons CO₂e)² | | | |
|--|------------------|------------------|------------------|
| Emissions Category | 2018 | 2020 | 2021 |
| Purchased Goods and Services | 897,000 | 931,000 | 1,067,000 |
| Capital Goods | 14,000 | 9,000 | 15,000 |
| Fuel- and Energy-Related Activities | (not calculated) | 11,000 | 11,000 |
| Upstream Transportation and Distribution | 112,000 | 57,400 | 174,500 |
| Waste Generated in Operations | 46,000 | 37,000 | 29,000 |
| Business Travel | 5,000 | 1,000 | 1,000 |
| Employee Commuting | (not calculated) | 14,500 | 23,600 |
| Downstream Transportation and Distribution | 3,500 | 4,000 | 3,800 |
| Use of Sold Products | 2,005,000 | 1,861,000 | 2,171,000 |
| End of Life Treatment of Sold Products | (not calculated) | 89,000 | 157,000 |
| Franchises | 12,000 | 10,000 | 11,000 |
| Total Scope 3 | 3,094,500 | 3,020,700 | 3,663,900 |

| 2. Energy/Electricity (kWh) | | | | |
|--|--------------------|--------------------|--------------------|--------------------|
| | 2018 | 2019 | 2020 | 2021 |
| Total Energy use | 184,175,751 | 232,628,635 | 170,103,045 | 179,133,617 |
| Total Electricity Consumption ³ | 157,160,924 | 158,711,860 | 142,855,020 | 150,859,846 |
| Energy use by facility type (kWh) | | | | |
| Facility Type | 2018 | 2019 | 2020 | 2021 |
| Store | 93,470,586 | 98,325,051 | 83,085,906 | 89,490,219 |
| Warehouse | 48,612,512 | 48,880,604 | 47,443,918 | 46,900,943 |
| Outlet | 24,782,172 | 48,141,182 | 23,970,374 | 27,246,362 |
| Office | 13,256,775 | 33,420,242 | 12,094,085 | 12,128,325 |
| Data Center | 4,053,705 | 3,861,556 | 3,508,763 | 3,367,768 |
| Total | 184,175,751 | 232,628,635 | 170,103,045 | 179,133,617 |

| Total Renewable Energy Use (kWh) | | | | | | | | | |
|---|------------------------|-----|------------------------|-----|------------------------|-----|------------------------|-----|--|
| Facility Type | 2018 | | 2019 | | 2020 | | 2021 | | |
| | Total Energy Use (kWh) | % | Total Energy Use (kWh) | % | Total Energy Use (kWh) | % | Total Energy Use (kWh) | % | |
| Renewable Energy | 3,126,847 | 2% | 34,080,450 | 21% | 32,549,405 | 23% | 38,944,884 | 26% | |
| Non-Renewable Energy | 154,034,077 | 98% | 124,631,410 | 79% | 110,305,615 | 77% | 111,914,962 | 74% | |

| Renewable Energy⁴ By Facility Type (kWh) | | | | |
|--|------------------|-------------------|-------------------|-------------------|
| Facility Type | 2018 | 2019 | 2020 | 2021 |
| Store | 476,031 | 6,941,665 | 7,337,964 | 12,439,231 |
| Warehouse | 1,404,478 | 12,980,736 | 12,914,266 | 13,177,805 |
| Outlet | 101,253 | 1,886,901 | 1,815,386 | 3,179,845 |
| Office | 582,897 | 8,448,854 | 7,014,544 | 6,843,054 |
| Data Center | 562,188 | 3,822,293 | 3,467,245 | 3,304,949 |
| Total | 3,126,847 | 34,080,450 | 32,549,405 | 38,944,884 |

| Average energy use/Normalized electrical power usage (kWh/sqft) | | | | |
|--|------|------|------|------|
| | 2018 | 2019 | 2020 | 2021 |
| Average Energy Use | 18.4 | 20.3 | 15.2 | 17.9 |

| 3. Fleet Fuel Consumption (gallons) | | | | |
|--|--------|---------|--------|--------|
| Fleet Summary | 2018 | 2019 | 2020 | 2021 |
| Total Vehicle Fleet ⁵ | 93,993 | 118,988 | 83,530 | 70,889 |

Footnotes:

¹Scope 2 emissions are calculated using the market-based approach, which allows us to account for renewable energy in our footprint.

²In 2020 we completed a re-baseline of our scope 3 emissions. We also completed calculations for three new categories.

³All electricity is purchased and consumed from the grid.

⁴All 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.

⁵All fuels are from non-renewable sources.

GHG Verification Statement

American Eagle Outfitters – 2021 Greenhouse Gas Emissions Inventory

Verification Scope:

Ruby Canyon Environmental, Inc (RCE) was contracted by American Eagle Outfitters (AEO) to perform the third-party greenhouse gas (GHG) emissions inventory verification for AEO’s facilities reporting under operational control to the requirements of the GHG Protocol. RCE verified emissions for the reporting period from February 1, 2021 to January 31, 2022. The inventory included emissions of CO₂, CH₄, and N₂O from direct, Scope 1 sources (stationary and mobile fuel combustion); fugitives, Scope 1 sources (refrigerants) and; indirect, Scope 2 sources (purchased electricity and chilled water) using the location-based and market-based calculation methodologies. AEO did not include PFC, SF₆, or NF₃ emissions.

Verification Objectives:

- To ensure that AEO’s GHG assertion is materially correct, and that the verification is conducted to the agreed level of assurance,
- To assess the extent of conformity with the stated criteria,
- To determine the completeness of AEO’s reported data and information, and
- To evaluate AEO’s information systems and the controls and management of those systems.

Greenhouse Gas Reporting Criteria:

AEO was assessed against the requirements of The Greenhouse Gas Protocol (GHG Protocol): Corporate Accounting and Reporting Standard, World Resources Institute and World Business Council for Sustainable Development, dated March 2004. All requirements of the GHG Protocol including greenhouse gas reporting, management systems, quantification techniques, and emission factors were reviewed during the verification.

Greenhouse Gas Verification Criteria:

Verification activities were performed in accordance with ISO 14064-3:2006 Greenhouse Gases – Part 3: Specification with guidance for the validation and verification of greenhouse gas assertions.

Level of Assurance:

A limited level of assurance was applied to AEO’s Scope 1 and Scope 2 emissions during the verification.

Organizational Boundaries:

AEO consolidated the emissions reported in the GHG Inventory according to the operational control

Verification Opinion:

RRCE conducted a risk-based analysis of the AEO GHG emissions inventory and a strategic review of the inventory data and calculations in conformance with the GHG Protocol. Based on the data and information provided, RCE concludes with a limited level of assurance that there is no evidence that the GHG assertion:

- Is not materially correct,
- Is not a fair representation of the GHG emissions data and information, and
- Is not prepared in accordance with the criteria listed above.

Complete Material Topic List

| | Category | Material Topic | Material Topic Description |
|--------------------|----------------------------------|--|--|
| Environment | 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. |
| Social | 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. |
| | 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. |

| | Category | Material Topic | Material Topic Description |
|-------------------|-------------------------|--|---|
| Social | 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 well-being 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. |
| Governance | 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 which 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 and Associations

| AEO is a member of these leading organizations: | AEO supports a number of external programs, initiatives, and standards including: | AEO partners with these organizations to support causes that our customers and associates care about: |
|--|--|--|
| American Apparel & Footwear Association (AAFA) | 2021 International Accord for Health and Safety in the Textile and Garment Industry | Anti-Defamation League’s No Place for Hate program |
| Apparel Impact Institute (AII) | All Carbon Leadership | National Eating Disorders Association |
| Better Cotton Initiative (BCI) | All Clean by Design | Special Olympics |
| Empower@Work | Apparel & Footwear Industry Commitment to Responsible Recruitment | Surfrider Foundation |
| HERproject | CanopyStyle Initiative | NAACP Legal Defense and Educational Fund |
| International Labor Organization/IFC Better Work Program | Fabscrap | Headcount |
| National Retail Federation (NRF) | First Mile Initiative | The Pittsburgh Promise |
| RE100 | Give Back Box | Bright Pink |
| Retail Industry Leaders Association (RILA) | I:Collect | It Gets Better Project |
| Sustainable Apparel Coalition (SAC) | International Labor Organization | Big Brothers Big Sisters’ Workplace Mentoring program |
| Textile Exchange | Jeanologia EIM | PNC Partner Up |
| US Fashion Industry Association (USFIA) | LEED Green Building Certification | Harlem’s Fashion Row |
| US Green Building Council | Science Based Target Initiative (SBTi) | Feeding America |
| | The Jeans Redesign Project | Bring Change to Mind |
| | United Nations Framework Convention on Climate Change’s (UNFCCC) Fashion Industry Charter for Climate Action | Good 360 |

AEO

For questions regarding this report contact
us at **AEOBetterWorld@ae.com**.