

# AEO INC.

## Climate Policy

### Our Commitment

People, Integrity, Passion, Innovation and Teamwork are the values that drive AEO. AEO seeks to empower the youth and we have heard you. We seek to be a company that is dynamic and innovative. We infuse our actions with purpose and work with others to achieve our goals and we hold ourselves accountable.

AEO recognizes the scientific-consensus that climate change is real and significantly impacts our world. AEO is committed to reducing our impact on the environment, preserving natural resources, and promoting the well-being of our communities. This includes ensuring that decarbonization processes do not negatively impact human rights, land use or ecosystems. AEO seeks to make the world a better-place and to continue to empower the youth.

While AEO has made great advancements, our passion and innovation inspire us to do better for ourselves, for our stakeholders, and for our communities.

### AEO's Climate Goals

- AEO commits to securing renewable energy for 100% of electrical power demand for owned and operated facilities by 2030
- Reduce scope 1 & 2 emissions 80% by 2030 from a 2018 base year
- Reduce carbon emissions 40% by 2030 and 60% by 2040 in AEO's manufacturing from a 2018 base year
- Committed to net-zero emissions by 2050
- Phase out coal-fired boilers in our supply chain by 2030; No new factories with coal-fired boilers after 2025

### Our Approach

“At AEO we focus on youth and their optimism toward the future, so building a better world for generations to come is fundamental to our brands, values and purpose,” commented Jay Schottenstein, Executive Chairman and Chief Executive Officer. “We pledge to accelerate sustainability improvements across our entire organization, and throughout the supply chain, holding ourselves accountable through the adoption of science-based targets. As a leading retailer, we are dedicated to working across the industry to create systemic changes in garment manufacturing.”

AEO has committed to set a science-based target and is proud that our goals were approved by the [Science Based Targets Initiative](#) at the most ambitious level, and consistent with the Paris Agreement, limiting emissions to keep warming in line with a 1.5°C scenario. AEO set a goal to reduce Scope 1 and 2 GHG emissions 80% by 2030 and reduce Scope 3 GHG emissions from purchased goods and services and capital goods 40% by 2030 and 60% by 2040. AEO has also committed to set a target to reach net-zero emissions by no later than 2050. We plan to submit this target to the SBTi for approval by 2025.

Acknowledging the contributions to carbon emissions coming from coal use, we have also committed to not accept any new factories into the AEO supply chain with coal-fired boilers after 2025. We are working with our existing factory base to phase out coal-fired boilers entirely by 2030.

To achieve these goals, AEO has proudly partnered with a variety of organizations to learn from experts and align with the industry standard of leadership on climate change. We are working together to contribute to broad changes within garment manufacturing. We take an industry wide approach to addressing climate change by partnering with the following organizations for greater impact: the [Sustainable Apparel Coalition](#), [Better Cotton Initiative](#), [Textile Exchange](#), and the [CanopyStyle Initiative](#) among other goal setting organizations.

Additionally, we joined [RE100](#) as a commitment to achieve carbon neutrality across all of AEO's owned and operated facilities and employee business travel by 2030 by sourcing 100% renewable energy. We also joined the United Nations Framework Convention on Climate Change's (UNFCCC) [Fashion Industry Charter for Climate Action](#), a coalition of fashion stakeholders committed to holistic climate action by creating net-zero emissions by 2050.

We have begun reducing emissions in our operations through energy efficiency measures including retrofitting our store fleet with LED lighting, installing energy management systems and certifying facilities to the LEED standard. We will also continue to source renewable energy in order to reduce our dependence on fossil fuels and meet our carbon neutrality goal.

We recognize that emissions from our supply chain make up a majority of our climate impacts. While we do not have direct control over our vendors and service providers, we recognize the importance of reducing our impact and will continue to look for areas of advancements.

We are currently collecting metrics on supplier energy performance via the [SAC's Higg Facility Environmental Module \(FEM\)](#). This helps us measure the environmental impacts of factory operations at the majority of our factories, mills, and laundries. We are also partnering with the [Apparel Impact Institute \(AI\)](#) to implement factory improvement programs, such as Clean By Design, as a way to help our manufacturing partners

improve the efficiency of the operations and reduce their environmental impact, including GHG emissions.

AEO is committed to being a more sustainable company and we will hold ourselves accountable. We take pride in our work of empowering others. Climate Change is real and we are taking steps to mitigate the effects because we all deserve a world in which we can thrive. For more information about our goals and to stay up to date about our Sustainability News, we encourage you to visit our [Sustainability Page](#).