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WHO WE ARE

AMERICAN EAGLE OUTFITTERS

We exist to empower today’s youth, and enable them to express the truest, most authentic version of themselves.

We are an American brand rooted in our denim heritage and passionate about providing the highest-quality products. Influential, inspiring, inclusive, and fun: American Eagle is a style movement that’s 40 years in the making.

Our innovative fabrics and fits have positioned us as America’s favorite jeans brand—and while jeans are our heart and soul, we also design a high-quality assortment of apparel and accessories that reflects our customer’s individual style—at a value that is approachable by all.

We aren’t just passionate about making great clothing, we’re passionate about making real connections with the people who wear them.
We have been making bras, undies, sleep, apparel, and more for more than 10 years and have grown into a body-positive movement that has changed the industry. Our collections are made by girls for girls and all aspects of their REAL lives.

Empowering. Honest. Fun. Smart. Strong and Sexy—#AerieREAL is a campaign that means more than no retouching, it’s about loving your REAL self from the inside out.

LET THE REAL YOU SHINE.™
When American Eagle Outfitters (AEO) first embarked on the journey to share our commitment to corporate citizenship, we aimed to forge a path that balanced principles and profit. We quickly realized, though, that the world in which we live is at a critical point, demanding social responsibility and sustainable innovation. Our customers and associates have asked us to be a leader of change – and we’re listening.

An integral component of our company culture is driving positive change without compromising who we are; an authentic brand that our customers and associates can understand and are proud to support. Driven by our uniqueness and desire for real, meaningful progress, we’ve focused our CSR activities on four key areas:

• Environment
• Youth empowerment and education
• Young women’s health
• Advancing equality

This CSR report showcases our passion for making a positive impact, and how we have chosen to invest in people and the planet. We’re honored to disclose our accomplishments, while recognizing the areas in which we might have missed the mark or need to improve.

We know that our decisions and investments can be transformational beyond the bottom line. We want consumers, investors and associates to be proud to wear our products, and be assured that we are doing our part to fulfill our commitment to them and the world in which we live.

We learn more each day about how our world is changing and endeavor to ensure our business positively impacts people and the environment. Thank you for joining us as we look to the future and work to build a legacy that will support generations to come.
WHERE WE WORK

300+ factories in 20+ countries produce AEO products

26 million pairs of jeans and 57 million tops sold in 2016
WHAT WE’VE ACHIEVED

We surpassed our 5-year goal to achieve a 20% reduction in greenhouse gas emissions.

In 2016 we launched our “Buy One, Get One Tree” campaign in partnership with the Student Conservation Association for Earth Day in the U.S. AEO planted one tree for each pair of AEO Denim X and Flex Shorts sold, reaching our goal of planting 100,000 trees.

We joined the Better Cotton Initiative to help make cotton production better, by working with farmers who use less harmful pesticides and use water more efficiently.

We were the exclusive partner of Brad Pitt’s Make It Right Foundation and encouraged customers and employees to donate unwanted denim to be recycled into insulation for homes.

We partnered with Bright Pink on our first-ever AEO and Aerie co-branded campaign to expand awareness for breast and ovarian cancer detection and prevention.

We’ve continued our partnership with Better Work to improve factory working conditions, collaborating with other brands to drive supplier participation across Cambodia, Vietnam, Indonesia, Haiti, and Jordan.

We partnered with the Sustainable Apparel Coalition and are using its Higg Index suite of tools to assess and prioritize factory chemical use and wastewater output.

We held our 4th annual employees volunteered with over 30 community organizations worldwide.

2015 Earth Day in the U.S.

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We rolled out our AEO Wastewater Management Standard to water-intensive factories that make AEO apparel.

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We signed the Accord, joining 220 companies to build a safe and healthy Bangladeshi Ready-Made Garment Industry. We implemented worker survey programs with across China and Bangladesh to monitor and improve working conditions.

We partnered with Feeding America and Food Banks Canada to benefit Bright Pink, the largest single contribution in its history.

We held our 4th annual employees volunteered with over 30 community organizations worldwide.

We are in the top 10% of companies for remediation progress, having completed 89% of remedial actions (as of May 18, 2017) to keep workers safe at 10 factories.

We provided a new voter registration tool and registered over 60,000 new voters.

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Aerie became the first retailer to partner with National Eating Disorders Association (NEDA), promoting body positivity to help reduce the incidence of eating disorders, and sponsoring 204 NEDA Walks since 2015.

AEO joined the Human Rights Campaign and 60 major companies to endorse the Equality Act, a bill that would establish full federal equality for all LGBTQ Americans.

Implied worker survey programs with 25 factories across China and Bangladesh to monitor and improve working conditions.

+$315,000 in AEO sales went to Rock the Vote.

PRIDE

Donated 100% of sales from our “Love is Love” pride collection, raising $105,000 to benefit InterPride, the largest single donation in its history.

ACCORD

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$150,000 donated to provide 1.375 million meals in partnership with Feeding America and Food Banks Canada.

+$315,000 in AEO sales went to Rock the Vote.

+$1,000 employees volunteered with over 30 community organizations worldwide.

We held our 4th annual AEO Better World Community Day on June 9, 2016.

We exceeded our 2015 campaign in partnership with the Student Conservation Association for Earth Day in the U.S. AEO planted one tree for each pair of AEO Denim X and Flex Shorts sold, reaching our goal of planting 100,000 trees.

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204 NEDA Walks since 2015.

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AEO FOUNDATION

We are committed to investing in and giving back to the community. In 1999, we established the AEO Foundation to maximize the impact of our efforts and formalize our commitment.

Through the AEO Foundation, we strive to create positive change in areas that are important to both our customers and associates, including youth empowerment and education, environmental conservation, and young women’s health.

Focus Areas

- Youth Empowerment & Education
- Environmental Conservation
- Young Women’s Health

$6 Million contributed to 481 organizations since 1999

Grant Distribution

- Youth Empowerment & Education: 82%
- Environmental Conservation: 10%
- Young Women’s Health: 8%

Grant Recipients

The AEO Foundation awards grants up to $10,000 to support organizations within our giving focus that create positive change at the grassroots level in the communities of Pittsburgh, New York City, San Francisco, Hazleton, Ottawa, and Mississauga (Ontario). Check out a few of the organizations we funded in 2016.

Supporting Foster Care Youth

Brandon’s Forever Home (BFH) works to raise awareness about the number of children in the foster care system and their need for permanent loving homes. Funding from the AEO Foundation helped to support BFH families through the adoption process and provide foster children with clothing, toiletries, and toys. Our Hazleton Distribution Center associates also donated hundreds of pounds of clothing and numerous volunteer hours packing duffle bags to distribute to local foster children.

Advocating for Homeless Youth

Covenant House is Canada’s largest agency serving at-risk, homeless, and trafficked youth. The organization provides a 24-hour crisis shelter, transitional housing, and various education, counseling, health care, employment assistance, and aftercare services. Covenant House serves as many as 250 youth a day and AEO Foundation funding helped cover the costs of meals, school supplies, and staff training. Our Mississauga Distribution Center associates also volunteered at Covenant House cooking, cleaning, and organizing AEO merchandise donations to give to youth in need.

Connecting Youth to Nature

Since 2014, the AEO Foundation has supported Slide Ranch, a nonprofit sustainable farm, whose mission is to connect children with nature and foster future generations of environmental stewards. Our 2016 grant funded their School and Community Programs, which are environmental education workshops. Slide Ranch serves about 10,000 visitors each year in the San Francisco Bay Area, with special emphasis on low-income, urban populations who have limited opportunities for nature-based learning. Associates from the San Francisco office have volunteered at Slide Ranch during our annual AEO Better World Community Day.
Count Me In!
We’re grateful to our associates who love to give back through the AEO Foundation. That’s why we launched our Count Me In! program where AEO associates working in the U.S. and Canada can donate through our payroll deduction program.

To date, more than 1,000 associates & 100% of our leadership donate to the AEO Foundation through our payroll deduction program.

Count Me In! Participation

<table>
<thead>
<tr>
<th>Year</th>
<th>Participants</th>
<th>Total Contributions</th>
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</thead>
<tbody>
<tr>
<td>2015</td>
<td>978</td>
<td>$95,000</td>
</tr>
<tr>
<td>2016</td>
<td>1,238</td>
<td>$126,000</td>
</tr>
</tbody>
</table>

AEO Foundation Golf Classic
Each year, we host a Golf Classic that brings together our associates and vendors to raise money for the AEO Foundation. The more we raise, the more grants we can award to organizations that help the communities where our associates and customers live.

Annual Fundraising Results

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>$171,000</td>
</tr>
<tr>
<td>2015</td>
<td>$213,000</td>
</tr>
<tr>
<td>2016</td>
<td>$238,000</td>
</tr>
</tbody>
</table>
WHAT WE STAND FOR

Our customers inspire us to be better. We are committed to respecting and responding to their needs and will champion issues on their behalf whenever possible. We listen and stand for the causes that matter most to them. Our national partnerships and cause-related marketing activities help us engage our customers to effect positive change in our world.
Inspire and Empower Youth

Each of you is smart, bold, unique, and creative, and the world needs your talents. That’s why we are committed to inspiring and empowering today’s youth through a variety of programs and partnerships designed to promote youth development.

#WeAllCan
We embrace the philosophy of “we all can” in everything we do. We believe that together, with our customers, associates, and suppliers, we can change the world for the better. In 2016, we launched #WeAllCan, a campaign that encourages self-expression and celebrates the power and influence of young America. #WeAllCan is a platform for supporting social causes, igniting conversation, and empowering our customers to achieve great things that inspire a better world.

#WeAllCan
Be anything.
Do everything. Love anyone.
Fall down and get right back up.
Play nice. Make peace. Stay true.
Laugh at ourselves.
Cry and not care.
Be more than a profile.
Dance weird. Sing loud.
Travel light. Create our futures.
Fear nothing. Forge ahead.
And just be ourselves.

AMERICAN EAGLE OUTFITTERS
“#WeAllCan encourages young America to follow their passion, express their individuality, and pursue their unique path, providing a motivating invitation to share what they can do, be, or create. We look forward to igniting a conversation and empowering our customers to answer ‘Can You?’, ultimately showing how together, #WeAllCan.”

Chad Kessler
American Eagle Outfitters Global Brand President

CANdid - SHORT FILMS. BIG STORIES.
We are always looking for ways to ignite conversation and inspire our customers through social media. So we launched CANdid as part of our #WeAllCan campaign, encouraging our customers to share their story of inspiration by asking “what can you do, be, or create?”. Through CANdid, we invite our customers to tell their story by creating a video and uploading it to Instagram, YouTube, or Facebook for a chance to be featured. Click on the video links below to meet a few of the individuals that are leaving a mark on the world, one story at a time.

Kai Morton
Callie Reiff
Tyler Mitchell

Click to view Video
Click to view Video
Click to view Video
Rock the Vote

We want to empower the next generation of voters to voice their opinions and shape their future. To underscore our commitment, we partnered with Rock the Vote as part of our #WeAllCan campaign to help engage and mobilize Millennials across the U.S. in the 2016 presidential election.

+$315,000 in AEO sales donated to Rock The Vote

+2,100 new voters registered on the AEO custom Rock The Vote online voter registration tool

100% of sales from the AEO Rock the Vote collection went to support Rock the Vote and their efforts to register and turn out young voters.

We were proud to feature our Rock the Vote partnership at the first-ever Diplomacy by Design event in Washington, D.C. in October 2016. AEO joined ambassadors, senior diplomats, and fashion industry leaders from more than 180 countries to celebrate the cultural and economic power of fashion as a platform for global and civic engagement.

We held events to help our associates register to vote using our online voter registration tool.

Marcie Eberhart showcases our partnership with Rock the Vote at the Diplomacy by Design reception.
#GiveBackPack

We believe that everyone deserves an opportunity to get ahead and live out their professional and personal dreams. That’s why we support programs that equip youth with the tools and skills to pursue higher education, gain employment, and provide for themselves and their families in the future.

For the 2015 back-to-school season, we partnered with STATE Bags and Teach For America to help kids in need get their school year off to a strong start. Together our associates donated school supplies and volunteered their time to distribute new backpacks stocked with school supplies to students in high-need communities served by Teach For America, Teach For Canada, and Teach For Mexico. We also hosted summer bag drop rallies in New York and Los Angeles to motivate and inspire students.

AEO associates gave new STATE backpacks filled with school supplies to students during a summer bag drop rally.

+39,000

new STATE backpacks filled with school supplies donated by AEO and our associates

“We’re grateful for the partnership of American Eagle Outfitters and STATE Bags in equipping students in the communities we serve with essential classroom tools. Students in low-income communities face many barriers in their pursuit of an excellent education, and having the proper means to carry one’s school supplies doesn’t have to be one of them. This partnership will help give students a strong start when they enter classrooms this fall.”

Molly Friedland
Senior Managing Director, National Corporate Partnerships, Teach For America
Better Make Room

We celebrate learning and want to inspire teens to reach for higher education beyond high school. That’s why we’ve partnered with Better Make Room, a student-facing public awareness campaign to support Reach Higher, an initiative that is focused on college affordability, exposing students to college, academic planning, and supporting school counselors. Since 2015, we’ve partnered with major networks and social media platforms to spread the word and celebrate students choosing to pursue higher education.

In 2017 we helped promote College Signing Day, an event supported by the Better Make Room campaign for students across the country to celebrate their futures by showing off their college acceptance letters.

Big Brothers Big Sisters

Today’s youth face a variety of challenges, and having a caring role model can help kids navigate through life’s tough times. We believe in Big Brothers Big Sisters and have partnered with them since 2005 to positively impact kids’ lives and empower them to realize their potential. Over the years, we’ve supported their work through financial giving, cause-related marketing, volunteering, and our Workplace Mentoring Program. Associates in our New York and Pittsburgh offices enjoy serving as Big Brothers and Big Sisters. They are matched with middle school and high school students (Littles) and stay matched with them until they graduate. During the school year, they meet regularly to work through anything from resume writing, college preparation, public speaking, and social issues, to finance and budgeting. Some Littles are the first in their family to attend school in the U.S. or go to college, so it’s important that they have someone they can turn to for information beyond their main circle of family and friends. In 2016, our associates mentored 9 Littles in New York and 25 Littles in Pittsburgh.

“I still keep in touch with my Little from three years ago. Being able to spend time with these kids and give them another point of view on how to approach things has been the most rewarding. I feel as if we create a safe environment for them to be able to express themselves and ask us about school, college, work, and life.”

Lathda Douangchanh-Ho
AEO associate and Big Sister in the AEO Workplace Mentoring Program
Made in America

In 2014, we were thrilled to be the official fashion partner of the Made in America music festival, which celebrates the best in American music, festival style, and individuality.

+50,000 Philadelphia
+37,000 Los Angeles

festival attendees in 2014

$5,000 in donations to United Way’s work to improve education

Our exclusive Made in America men’s and women’s t-shirts were sold online and at the festivals. A portion of the proceeds went to support United Way’s work to improve education from cradle to career.
Feeding America

In the U.S. alone, more than 2 million youth experience homelessness each year, and 57% of them are without food at least one day every month. It’s important that we help youth meet their basic needs. That’s why AEO partnered with Feeding America and Food Banks Canada, two leading hunger-relief organizations that feed those in need through an extensive network of member food banks.

We donated one meal for every holiday gift box sold in stores during the 2016 holiday season. And on Thanksgiving Day, we donated one meal for every online transaction made. Associates at our stores, corporate offices, and distribution centers throughout the U.S. hosted food drives in partnership with local Feeding America affiliates.

Donated $150,000
to Feeding America and
Food Banks Canada

providing a total
1.375 million meals
to people in need

Associates from our Times Square store collected 1,000 food items for City Harvest.

Volunteering at the Greater Pittsburgh Community Food Bank in December 2016
The Pittsburgh Promise
Pittsburgh is home to our corporate headquarters, so one of the ways we contribute to youth education is through our partnership with The Pittsburgh Promise—a scholarship program that supports higher education for students attending Pittsburgh Public Schools. The Pittsburgh Promise gives up to $30,000 in post-secondary education scholarships to any student who graduates from a Pittsburgh Public School with a minimum 2.5 GPA and a 90% attendance rate. Each year, AEO provides scholarships to five Pittsburgh Promise Scholars. We also recruit through The Pittsburgh Promise Scholars as part of our diversity recruitment efforts.

In 2015, AEO teamed up with rap star Wiz Khalifa to surprise Pittsburgh Promise students at his alma mater, Allderdice High School, along with Sterrett Middle School and Pittsburgh Obama High School. Wiz inspired students, encouraging them with the message that hard-working students can achieve great things.

1,700 AEO backpacks donated by Wiz Khalifa to students in 30 District schools
Foster Pride
Since 2015, AEO has supported Foster Pride, a nonprofit dedicated to helping foster care youth in New York City through mentoring and the arts. Funding from the AEO Foundation supported its HandMade program, which not only teaches teenagers the art of crocheting, but also how to become savvy entrepreneurs. Our AEO associates hosted an evening of crocheting at our New York Design Office and invited participants to sell their handmade goods at our Don’t Ask Why pop-up store in New York City.

Mayor’s Youth Jobs+
We agree with San Francisco Mayor Edwin Lee, that hiring youth today represents an investment in our future. That’s why we’ve supported the Mayor’s Youth Jobs+ initiative. The Mayor’s Youth Jobs+ initiative offers training and work exposure to youth from low-income and immigrant families who often face significant barriers to employment. For many young people in San Francisco, the Mayor’s Youth Jobs + initiative offers a first step towards a career and an opportunity to build a network that allows them to compete with peers who may have more access to opportunities. We want to help create meaningful employment opportunities for disadvantaged youth in the Bay Area. Since 2013, we’ve provided summer jobs to 12 San Francisco youth, with many of them continuing on as permanent part-time associates.

Raphael House
Since January 2015, our San Francisco associates participate in the Raphael House’s Corporate Chefs program by preparing and serving food to homeless families in the Tenderloin. Raphael House is a San Francisco grantee of the AEO Foundation that supports teens through their Academic Enrichment Program, Saturday Tutoring Club, and Career Development Program.
Promote Young Women’s Health

Aerie is our women’s intimates line, which features bras, undies, and more for every girl. We celebrate young women of all sizes and are committed to inspiring and empowering ladies to love themselves from the inside and out.

In the U.S. alone, one in eight women will develop breast cancer and 30 million Americans will struggle with an eating disorder at some point in their lives. That’s why our Aerie brand focuses on body positivity and breast cancer awareness—two causes that affect the lives of AEO customers and employees every day. We foster meaningful partnerships, develop campaigns, and engage employees in initiatives that encourage body positivity and promote health and wellness.

#AerieREAL
Young women today continue to face unrealistic expectations for how they should look and feel about themselves. We know that body positivity is important to our customers and it’s important to us. Since launching #AerieREAL in 2014, we have stopped retouching photographs of our Aerie line, challenging the traditional ad campaign handbook.
In 2016, we introduced Iskra Lawrence as the new #AerieREAL Role Model to help us share our message to empower young women to love their real selves.

“
Aerie is about embracing and celebrating the real you; Iskra embodies our mantra of challenging conventional standards through her unique beauty and vibrant personality. We are thrilled to bring her to the forefront of our campaigns.”

Jennifer Foyle
Aerie Global Brand President

We launched the Aerie Share Your Spark campaign to celebrate our 10th anniversary and more than two years of #AerieREAL. The Aerie Share Your Spark campaign encouraged women to share positive thoughts and words of advice on social media to inspire others.
National Eating Disorders Association

Unrealistic, retouched images can contribute to poor self-esteem and play a role in the rising epidemic of eating disorders. In February 2015, as part of our commitment to promoting body positivity, Aerie became the first retailer to partner with National Eating Disorders Association (NEDA) to focus on body positivity and help reduce the prevalence of and stigma around eating disorders.

We were honored with the first ever NEDA Inspires Seal of Approval for our leadership with #AerieREAL and focus on body positivity in advertising.

“We are thrilled to have ongoing support from Aerie, and we thank the company for its socially responsible campaigns. Walking into stores that are promoting a healthy body image is a huge step for helping all women develop high self-esteem. Body negativity is so prevalent in our society, but Aerie is taking a stand and making an impressive impact.”

Claire Mysko
CEO of NEDA

NEDA Walks

Since 2015, Aerie has sponsored 204 NEDA Walks in the U.S. to encourage body positivity and help reduce the stigma around eating disorders. Our associates also get involved by bringing their friends and family to participate in NEDA Walks each year.

57 Walks 2015
63 Walks 2016
84 Walks 2017
Our associates participate in NEDA Walks to encourage body positivity and help reduce the stigma around eating disorders.

Strong, Beautiful, Me
In 2016, Aerie launched our Strong, Beautiful, Me campaign to support NEDA in spreading the word about National Eating Disorders Awareness Week. We donated 100% of sales from our Strong, Beautiful, Me limited edition t-shirt to NEDA. We also offered a gift bracelet to customers who made a donation to NEDA at checkout.

Our support of National Eating Disorders Awareness Week resulted in media coverage in outlets throughout the country, furthering awareness of the cause nationwide. In response to our continued commitment to body positivity in our messaging and imagery, Aerie was honored with NEDA’s 2016 Corporate Leadership Award.

“It means so much to me that Aerie received the 2016 Corporate Leadership Award. As an Aerie model, I work with the Aerie team and know how much they believe in their message and strive to help change lives. I am frequently contacted by young girls who have been inspired by Aerie campaigns and their dedication to improving the relationship we have with our bodies.”

Iskra Lawrence
Aerie brand ambassador
Bright Pink
Did you know that breast cancer is the leading cancer diagnosis among women? That’s why Aerie supports Bright Pink, the only national nonprofit organization focused on prevention and early detection of breast and ovarian cancer in young women. Our partnership aims to spark important conversations among women about the risk of breast and ovarian cancer and inspire them to take action, while also raising funds to fuel Bright Pink’s life-saving education programs.

Since 2010, we’ve teamed up with Bright Pink on fundraising and awareness efforts in our stores and corporate campuses to support Breast Cancer Awareness Month.

Annual Contributions to Bright Pink

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<tr>
<th>Year</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
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</tr>
<tr>
<td>2015</td>
<td>$225,000</td>
</tr>
<tr>
<td>2016</td>
<td>$391,000</td>
</tr>
</tbody>
</table>

#aerie SUPPORTS bright Pink

Get To Know Bright Pink

Click to view Video
“We’re so grateful to continue our long-standing partnership with Aerie and reach millions of young women with our life-saving mission. Our hope is that this multifaceted partnership will serve as a call to action for all young women to commit to be breast self-aware.”

Lindsay Avner
Bright Pink Founder and Board Chair

In 2015, Aerie donated 100% of sales from our Limited Edition Bright Pink Bralette and invited customers to donate to Bright Pink by rounding up their in-store purchase, offering a free bracelet gift with a donation of $5 or more.

We expanded our partnership with Bright Pink in 2016 with the launch of our “Support Your Girls” campaign, our first-ever Aerie and AEO co-branded campaign. Aerie offered a Limited-Edition Bright Pink Sunnie Demi Bra and Undie, while AEO offered a Limited-Edition Bright Pink Boxer and Boxer Brief with 100% of sales benefitting Bright Pink. We also promoted awareness in our Aerie stores in partnership with Rethink Breast Cancer in Canada and CoppaFeel! in the United Kingdom. These programs provide resources and support for young women living with breast cancer.

We also joined Bright Pink for Mother’s Day 2015, encouraging Aerie customers to talk with their mothers (and fathers!) about their family history and potential cancer risks. We engaged our customers by asking them to share a picture of themselves with their mom on Instagram using #GoAskYourMother to spread the word. We know how important it is to keep this conversation going.

We raised $391,000 to benefit Bright Pink, the largest single contribution in its history. We also raised $19,975 to support Rethink Breast Cancer and CoppaFeel!
Associates Get Involved in Bright Pink
We do something different each year to celebrate our partnership with Bright Pink and engage our associates during Breast Cancer Awareness Month.

In 2014, more than 250 of our associates participated in our 5k run in Pittsburgh to kick-off Breast Cancer Awareness Month with Bright Pink.

2015 Aerie Breast Cancer Awareness Ribbon
In October 2015, Aerie partnered with the Pittsburgh Steelers to construct a two-story breast cancer ribbon near the Heinz Field stadium using 2,000 Aerie bras.
2016 Bike Ride for Bright Pink

In 2016, our San Francisco office hosted a Bright Pink bike ride across Golden Gate Bridge.

2016 Bright Pink Smoothies and Brighten Up Sessions

We celebrated the Aerie and AEO co-branded campaign with Bright Pink in 2016 by treating our associates with complimentary smoothies and “Brighten Up” workshops at each of our corporate offices and distribution centers to provide information on how to reduce their risk for breast and ovarian cancer.

No-Shave November

In November 2015, AEO became the first retailer to team with No-Shave November, a web-based, non profit organization devoted to growing cancer awareness and raising funds to support cancer prevention, research, and education. We offered four styles of No-Shave November graphic t-shirts and underwear, with 15% of AEO sales benefiting the organization. The t-shirts became one of the highest-selling graphic tees that season.

$30,000 in AEO donations to No-Shave November

+70 million viewers reached
#RealWishes campaign

In December 2016, we launched the #RealWishes Aerie campaign, encouraging our customers and employees to give back to their communities and help make a difference.

Our campaign featured messages of independence, strength, and honesty, and we engaged our customers with a contest on Instagram and Facebook to share stories about how they “pay it forward” during the holiday season. The grand prize winner was selected based on three criteria: Inspiring, Passionate, and Philanthropic Effort, and received a $1,000 award along with 50 Aerie graphic tees and 50 Aerie sleep pants.

Our associates also did their part to help women and families in need during the 2016 holiday season. We collected donations and volunteered time to benefit organizations like Ronald McDonald House Charities of Pittsburgh and women’s shelters like Bethlehem Haven.

Associates brought dinner and Christmas trees to Ronald McDonald House Charities of Pittsburgh and decorated with families so they could feel a little piece of home during the holidays.

Associates visited women seeking shelter at Bethlehem Haven, donating care packages and cozy accessories to give women a night of pampering.
Improving Women Factory Workers’ Health

We want to promote the health and well-being of the women who make our products in our global supply chain. That’s why we continue working with our factory partners to expand participation in Business for Social Responsibility’s (BSR’s) HERproject, a collaborative initiative that strives to empower low-income women working in global supply chains.

Since collaborating with BSR and Better Work to launch the first HERproject at factories in Cambodia, we are working to expand the initiative to additional factories across our global supply chain. To date, HERproject has been implemented at four factories in Cambodia and six factories in Bangladesh, with efforts underway at two factories in Vietnam. As part of HERproject, we help train peer educators and participate in a Technical Advisory Group that’s focused on developing a nurse training program, as well as a program focused on addressing sexual harassment. With HERproject, we’re not just investing in women, we’re investing in their families and communities around the world.

“HERproject aims to unlock the full potential of women working in global supply chains. Since 2013, we have partnered with American Eagle Outfitters and its suppliers in Bangladesh, Cambodia, and Vietnam to deliver workplace programs to improve the health knowledge and behaviors of low-income working women. We look forward to continuing our partnership with AEO to reach more women and business partners in its supply chain.”

Christine Svarer
HERproject Director, BSR

$1 spent on HERproject = up to $4 return on investment

"Reduced absenteeism, lower turnover, increased factory productivity."
Advance Equality

We celebrate diversity, believe in equality for all, and encourage being your true self.

Equality is Our Business
Equality is a fundamental right of every person. In our offices, our stores, and with our customers, we welcome diversity and embrace equality. Our efforts have been recognized by the Human Rights Campaign (HRC), an American civil rights organization working to achieve lesbian, gay, bisexual, transgender, and queer (LGBTQ) equality.

For the past four years, AEO has received a 100% score in HRC’s Equality Index—a national benchmarking survey on corporate policies and practices related to LGBTQ workplace equality.

In the wake of several anti-LGBTQ bills in 2015, we joined 40 companies to sign HRC’s Equality is Our Business Pledge to show that we stand for diversity and equal treatment of LGBTQ members in our workplace. We also joined nearly 100 major companies as part of HRC’s business coalition to endorse the Equality Act—a bill that would establish full federal equality for all LGBTQ Americans. We supported the Why Marriage Matters Pennsylvania campaigns and celebrated the Supreme Court’s 2015 decision on marriage equality via our social media channels.

Pride Month
AEO has been a proud supporter of Pride Month (June) since 2013, and we stepped up our commitment in 2015 by partnering with InterPride, an international organization that elevates community participation in Pride events worldwide. InterPride’s vision is a world where there is full cultural, social, and legal equality for all. And we LOVE it.

In 2015, AEO sold limited edition “Love is Love” t-shirts and tanks, donating 15% of sales to InterPride.

In 2016, we expanded our support by creating the AEO Pride Collection and donating 100% of sales to InterPride.

In 2015, more than 40 associates and their guests celebrated our sponsorship of Pittsburgh Pride in the Street concert and Pride parade.
GLAAD Spirit Day
We’ve partnered with GLAAD, the world’s leading LGBTQ media advocacy organization since 2013 to support “Spirit Day”, the world’s more visible anti-bullying campaign. We used our New York Times Square billboards to spread a message against bullying—an issue faced by many of our customers around the world.

Supporting Orlando
In response to the tragic June 2016 shooting in Orlando, Florida, AEO made a $50,000 donation to PFLAG National, formerly known as Parents, Families, and Friends of Lesbians and Gays. PFLAG is a bipartisan organization that works to help create a more inclusive and understanding America through peer-to-peer support, education, and legislative and social advocacy.

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In 2016, more than 90 associates and their guests attended the Pittsburgh Pride in the Street concert and Pride parade. For the first time, more than 40 associates participated in the NYC Pride parade, one of the biggest Pride events in the world.
Contribute To A Healthy Planet

We’re inspired by our customers to make the world a better place. That’s why we invest in partnerships, campaigns, and employee engagement activities each year that provide ways for young people to get involved in contributing to a healthy planet.

AEO and SCA
The Student Conservation Association (SCA) and AEO have been partners since 2006, united in our shared commitment to help preserve the natural beauty of our planet by engaging students in service to America’s national parks.

“AE0 + SCA + You” Campaign
We worked with SCA to create the SCA Alternative Spring Break program, which sends hundreds of college students on weeklong expeditions to enjoy nature while removing invasive species, restoring wildlife habitats, planting native trees, and repairing hiking trails. We launched our “AE0 + SCA + You” campaign as part of this program to expand our impact and engagement with our customers and associates. Our in-store, online, and social marketing activities spread SCA’s youth conservation movements to millions across the U.S. The success of our partnership with SCA helped us win the 2014 Golden Halo Award, which is North America’s most prestigious honor in the field of cause marketing.

AEO received the Golden Halo Award in 2014 for our impact in the field of cause marketing

Hundreds of college students volunteered at national parks

$500,000 raised to support future conservation efforts

“‘It’s important for us to take care of the earth because in truth, it’s what takes care of us.’

– Student volunteer

Learn more about SCA and get involved by visiting www.thesca.org

Click to view Video

ALTERNATIVE SPRING BREAK WITH THE STUDENT CONSERVATION ASSOCIATION
HeART This City

In 2014, we expanded the Alternative Spring Break Program we created with SCA by launching “HeART This City,” a customer-facing environmental campaign to beautify city parks and public spaces. World-renowned graffiti artists joined forces with environmentally active college students to bring a new look and renewed love to parks across San Francisco, New Orleans, Chicago, and Pittsburgh. More than 800 college students participated to plant native gardens, clear invasive species, and turn a vacant parking lot into a park.

Volunteers celebrate a completed mural commemorating our love for urban parks.  

Our customers and associates donated more than $112,000 to SCA, which was matched by AEO

Earth Day

We celebrate Earth Day in the U.S. each year with our customers and associates as part of our commitment to contribute to a healthy planet and encourage everyone to act on their passion to help our world.

I:CO Clothing and Shoe Recycling Program

According to the U.S. Environmental Protection Agency, 32 billion pounds of clothing, shoes, and other textiles end up in landfills in the U.S. each year. We aim to be part of the movement towards a circular economy where pre-loved apparel and footwear can be reused or remanufactured into new products. That’s why we’ve partnered with I:CO (I:Collect) since 2013 to implement a closed-loop recycling program. I:CO’s take-back process makes it possible to collect used clothing and shoes and give them a new life through reuse or recycling. AEO associates recycle their unwanted clothing, shoes, and textiles with I:CO. Items find new homes as second-hand goods or are transformed into new products like insulation and even new fabric.

In 2014, we celebrated Earth Day in the U.S. by expanding our I:CO clothing and shoe recycling program to all AEO stores in the U.S. and Canada. Our customers were encouraged to drop off unwanted clothes and shoes from any brand and in return received $5 off a pair of jeans.
Denim Recycling with Make It Right

Would more people recycle if they knew their trash was being used to create something beautiful, useful, or innovative? We think so. That’s why AEO partnered with Brad Pitt’s Make it Right Foundation and I:CO to help our customers turn their old jeans into insulation for new homes. Make It Right builds sustainable homes, buildings, and communities for people in need.

Did you know?

**Used denim jeans** can be turned into safe, sustainable insulation for homes

Better insulation increases energy-efficiency, leading to lower electricity bills for people in need

2.5 pairs of jeans make 1 square foot of denim insulation

Our in-store, online, and social marketing activities helped spread the word about Make It Right’s work to build cradle-to-cradle inspired homes for people in need. We encouraged customers to participate, offering 20% off a new pair of jeans when they donated their used, unwanted denim. As an added incentive, our store associates who brought in the most denim received a free pair of jeans and our top four associates won our grand prize, a trip to New Orleans to build a Make It Right home and attend the 10th anniversary Hurricane Katrina Commemorative concert.

We launched our Buy One, Get One Tree campaign to celebrate Earth Day 2016 with our customers and associates. For every Denim X and Flex shorts sold, we donated a tree (up to 100,000 trees) with help from Student Conservation Association (SCA). We also engaged our customers by posting fun facts on our AEO Blog about the impact that 100,000 new trees can have. Our campaign reached more than 110 million viewers, spreading awareness of SCA’s great work and encouraging participation in Earth Day.
Denim Café
For National Coffee Day 2015, we launched the AEO Denim X Café jeans for women and Denim Flex Café jeans for men. We added a sustainability twist to our high-performance stretch jeans by featuring 2.25 grams of recycled coffee grounds per pair. As an added bonus, the coffee grounds absorb odors, which means less washing and more wearing. We’ve had great response from our customers and we’re working on more ways we can incorporate recycled and responsibly sourced materials into AEO apparel.

World Water Day
AEO and Planet Water Foundation are working together to provide students with access to clean, safe water. We participate in its Project 24 initiative, which on World Water Day brings together 24 organizations across 24 communities in five countries: Cambodia, Colombia, India, Indonesia, and the Philippines. Each organization sponsors its own AquaTower filtration system. So far we’ve sponsored two clean water filtration systems at schools in Indonesia and India so school kids have clean water and are better able to focus on their education.

School children celebrate access to clean, safe water from installed AquaTower systems and water-health and hygiene education programming in their communities.

21st Century Conservation Service Corps
AEO was the first company to provide a multi-year grant to the U.S. Department of the Interior’s 21st Century Conservation Service Corps (21CSC), a national initiative that engages 25,000 disadvantaged youth and veterans annually to protect, restore, and enhance America’s great outdoors. In 2014, we announced a $1 million commitment over four years to 21CSC. In partnership with American Express, The Coca-Cola Foundation, and others, AEO has funded more than 100 conservation projects across the country. Through the projects, youth and veterans participate in habitat restoration, recreation improvements, clean-ups, and other conservation-related activities to benefit our national parks and other public lands.

$1 million commitment over four years to 21st Century Conservation Service Corps
Our corporate responsibility efforts are focused on supporting causes that matter most to our customers and improving how we do business. We learn more each day about how our world is changing and how our business impacts people and the environment. We are committed to making sure our apparel is made responsibly from start to finish, and take a partnership approach to operate our business in a sustainable and socially responsible manner.
Support Our Associates

Today we have more than 30,000 associates worldwide who stand for who we are as a company. Our associates are the face of AEO. They promote our brand and engage our customers. That’s why we strive to be an employer of choice and foster a fun and inclusive culture that empowers, develops, and rewards our associates.

Our Culture
Our culture is fun, creative, innovative, and open-minded. We value creativity and encourage our people to be who they want to be, everyday.

In 2016, we launched a Culture Survey to gain further insight into what matters most to our people. We want to stay closely connected to our associates to promote a positive culture and focus on topics that matter most to them throughout the year.

We will continue to regularly request feedback and learn from these surveys. Leaders, Human Resources, and all associates will have the ability to weigh in on action items based on the results. The goal is to use this insight to celebrate our strengths and focus on our opportunities to ensure AEO is the best place to work!

Diversity and Inclusion
Part of the strength of our team comes from embracing people of all backgrounds, ethnic groups, and gender identities. For the past four years, AEO has received the highest score of 100% on the Human Rights Campaign Foundation’s (HRC) Corporate Equality Index. HRC advocates for LGBTQ equality and works to encourage adoption of LGBTQ-inclusive policies and practices. AEO is also a signatory of HRC’s Equality is Our Business Pledge.

Our goal is to hire the best candidates regardless of language. We mitigate language barriers in the workplace and strive to be an employer of choice through community involvement. For example, at our distribution center in Hazleton, Pennsylvania, we found that 58% of Hazleton’s Hispanic residents identify themselves with limited-to-no verbal or written abilities in English. In response, we implemented an integrated workforce strategy and Spanish language integration at the facility. We also partnered with the Hazleton Integration Project, a community-based effort that seeks to unite the people of different cultures who call Hazleton home.
Recruitment and Hiring

The AEO internship program is where careers begin and future leaders are discovered. We offer paid summer internships for college students currently in their junior year, working towards a four-year degree. Students have the opportunity to work for 10 weeks in our fast-paced retail environment with the potential of a full-time offer before their senior year. We also offer full-time training programs designed to provide hands-on experience with the many aspects of our dynamic brand and prepare associates for a career at AEO.

Performance and Development

We want our people to pursue fulfilling careers at AEO and we strive to support our associates in their career development. It starts with onboarding and continues through performance development plans, which are grounded in goal-setting and regular feedback sharing to provide a clear path and encourage associates along the way.

Each AEO and Aerie store has a talent manager who works with the store team to discover the strengths of each individual. Associates are also presented with opportunities to lead initiatives, which can result in promotion and career advancement.

In 2016, we hosted our first global Store Leadership Conference to empower store managers from more than 27 different countries with the right knowledge to successfully drive our business. At the four-day conference in Orlando, Florida, managers received intensive training on key sales initiatives, store performance metrics, coaching, and development. Since the conference, we have seen store manager turnover decrease. The event inspired us to find more ways we can support and develop our people.

“I love that every day is unique and challenging. Retail is very fast-paced and we are always learning from what is happening in stores to strategize for future business. I also really enjoy the people I work with and the AE culture!”

Lauren Freismuth
AEO Senior Inventory Planner
Rewards and Recognition

We want to reward associates that exceed expectations and exemplify AEO values. Employee recognition has a direct connection to satisfaction and retention, so we work to reward our associates through a variety of recognition programs.

Top 3 Eagle of the Year finalists received personalized prize packages catered to their unique personalities and interests.

In 2016, 646 corporate associates received High Five awards.

825 store associates across the U.S. received Service Awards, with receiving an award for 10 or more years of service.

158 Our @WallOfAwesome has nearly 9,000 followers on Instagram, with #aeowoa being used more than 35,000 times to date.

We distribute Service Awards to recognize associates’ commitment to AEO through their years of service. Our recognition programs are tailored to our different associate populations:

Daily:
- The High Five
- Wall of Awesome

Quarterly:
- Eagle’s Elite
- Seasonal Swag
- Gold & Diamond Program

Annually:
- Customer First Around the Globe
- Soaring Eagle
- Eagle of the Year

2016 Eagle of the Year Finalists

MICHAEL JENNINGS
SR MEN’S MERCHANDISE PLANNER

LAUREN REYNOLDS
SR DIRECTOR - AERIE VISUAL

BRANDON FRIEZ
SR DIRECTOR - FINANCE

Click to view Video
Associates Give Back

Our associates are passionate about giving back and we want to support them in the causes that they care about. That’s why we build in opportunities for them to participate in our national partnerships and customer-facing campaigns. We also provide several avenues for associates to contribute to the charities of their choice:

- **Eagle Salute**—AEO contributes $250 to any charity in which a full-time associate volunteers 25 hours or more.
- **Team of Ten**—AEO contributes $500 to a charity on behalf of a team of 10 associates who participate in a volunteer activity or charity event together.
- **Matching Gifts Program**—AEO matches contributions from $50 to $500 each year made by full-time associates to their favorite charities, thereby doubling the donation.

**In 2015 more than 300 associates participated in the Eagle Salute and Team of Ten programs.**

44 organizations received grants totaling $18,000.
Community Day
We held our 4th annual AEO Better World Community Day on June 9, 2016, taking a day off from work to provide our associates the opportunity to make an impact in their communities through volunteer work. More than 1,000 associates from our field leadership and corporate offices across the world participate each year.

39 PROJECTS
5 INTERNATIONAL

38 PROJECTS
8 INTERNATIONAL

41 PROJECTS
9 INTERNATIONAL

2014 2015 2016
Make Our Apparel Responsibly

To make AEO products, we partner with apparel manufacturers that operate more than 300 factories in more than 20 countries around the world. We know that with our global reach comes global responsibility to drive sustainability and fair labor practices throughout our supply chain.

Working with our Factory Partners
Our goal is to create strong, supportive relationships with our factory partners and work collaboratively to improve working conditions in our supply chain. We do not own or operate any factories, so it’s important that we develop trusted relationships with our suppliers to make our apparel responsibly.

Our Approach
It starts with finding the right business partner who shares our values and meets our expectations for transparency and performance. Over time, we invest in gaining trust, working together to identify and address issues, and building capacity to drive supplier ownership in continuous improvement. We’re working to enhance our factory monitoring program and advance key initiatives that focus on worker well-being, environmental responsibility, and increased supplier ownership.

Supplier Code of Conduct
We updated our Supplier Code of Conduct in 2016 to improve the clarity of our requirements and alignment with current industry standards. Our Supplier Code now includes stronger language regarding bribery, nondiscrimination, freedom of association, unauthorized subcontracting, and transparency expectations.

Supplier Approval
We are careful about who we decide to do business with. All factories must be approved through a pre-sourcing audit before an AEO production order may be placed, and factories with orange or red ratings are not approved for business. In 2016, we did not approve 34 factories unless orange-rated and red-rated findings were remediated.
Our suppliers often have subcontractors assist them in meeting our production needs. As part of our commitment to addressing compliance issues in the deeper tiers of our supply chain, we’ve increased restrictions on unauthorized subcontracting by requiring information to be submitted before work can be subcontracted out. Penalties for unauthorized subcontractors include fines, decreases in AEO orders, and possible termination of business.

Factory Inspection and Improvement
Our factory audits assess labor, governance, environment, health, and safety conditions against local and international laws and regulations.

All of the apparel factories we actively source from are visited and inspected every year by our internal team or third-party auditing partners.

Our approach is focused on transparency and remediation, so most of our audits are semi-announced to help us build trust with our factory partners. We have a group of AEO associates in Hong Kong and Bangladesh that conduct a portion of our audits and work closely with factories on remediation.

Factory Rating System
In 2015, we rolled out an enhanced factory rating system to better measure supplier performance and drive improvement. When non-compliances are identified, we work with factories to remediate every finding, addressing red- and orange-rated findings with urgency. While there’s still a lot of work to be done, we are encouraged by our audit results, which show that the majority of our factory suppliers are rated yellow.

<table>
<thead>
<tr>
<th>Rating</th>
<th>Definitions</th>
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<tbody>
<tr>
<td>Blue</td>
<td>(Minor Findings)</td>
</tr>
<tr>
<td></td>
<td>Encouraged to use and no restrictions on AEO orders</td>
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<tr>
<td>Yellow</td>
<td>(Major Findings)</td>
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<tr>
<td></td>
<td>No business restrictions</td>
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<tr>
<td>Orange</td>
<td>(Critical Findings)</td>
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<tr>
<td></td>
<td>No increase in AEO orders until the facility addresses audit findings</td>
</tr>
<tr>
<td>Red</td>
<td>(Severe Findings)</td>
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<tr>
<td></td>
<td>No new AEO orders until the facility addresses audit findings</td>
</tr>
</tbody>
</table>

2016
298 Total Audits Conducted*

AEO is committed to working with our factory partners to properly protect the workers and environment across our supply chain.

*Includes pre-sourcing, annual, and follow-up audits performed both by internal AEO teams and third-party auditors.
**Factory Fire and Building Safety**

Factory fire and building safety continues to be a major challenge across the apparel industry, particularly in developing countries like Bangladesh. We need the factories where our products are made to be safe so that workers are protected and able to work in an environment without the threat of fire, building collapse, or other preventable accidents.

In 2013, we made an important decision to join 220 global apparel companies in signing the Bangladesh Accord on Fire and Building Safety—an unprecedented five-year independent, legally binding agreement to build a safe and healthy ready-made garment industry in Bangladesh. The agreement was signed in the immediate aftermath of the Rana Plaza building collapse that took the lives of more than 1,100 people and injured more than 2,000. While none of our affiliate factories were located in Rana Plaza, we knew we had to be part of the movement to ensure the safety of our workers.

We remain fully committed to our investment in the Accord. We actively support factories to complete the Accord’s structural, fire, and electrical safety inspections, remediation, and training activities at all our factories in Bangladesh.

We've learned a lot from our experience with the Accord and feel an obligation to expand our learnings to other countries where there is aging infrastructure that could present risks to workers. AEO has launched its own Global Fire and Building Safety guideline that incorporates insights from the Bangladesh Accord. As part of this program, we are providing training followed by inspections to monitor adherence, starting with factories in Pakistan and India.
Supporting Factory Workers

Worker Survey Program
Our goal is to encourage the factories we work with to foster an environment in which workers feel comfortable raising and discussing labor concerns in a constructive manner.

Since 2014, we’ve worked with key factory partners to implement worker survey programs, which give workers a voice and provide a process of listening and follow-up to better support workers and improve the work environment.

We start with conducting anonymous surveys to gather worker feedback on health and safety, engagement, communication, and satisfaction. Next, we share the results with factory management and work with them to identify and implement next steps to address findings, then follow-up six months later to measure progress.

Success is when each factory has its own internal grievance procedures in place to independently manage effective internal communication channels.

Factory workers participate in group trainings about worker surveys in Bangladesh.

2014  2015  2016  What’s Next
Began program with surveys at six factories in India
Expanded surveys to 15 factories in China
Expanded surveys to ten factories in Bangladesh
Focus on effective implementation of grievance systems
Making our apparel responsibly is about ensuring that AEO products are made with ethically sourced materials and safe treatment processes. We continue to enforce a number of key policies as part of our commitment to responsible sourcing, which reflect our values and reinforce our Code of Conduct.

For example, we prohibit the use of sandblasting to give jeans a faded look because the process exposes workers to silica, which is linked to fatal lung disease. We ban the use of Uzbek cotton because of the forced labor practices involved in cotton production in Uzbekistan. We also oppose the inhumane treatment of animals, and we do not tolerate animal cruelty in the design, manufacturing, or testing of AEO products. The use of fur, rabbit hair, exotic skins, and mulesed wool is strictly prohibited. The use of down is allowed with restrictions.

Better Work
We want to support stable, sustainable improvement in working conditions at the factories that make our apparel and help transform the industry for the better. Through our continued partnership with Better Work in collaboration with other brands, we remain committed to increasing factory compliance and improving the lives of workers. Since 2009, we've collaborated with Better Work to implement programs at 52 factories across Bangladesh, Cambodia Vietnam, Indonesia, Jordan, and Haiti.

“Better Work is committed to creating a fair, safe apparel industry that provides quality jobs for millions. American Eagle Outfitters is an active partner and engages with us on-the-ground to bring lasting improvements to factories and in our strategic efforts to transform the industry. We look forward to continued collaboration with AEO in the coming year, and beyond.”

Dan Rees
Program Director, Better Work, a joint initiative of the UN’s International Labour Organisation and the International Finance Corporation, a member of the World Bank Group

Key Sourcing Policies
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Environmental Sustainability

We continue working to implement environmental best practices during the manufacture of our products so that we limit our impact on the environment and promote a cleaner and healthier planet. Our environmental program evolves as we learn more about our global impact by looking at our product life cycle from start to finish.

Factory Wastewater Management

Apparel production involves a large quantity of water and if not treated properly, can present a threat to people and the environment. That’s why our supply chain environmental program has been focused on working with factories to make sure that water is safe when it is discharged. We communicate our commitment to eliminating toxins in factory wastewater through the AEO Wastewater Management Standard, which we launched in 2013. Our program is built around wastewater testing, factory training, and capacity building so that factories can truly implement change to better protect the environment. In the next phase of this program, we will be supporting factories to align with the AEO Wastewater Management Standard.

Enhancing Environmental Assessment and Performance

In 2016, AEO joined the Sustainable Apparel Coalition (SAC) along with more than 200 other members to implement a common industry approach for environmental assessments at factories. We are using the SAC’s Higg Index suite of tools to help us measure the environmental impacts of factory operations.

We worked with 120 factories, denim mills, and laundries to build awareness and understanding of the Higg Index and complete self-assessments to establish a baseline of performance. Moving forward, we will engage more factories and develop customized training based on our suppliers’ assessment results, increasing our focus on chemical and wastewater management to help factories improve their environmental performance.

“As a valued member of the Sustainable Apparel Coalition, American Eagle Outfitters demonstrates a strong commitment to collaborating with other leading businesses to increase sustainable practices across the apparel industry. Through our efforts, AEO has worked alongside global peers to develop the Higg Index and improve the environmental performance of the value chain. We are grateful for the expertise they bring as we look to transform the industry together.”

Jason Kibbey
CEO, Sustainable Apparel Coalition

Factories using the SAC’s Higg Index

- China, 43
- Vietnam, 29
- Bangladesh, 16
- Indonesia, 15
- India, 7
- Cambodia, 6
- Others, 3
So what are the steps in the life cycle of AEO apparel from start to finish?

Here's a look at the life of a pair of AEO jeans.

Energy and material inputs and outputs are required to:
- Grow and process cotton for fiber
- Extract raw materials
- Produce synthetic fibers and accessories

Energy, water, and chemicals are used during garment production.

The fabric is treated further with chemicals, then washed, cut, and sewn as a pair of jeans.
Finished product is shipped to an AEO distribution center for storage before it is either transported to a store or sold directly by mail order / e-commerce.

Energy and water is required to wash and dry the jeans you wear every day.

Jeans are disposed by the consumer. All garments ultimately end up in a landfill or incineration, or are recycled into new products. Some garments will be re-sold and reused before this happens, which extends the life of the jean and reduces the need to produce clothing, along with the associated environmental impacts.

This graphic shows the energy supply systems and product systems input at all stages from fiber production through to disposal by consumer.

T = Transportation

**ENVIRONMENT: AIR, LAND, WATER**
Better Cotton
We use more cotton than any other raw material to make the jeans and tees our customers love to wear every day. That’s why we joined the Better Cotton Initiative in 2015. We want to make sure cotton is grown using more sustainable farming techniques and supports the livelihoods of the people who produce it.

To date, we’ve engaged key denim mills to educate them on sourcing more Better Cotton. We are working to increase the number of mills we work with in this program and expand our education efforts across other areas of our supply chain with the ultimate goal of increasing the total Better Cotton volume we source.

Sustainable Denim Washing
Garment finishing is the last step in the manufacturing process where wash processes give denim the final desired look. We are working with key laundries to implement Jeanologia’s environmental impact monitoring (EIM) software as an initial step towards building more sustainable processes during garment finishing. The EIM software assesses the environmental impact of the garment finishing process across four areas: water consumption, energy consumption, chemical use, and worker health.

Once we establish a strong basis of understanding with laundries in how to use the software, we will measure the performance of wash processes starting with our highest-volume denim styles. The next step will be to develop targets and monitor progress to drive greater sustainability.

Sustainable Fiber
Similar to cotton, synthetic raw materials offer another opportunity for enhanced sustainability. Did you know that plastic water bottles can be used to make blue jeans? We started working with Unifi, Inc. and several of our key mills in 2015 to help us manufacture fabrics containing recycled or waste synthetic raw materials. Unifi has figured out a way to transform used plastic bottles into a recycled plastic fiber called REPREVE®, which can then be used in many different types of fabrics. So far, we’ve been focused on engaging key denim mills about sourcing REPREVE® fiber. We look forward to finding ways we can include more sustainable and innovative materials like recycled plastic water bottles in our apparel.

“...The Better Cotton Initiative (BCI) exists to make global cotton production better for the people who produce it, better for the environment it grows in, and better for the sector’s future. BCI members like American Eagle Outfitters use a lot of cotton in their products, so their support is critical for the continued growth of more sustainable cotton farming practices around the world. We’re thrilled to work with AEO in this collaborative approach to fundamentally improving cotton production.”

Daren Abney
Engagement Manager, Better Cotton Initiative

Did you know?
Plastic water bottles can be used to make blue jeans
Reduce Our Own Footprint

Operating corporate offices, distribution centers, and stores around the world takes energy, packaging, paper, and fuel to get AEO products to stores and customers worldwide. So as part of our commitment to contribute to a healthy planet, we’re looking at ways we can be more efficient and reduce our environmental footprint.

Energy Use
Energy consumption and the associated carbon dioxide emissions are a key contributor to climate change, so we are working to find ways we can reduce the amount of energy we consume. Our efforts are focused on measuring our carbon footprint and implementing initiatives to reduce our energy use at AEO offices, distribution centers, and retail stores.

Greenhouse Gas Inventory
In 2012, we initiated our Greenhouse Gas (GHG) Inventory Program and set a goal to achieve a 20% reduction in our GHG emissions intensity by 2017. We’ve invested in measuring the GHG emissions generated from building electricity use, AEO product distribution, and employee travel. We are proud to have surpassed our goal in 2016, achieving a 29.7% decrease in GHG emissions intensity.

Our GHG Inventory boundary includes AEO offices, distribution centers, data centers, and retail stores residing primarily in North America. AEOs’ total GHG emissions are primarily Scope 2, which are defined as emissions from the consumption of purchased utilities (electricity and natural gas).

Energy Use

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Our GHG Inventory boundary includes AEO offices, distribution centers, data centers, and retail stores residing primarily in North America. AEOs’ total GHG emissions are primarily Scope 2, which are defined as emissions from the consumption of purchased utilities (electricity and natural gas).

Achieved 29.7% reduction in GHG emissions intensity compared to 2012 baseline levels

Scope 2 Emissions by Facility Type

GHG Emissions CO2e (mt)


0 20,000 40,000 60,000 80,000 100,000

Data Center Offices Stores Distribution centers
Energy Reduction Initiatives
Learning more about our carbon footprint from our GHG inventory tracking is helping us make informed decisions about how we can reduce our energy consumption. We’ve implemented a number of initiatives across our offices, distribution centers, and stores to improve efficiency and reduce our impact on the environment.

AEO Hazleton Distribution Center Goes Green
Our goal was to build a resource-efficient facility that would provide ongoing financial benefits as well as a healthier environment for all who work in the building. Our Hazleton Distribution Center qualified for Silver LEED certification by earning points in areas of design, construction materials, and recycling equipment selection that resulted in energy efficiencies and indoor environmental quality. We’ve received $700,000 in rebates as a result of our energy conservation efforts, which is about 20% annual savings on our electrical expenses.

New AEO Stores Get Smarter Energy Systems
Our new stores are being built with an Energy Management System (EMS) that allow us to make sure lights and heating/cooling systems are turned off when no one is in the store. It also allows us to identify and diagnose energy anomalies, such as a bad compressor or other equipment failure. With the new EMS, we are able to be more proactive in managing our energy use.

Energy Savings with LED Lights
Since 2014, we’ve changed the lighting in our stores to LED, resulting in savings of more than $577,000 and 3,050 tons of carbon dioxide. This is equivalent to removing 582 cars from the road. We also remodeled our corporate offices in Pittsburgh, including a shift to LED lighting, which reduced our energy usage by 40%.

Store Heating and Cooling Improvements
We’re trying out a patented CATALYST Efficiency Enhancing Controller on HVAC rooftop units in eight of our stores to reduce energy used for heating and cooling. We anticipate 20-50% energy savings in these stores. If results are in line with our expectations, we’ll roll this program out to other stores, beginning in high-heat regions.

Recycling
Corporate offices and distribution centers use a lot of paper. So every year through our Clean & Green Week Initiative, we tackle paper recycling on a huge scale across our corporate and distribution locations. We encourage AEO associates to clean-up documents, files, and records that exceed the Retention Schedule, and which clutter our workspaces or occupy valuable electronic storage space and bog-down our AEO network.

In 2016, we recycled 71,631 lb of paper, which saved:

- 608 trees
- 250,708 gallons of water
- 107 cubic yards of landfill space
- 13,609 gallons of oil
- 143,262 kilowatts of energy
- 71,631 lb of Paper Recycled
In 2016 our fleet vehicles were due for replacement, so we chose the most fuel-efficient cars in our price point. We'll share how much we've saved by incorporating fuel-efficient vehicles into our fleet once we've compiled more data over time.

We've reduced our air travel overall through increased efficiency in AEO product distribution. As of 2016, only about 15% of our transportation was by air, and about 95% of our non-air transportation was intermodal, which allows our suppliers to load goods into containers for direct placement onto trucks, trains, or cargo ships. This versatility allows us to get merchandise from our suppliers to our distribution centers with minimal handling.

By investing in printers at all of our stores, we've eliminated the practice of printing materials at our corporate offices, which then must be shipped to our stores. This helps reduce our carbon footprint and also reduces the wear and tear on vehicles and roads. In Mexico, we are also encouraging our stores to source bags from local vendors instead of bags shipped from the U.S., which reduces our carbon footprint and supports local businesses.

We use cardboard boxes at our distribution centers to store and ship merchandise to our stores, so we're working to reduce our footprint through cardboard recycling and reuse. Our distribution center in Ottawa, Kansas, has significantly reduced purchasing of new corrugated boxes—from 2.359 million new boxes in 2013 to just 888,000 in 2016—by reusing or purchasing used boxes that would otherwise have gone to a landfill. This isn't just good for the environment, we're also saving money—about $580,000 in 2014 and $650,000 in 2015.

Transportation

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ABOUT THIS REPORT

This is our 3rd corporate sustainability report, and we aim to release comprehensive updates like this every two years. We’ve written this report for our customers and associates, who inspire us to find ways to be more responsible and create positive change in our world. It’s important to us that we share what we’re doing.

Deciding What Matters
To determine the content for this report, we thought about what’s important to AEO and what we think matters most to our stakeholders.

Step 1 Identify
• Identified relevant topics based on peer reviews, interviews with key AEO employees, and insights gathered through our partnerships.

Step 2 Prioritize
• Prioritized topics by considering the significance of our impacts on the world and the issues identified as most important to our customers from external marketing surveys.

Step 3 Summarize
• Summarized key accomplishments and material issues that helped us focus the content of this report.

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Tell Us What You Think

We want to be part of an important dialogue about the issues our customers, associates, and other stakeholders care about. We’d love to hear from you. Send us a note at BetterWorld@ae.com