CALIFORNIA TRANSPARENCY IN SUPPLY CHAINS ACT OF 2010

The California Transparency in Supply Chains Act of 2010 (SB 657) was signed into law in the State of California on September 30, 2010. The Act goes into effect on January 1, 2012 and requires retail companies and manufacturers doing business in California with annual worldwide gross receipts of more than US$100 million to disclose corporate policies to eradicate slavery and human trafficking in their supply chains.

American Eagle Outfitters, Inc. (AEO, Inc.) is committed to ensuring that the people who make our clothes are treated with dignity and respect. The following disclosure provides an overview of AEO, Inc.’s initiatives around human rights and social compliance, including steps we take to mitigate the risks of and work to eradicate slavery and human trafficking in our supplier base. For complete details about our Corporate Responsibility efforts, please see AE Better World.

• **Vendor Code of Conduct & Supplier Agreement.** AEO, Inc.’s [Vendor Code of Conduct](#) is based on universally-accepted human rights principles and sets forth our minimum standards and expectations for suppliers. Our Code expressly prohibits the use of child labor and forced or involuntary labor. These prohibitions include, but are not limited to, trafficked, prison, bonded, and indentured labor, as well as forced overtime.

All suppliers must agree contractually and in writing to abide by the terms of our Vendor Code of Conduct and other applicable laws and regulations before we do business with them. As part of this agreement, AEO, Inc. suppliers also warrant that any subcontractors they may independently contract with to produce AEO, Inc. product will comply with the terms of our Code and other applicable laws and regulations. For more details on our Code of Conduct as well as associated guiding principles and governance, please see the Corporate Governance section of AE Better World.

• **Supplier Monitoring.** AEO, Inc. maintains a dedicated team of people and an extensive factory monitoring program to help ensure that suppliers comply with the terms of our Vendor Code of Conduct. Through a combination of third-party auditors, local independent auditors, and our own inspectors, we conduct pre-sourcing inspections of apparel factories before we place purchase orders and strive to visit approved factories at least once a year. Inspections conducted by our internal team are generally unannounced, while inspections conducted by third-party auditors are semi-unannounced. AEO, Inc. team members review inspection results with factory management and provide targeted training to help suppliers continuously improve their compliance performance.
AEO, Inc. has a zero tolerance policy against all forms of slavery and human trafficking. Factories that cannot meet minimum standards and pass our pre-sourcing inspections will not be approved for ongoing business. If and when we uncover a serious breach of our Code of Conduct by a supplier already approved for production, we take steps up to and including the severance of our business relationship. For more details about this and other aspects of our supplier monitoring program, please see the Supply Chain section of our website. Full results from our FY 2010 factory inspections are available here.

**External Verification.** AEO, Inc. is a participating company in the Fair Labor Association. The FLA provides independent external monitoring of our supplier base and publicly reports on its findings. In addition, AEO, Inc. is also a signatory to the global buyer principles of the International Labor Organization (ILO)’s Better Work program and relies upon independent Better Work factory assessments in lieu of our own inspections in countries where Better Work operates. Current AEO, Inc. sourcing countries with active Better Work programs include Cambodia, Vietnam, Haiti, and Indonesia. More information about our work with the FLA and Better Work can be found here.

**Associate Training & Accountability.** All AEO, Inc. associates must comply with the terms of AEO, Inc.’s Code of Ethics, which sets forth written standards designed to deter wrongdoing and to promote honest and ethical conduct, legal and regulatory compliance, and full, fair, accurate, timely, and understandable company public disclosure. Associates are required to report any known or suspected violations of the Code of Ethics either through the anonymous AEO Hotline (1-888-587-3582) or online at www.aehotline.com. For more information on our Code of Ethics and related polices, please click here.

Associates who engage regularly with suppliers are trained on our Vendor Code of Conduct and supplier monitoring efforts. Entry-level Merchandising and Planning associates participate in a rotation program that includes a specific course in AEO, Inc. Corporate Responsibility. New Production and Sourcing associates participate in onboarding sessions about Corporate Responsibility policies and processes. AEO, Inc. associates who regularly visit suppliers are also asked to assess conditions informally while on location and report back any concerns. In addition, the AEO, Inc. Corporate Responsibility and Production teams meet regularly to review supplier performance on social compliance and discuss sourcing strategy. The Corporate Responsibility team reports to the AEO, Inc. Board of Directors on an annual basis. More details on these and our other Corporate Responsibility business integration efforts are available here.

**Multi-Stakeholder Partnerships.** Most of the time, AEO, Inc. is just one of several brands doing business with any given factory. Because the root causes of poor working conditions are varied and complex, our leverage to bring about positive change can be limited. As a result, we engage other companies, civil society organizations, trade unions, governments, multilateral institutions, and other stakeholders on issues of mutual concern and who share our goals to improve global supply
chain working conditions. For more information on our multi-stakeholder partnerships, please click here.