

**KnowTheChain Apparel & Footwear Benchmark – Subset of Indicators
Additional Disclosure 2020/2021**

Company Name: AMERICAN EAGLE OUTFITTERS

Date: 2.22.21

Guidance:

- We welcome examples of leading practices.
- Unless you are sharing leading practices, please limit the information to indicators for which KnowTheChain could not yet identify sufficient information on your website.
- Note KnowTheChain has already undertaken a review of your website. Should you wish to include links to existing disclosure, please specify the page number / section you are referring to.

Indicator 1: SUPPLIER CODE OF CONDUCT AND INTEGRATION INTO SUPPLIER CONTRACTS

The company:

(1) has a supplier code of conduct that requires suppliers to respect the ILO core labor standards, which include the elimination of forced labor; and

(2) integrates the ILO core labor standards, which include the elimination of forced labor, into supplier contracts.

Indicator 2: MANAGEMENT AND ACCOUNTABILITY

The company:

(1) has a committee, team, program, or officer responsible for the implementation of its supply chain policies that address forced labor and human trafficking; and

(2) has tasked a board member or board committee with oversight of its supply chain policies that address forced labor and human trafficking.

This information is included in our “Nominating, Governance and Corporate Social Responsibility Committee Charter”, page 3:

“20. Review the Company’s policies and practices relating to corporate social responsibility matters, which the Company considers to be ethical and sustainable sourcing; workplace and human rights practices; environmental and climate change initiatives; and charitable giving, including evaluating the impact of Company practices on communities and individuals. The Committee will receive regular updates on the progress of the Company’s core corporate social responsibility initiatives”

Indicator 3: STAKEHOLDER ENGAGEMENT

To fully understand and address working conditions in sourcing countries, companies need to engage with potentially affected groups and local stakeholders such as trade unions, worker organizations, or local NGOs—in addition to engaging suppliers. Furthermore, as forced labor risks

tend to be systemic in nature, collaboration with other companies, for example, to engage policy makers to strengthen labor legislation, is needed to address forced labor in supply chains.

In the last three years, the company has engaged relevant stakeholders by:

- (1) providing at least two examples of engagements on forced labor and human trafficking with stakeholders such as policy makers, worker rights organizations, or local NGOs in countries in which its first-tier suppliers and suppliers below the first tier operate; and

AEO signed on to the AAFA and FLA Apparel & Footwear Industry Commitment to Responsible Recruitment in 2018.

<https://www.aeo-inc.com/wp-content/uploads/2018/04/AEO-Joint-Statement.pdf> (page 3)

We also prohibit the manufacture of any product or the use of any raw material from Xinjiang Uyghur Autonomous Region as of November 2020:

<https://www.aeo-inc.com/2020/11/17/a-message-to-our-suppliers-cotton-country-of-origin-policy/>

These issues are regularly discussed on an industry level with our partnerships with Retail Industry Leaders Association (RILA), American Apparel & Footwear Association, National Retail Federation (NRF), and the US Fashion Industry Association (USFIA):

<https://www.aeo-inc.com/2020/11/17/a-message-to-our-suppliers-cotton-country-of-origin-policy/>

- (2) actively participating in one or more multi-stakeholder or industry initiatives focused on eradicating forced labor and human trafficking across the industry.

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Indicator 4: TRACEABILITY AND SUPPLY CHAIN TRANSPARENCY

The company discloses:

- (1) the names and addresses of its first-tier suppliers; and
- (2) the number of workers per supplier, and one additional data point on its suppliers' workforce (e.g., the gender ratio, migrant worker ratio, or level of unionization per supplier).

Indicator 5: RISK ASSESSMENT

Risk assessment involves evaluating the potential that a company has (by virtue of who its suppliers are and where they are located) of being linked to forced labor and human trafficking. Risk assessment is a process that is carried out in addition to and outside of auditing. It helps identify potential forced labor risks as well as actual impacts that may be hard to detect through audits. This process may involve engaging local stakeholders, labor rights experts, independent sources, and assessing risks associated with specific raw materials, regions, or groups of workers such as migrant workers.

The company discloses:

- (1) details on how it conducts human rights supply chain risk or impact assessments that include forced labor risks or assessments that focus specifically on forced labor risks; and
- (2) details on forced labor risks identified in different tiers of its supply chains.
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Indicator 6: PURCHASING PRACTICES

Purchasing practices and pricing may both positively impact labor standards in the company's supply chains and increase risks of forced labor and human trafficking. The company:

- (1) is adopting responsible purchasing practices in the first tier of its supply chains, which include planning and forecasting; and
- (2) provides procurement incentives to first-tier suppliers to encourage or reward good labor practices (such as price premiums, increased orders, and longer-term contracts).

Indicator 7: RECRUITMENT FEES

According to the ILO, workers should not be charged directly or indirectly, in whole or in part, any fees for recruitment or related costs (such as costs for training, medical tests, or travel).

The company:

- (1) requires that no worker in its supply chains should pay for a job—the costs of recruitment (i.e., recruitment fees and related costs) should be borne not by the worker but by the employer ("Employer Pays Principle"); and

(2) takes steps to ensure that such fees are reimbursed to the workers and/or provides evidence of payment of recruitment-related fees by suppliers if it discovers that fees have been paid by workers in its supply chains.

Indicator 8: FREEDOM OF ASSOCIATION

The company:

(1) works with independent local or global trade unions to support freedom of association in its supply chains; and

(2) provides at least two examples covering different supply chain contexts of how it improved freedom of association and/or collective bargaining for its suppliers' workers such as migrant workers (e.g., by taking action where suppliers impede workers' rights to freedom of association and/or collective bargaining or by engaging policy makers to improve respect for such rights).

Indicator 9: GRIEVANCE MECHANISM

The company:

(1) takes steps to ensure a formal mechanism to report a grievance to an impartial entity regarding labor conditions in the company's supply chains is available to its suppliers' workers and their legitimate representatives; and

(2) discloses data about the practical operation of the mechanism, such as the number of grievances filed, addressed, and resolved, or an evaluation of the effectiveness of the mechanism.

Indicator 10: REMEDY PROGRAMS / RESPONSE TO ALLEGATIONS

A. The company discloses:

(1) a process for responding to potential complaints and/or reported violations of policies that address forced labor and human trafficking; and

(2) at least two examples of outcomes of its remedy process in practice, covering different supply chain contexts, for its suppliers' workers; and

(3) a description of what actions it is taking to prevent and remediate the use of forced Uyghur labor.

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B.1. If one or more allegations regarding forced labor in the first or lower tier of a company's supply chains have been identified and disclosed by a third party(ies) in the last three years, the company discloses:

(1) a process for responding to potential complaints and/or reported violations of policies that address forced labor and human trafficking; and

(2) outcomes of the remedy process in the case of the allegation(s), including evidence that remedy(ies) are satisfactory to the victims or groups representing the victims.

B.2. If one or more allegations regarding forced labor in the company's supply chains have been identified in the last three years, and the company denies the allegation, the company discloses:

(1) a process for responding to potential complaints and/or reported violations of policies that address forced labor and human trafficking; and

(2) a description of what actions it would take to prevent and remediate the alleged impacts.

ADDITIONAL INFORMATION

Target Setting

The company discloses measurable and time-bound targets to address forced labor in its supply chains.

Yes/No. Please provide details.

The company reports on progress towards achieving previous targets on an annual basis.

Yes/No. Please provide details.

Reporting Legislations

UK Modern Slavery Act: Where applicable, the company discloses at least one statement under the UK Modern Slavery Act.

Yes/No. Please provide link to a publicly available statement.

California Transparency in Supply Chains Act: Where applicable, the company has a disclosure under the California Transparency in Supply Chains Act.

Yes/No. Please provide link to a publicly available statement.

Due Diligence on Third-Party Products

Where a company—in addition to own branded products—sells third-party food and beverage products, the company discloses how it assesses and addresses forced labor risks related to third-party food and beverage products.

Yes/No. Please provide details.

High Risk Sourcing¹

Please provide a full list of raw materials present in your supply chains, or alternatively indicate for each of the commodities below whether it is present in your supply chains. Note where a company does not provide this information, KnowTheChain will review the company's website as well as third party sources to identify relevant information.

Raw Materials

- Bamboo
- Cashmere*
- Cotton
- Rubber (natural)
- Silk

¹ Data according to US Department of Labor's list of Goods Produced by Forced Labor website as of September 2020. Accessed October 2020.

* = Risk factors identified based on publicly available sources and discussions with expert organizations.

- Viscose*
- Wool*

Sourcing Countries for Apparel & Footwear Supply Chains (garments, textiles, etc)

- Argentina
- Brazil
- China
- Ethiopia
- India
- Malaysia
- Nepal
- North Korea
- Thailand
- Vietnam

Presence of Migrant Workers in Supply Chains

Yes/No. Please provide details.