

AEO BUILDING  
A BETTER  
**WORLD**™

2023  
PROGRESS  
REPORT



## INTRODUCTION

The **2023 Building a Better World ESG** update highlights our goals and the progress made through our Planet initiatives.

AEO's key areas of focus are prioritized by what matters most to our business and our stakeholders, including customers, associates, vendors investors and regulators.

Additional information can be found at [aeo-inc.com](http://aeo-inc.com).

# BUILDING A BETTER PLANET - GOALS

FOCUS AREA	GOAL	ESTABLISHED	STATUS	PROGRESS + ACHIEVEMENTS
 <b>WATER</b>	Reduce water use per jean by 30% by 2023 from a 2017 baseline year	2019	 EXCEEDED	Reduced water usage per jean by 36% in 2021, meeting goal two years early
	Reduce water use per jean by 50% by 2025 from a 2017 baseline year	2022	ON TRACK	Reduced water usage by 40% in 2023. Target increased, after meeting our initial goal
	Recycle 50% of total water used in denim laundries by 2023	2019	 EXCEEDED	Reached an overall recycling rate of 64% in 2022, exceeding goal one year early
	Recycle 70% of total water used in denim laundries by 2025	2022	 EXCEEDED	Reached an overall recycling rate of 76%, meeting goal two years early
	Apply AEO Wastewater Management Standard to 100% of strategic water-intensive factories, mills and laundries by 2023	2019	 ACHIEVED	As of 2021, 100% of strategic water-intensive factories conduct wastewater testing annually
	Reduce water footprint by 30% by 2028 across own operations and strategic factories and mills for all product types	2022	NEW	Initial work underway
 <b>CLIMATE</b>	AEO commits to securing renewable energy for 100% of electrical power demand for owned and operated facilities by 2030	2019	ON TRACK	AEO reached 22% renewable energy in 2023
	Reduce scope 1 & 2 emissions 80% by 2030 from a 2018 base year	2019	ON TRACK	Emissions decreased 31% from our baseline in 2023
	Reduce carbon emissions 40% by 2030 and 60% by 2040 in AEO's manufacturing from a 2018 base year	2019	ON TRACK	Emissions remained flat to 2022
	Committed to net-zero emissions by 2050	2022	NEW	Initial work underway
	Phase out coal-fired boilers in our supply chain by 2030; no new factories with coal-fired boilers after 2025	2022	NEW	Initial work underway

# BUILDING A BETTER PLANET - GOALS

FOCUS AREA	GOAL	ESTABLISHED	STATUS	PROGRESS + ACHIEVEMENTS
 <b>WASTE REDUCTION</b>	Collect post-consumer apparel, diverting waste from landfills with a goal to increase volume every year	2019	ON TRACK	Initial work underway
	Convert all labels to sustainably sourced materials	2019	★ ACHIEVED	All hangtags and product labels are sustainably sourced and will continue to be
	Recycle 100% of pre-consumer apparel waste at factories by 2028	2022	NEW	Initial work underway
	Keep unsellable garments (returns and QA issues, product safety issues) from landfills by 2028	2022	NEW	Initial work underway
	Reduce virgin plastic by 50% and reduce total plastic footprint by 30% by 2028	2022	NEW	Initial work underway
 <b>SUSTAINABLE MATERIALS</b>	Use sustainable sources for 75% of all fibers by 2028	2022	ON TRACK	54% of all fibers are sustainably sourced
	• 100% of cotton fiber	2019	ON TRACK	58% of cotton was sustainably sourced
	• 100% of man-made cellulose fibers	2019	ON TRACK	80% of cellulosics were sustainably sourced
	• 20% of all-natural fiber volume will come from recycled materials	2022	NEW	Initial work underway
	• 50% of nylon fiber	2022	ON TRACK	44% of nylon was sustainably sourced
	• 100% of polyester fiber	2022	ON TRACK	Goal was set at 50% in 2019 and updated in 2022; 56% of polyester was sustainably sourced

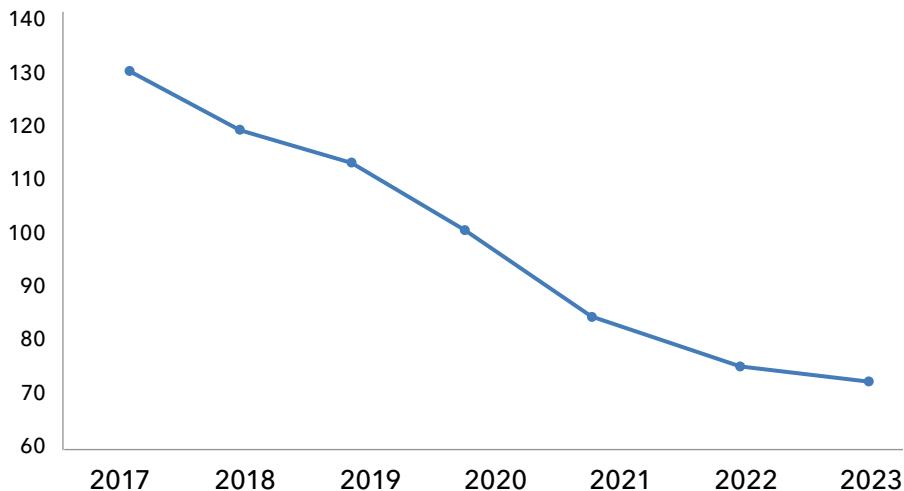
# WATER GOALS

**Current Goal:** Reduce water use per jean by **50% by 2025**

**Previous Goal:** **30% reduction** (surpassed in 2021)

Includes fabric and garment production (mill & laundry)

## WATER USE PER JEAN



Year	Reduction	Gallons of Water	Billion Gallons of Water
2017	Baseline	-	-
2018	-10%	3	0.7
2019	-16%	5	1.2
2020	-23%	8	2.0
2021	-36%	12	3.5
2022	-38%	13	4.1
2023*	-40%	14	4.4

**Current Goal:** Recycle 70% of total water in denim laundries by 2025

**Previous Goal:** **Recycle 50% by 2023** (surpassed in 2022)

Water recycling rate: recycled amount / fresh water amount

Year	% Recycled In Production	Eligible Jean Laundries	Million gallons of water
2017	12%	24%	2
2018	14%	27%	2
2019	25%	68%	4
2020	27%	78%	4
2021	45%	100%	7
2022	64%	100%	9
2023*	76%	100%	8

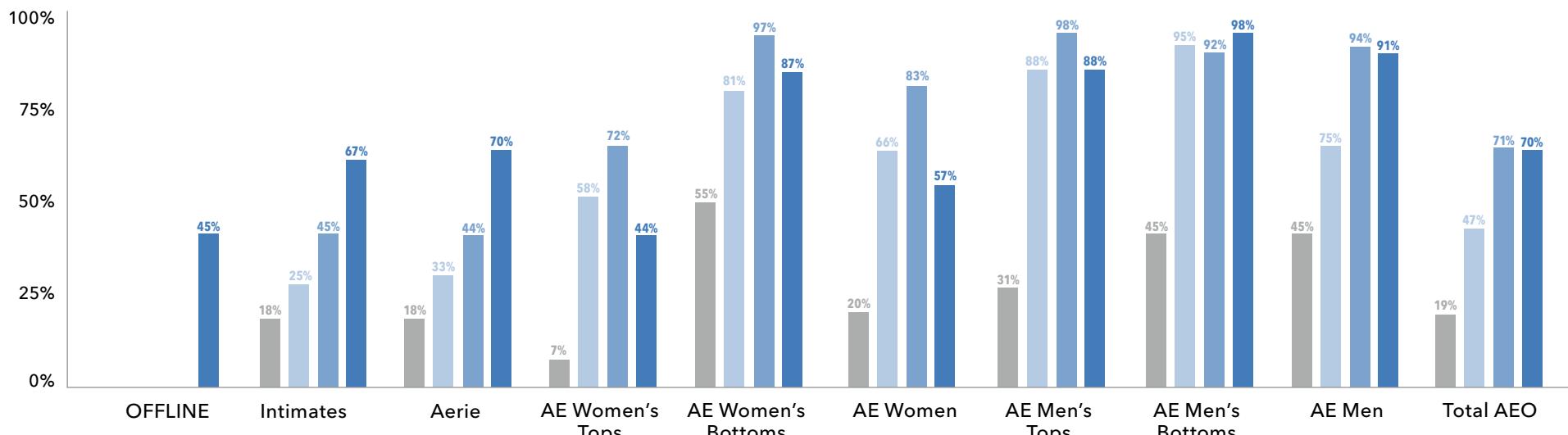


\*Supplier data currently under third party verification.

# 2023 REAL GOOD BY THE NUMBERS

% of  
Real Good  
Styles YoY

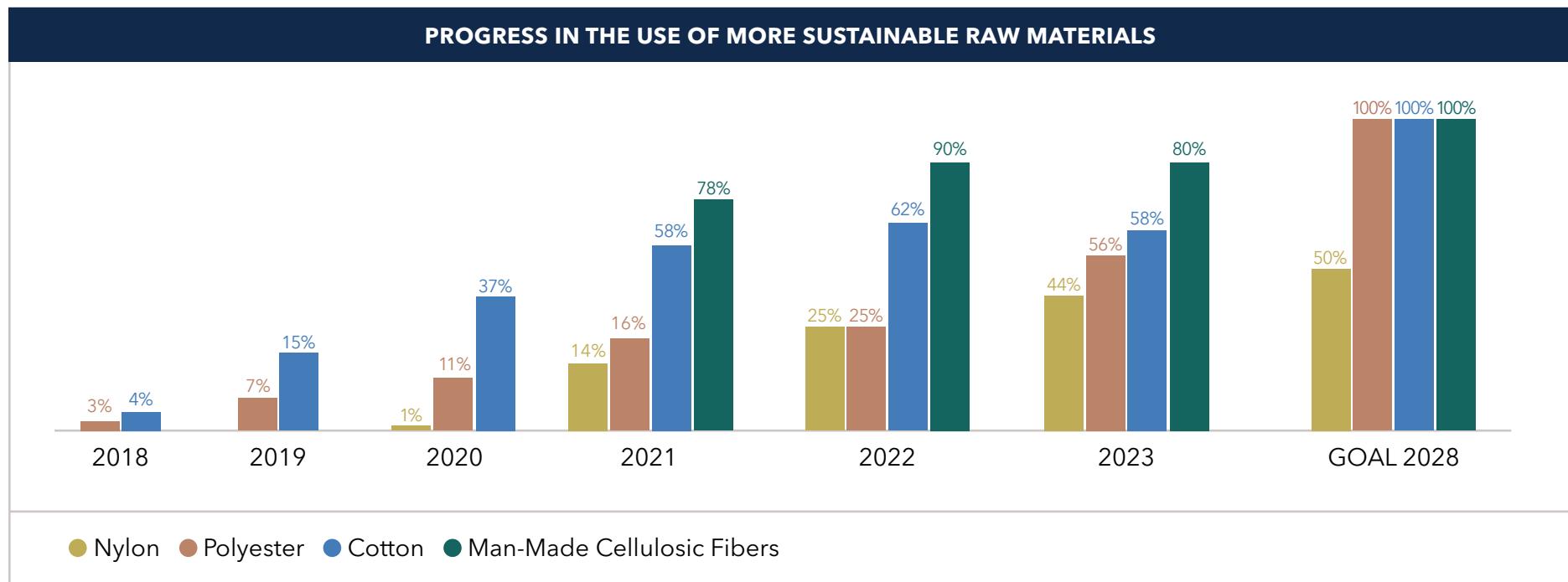
2020 2021 2022 2023



BRAND / CATEGORY	2020	2021	2022	2023
Total OFFLINE				<b>45%</b>
Total Intimates	18%	25%	45%	<b>67%</b>
<b>Total Aerie</b>	18%	34%	44%	<b>70%</b>
Total AE Women's Tops	7%	58%	72%	<b>44%</b>
Total AE Women's Bottoms	55%	81%	97%	<b>87%</b>
Total AE Women	20%	58%	83%	<b>57%</b>
Total AE Men's Tops	31%	88%	98%	<b>88%</b>
Total AE Men's Bottoms	45%	95%	92%	<b>98%</b>
Total AE Men		75%	94%	<b>91%</b>
<b>Total AEO</b>	<b>19%</b>	<b>47%</b>	<b>71%</b>	<b>70%</b>



# CONTINUED INCREASE IN THE USE OF SUSTAINABLE RAW MATERIALS



Raw Material	2028 Goal	Progress
Nylon	50%	44%
Polyester	100%	56%
Cotton	100%	58%
Man-Made Cellulosics	100%	80%



# CONTINUED INCREASE IN USE OF SUSTAINABLE RAW MATERIALS

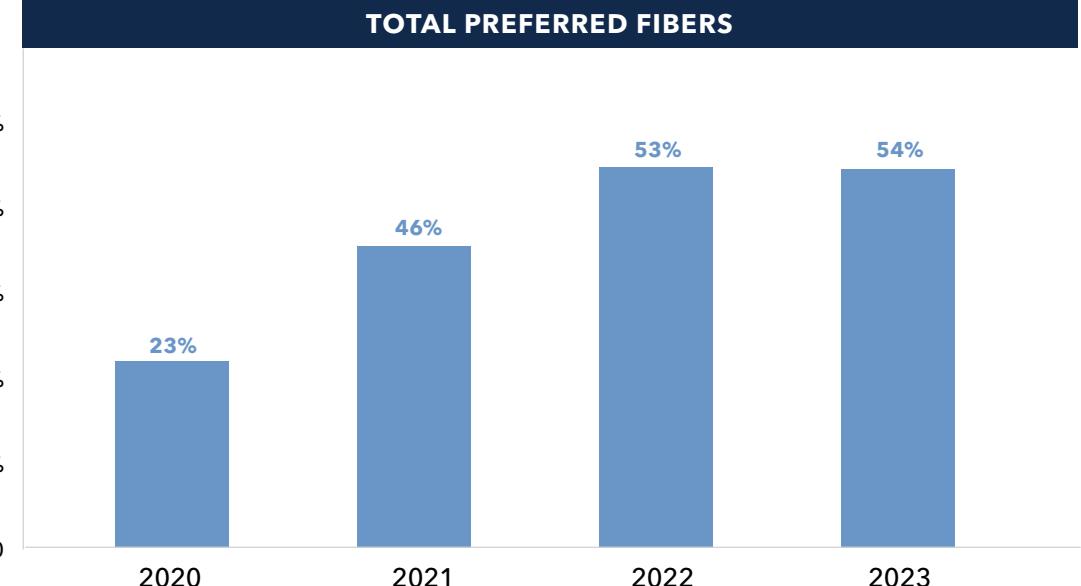
## 2023 PROGRESS

### 2023 ACHIEVED:

54% of total fibers were from sustainable sources

### 2028 GOAL:

Use sustainable sources for 75% of all fibers by 2028



# 2023 SUSTAINABLE COTTON BREAKDOWN

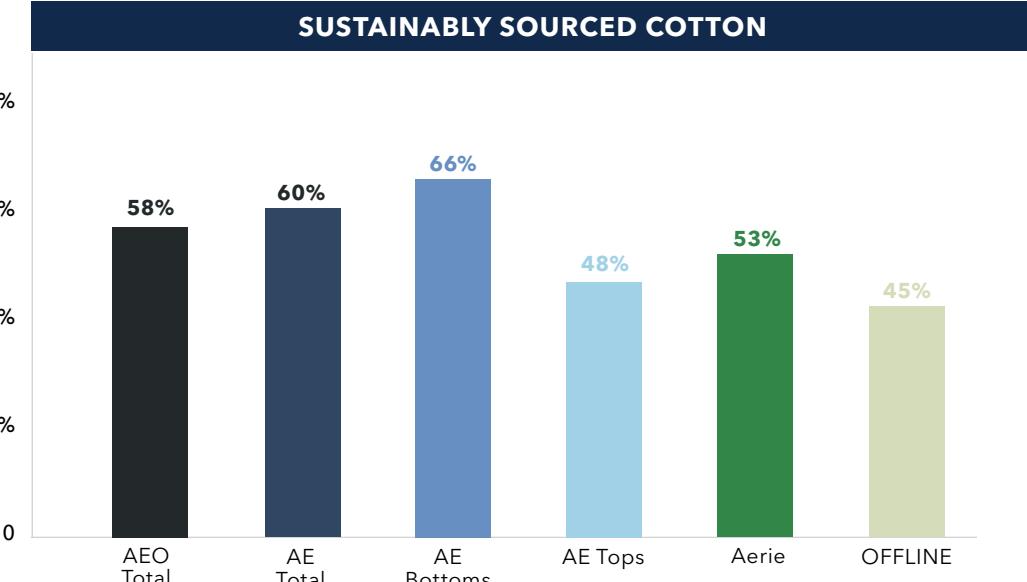
## 2023 PROGRESS

### 2023 ACHIEVED:

58% of total cotton used is sourced through a recycled, organic or better cotton program

### 2028 GOAL:

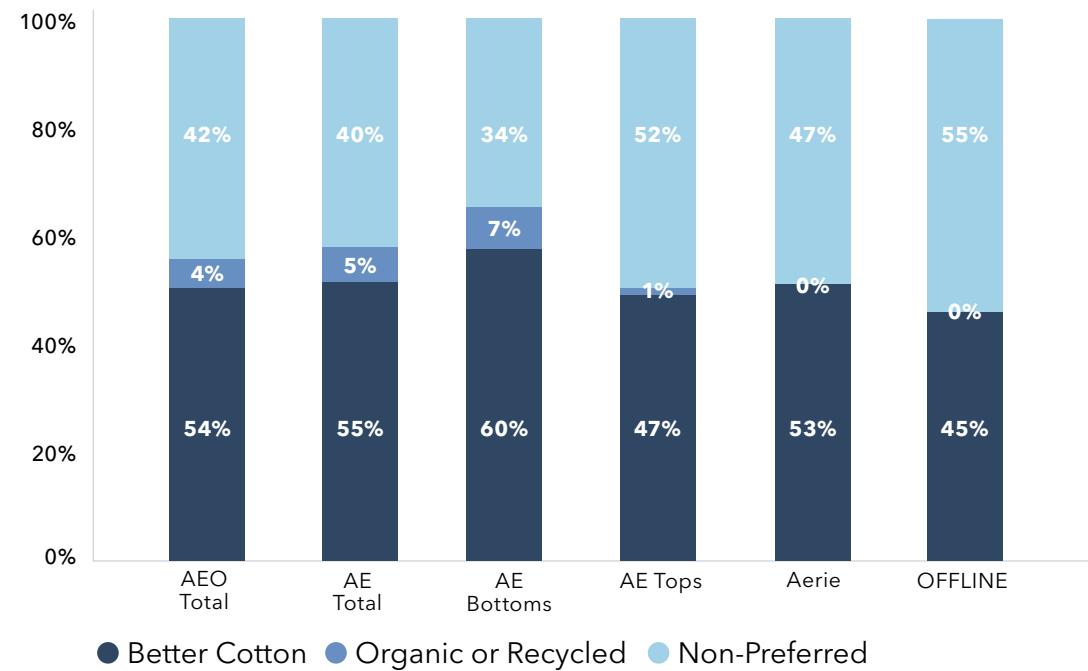
100% sustainable cotton



### COTTON BREAKDOWN FOR AEO

42% Generic Virgin Cotton	54% Better Cotton	3.7% Recycled Cotton	0.4% Organic Cotton
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Beginning in 2023 seasons, all **Real Good** products made with cotton use **100% sustainable cotton** options.



# 2023 SUSTAINABLE POLYESTER BREAKDOWN

## 2023 PROGRESS

### 2023 GOAL:

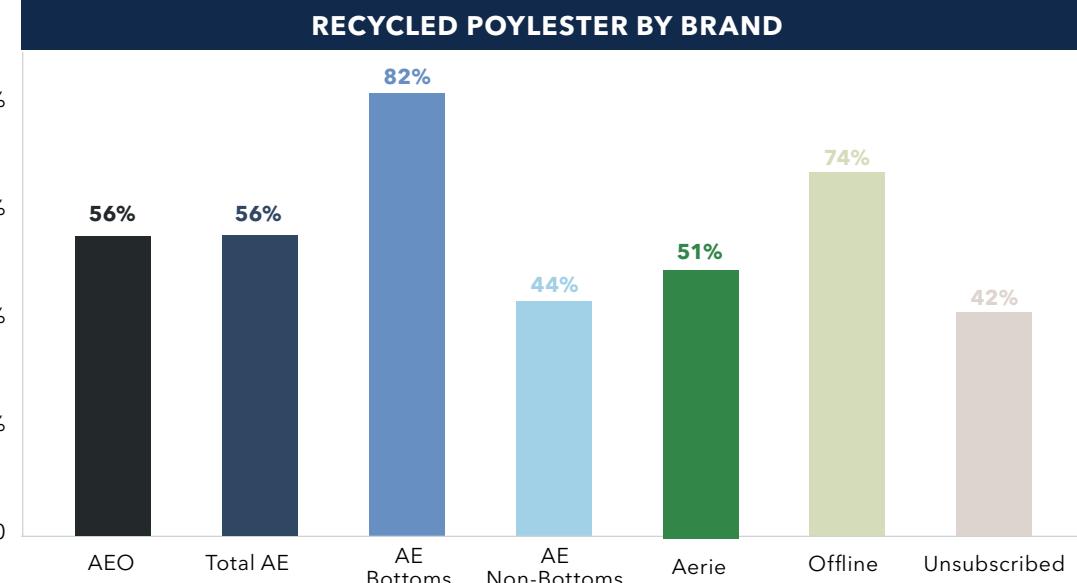
50% sustainable polyester

### 2023 ACHIEVED:

56% of total polyester recycled

### 2028 GOAL:

100% sustainable polyester



## PLASTIC BOTTLES:

- AEO used the equivalent of more than **520 million plastic bottles** in recycled polyester.
- American Eagle used the equivalent of more than **360 million plastic bottles** in recycled polyester
- Aerie used the equivalent of nearly **108 million plastic bottles** in recycled polyester

Brand	Total Recycled (kg)	Total Recycled (lbs)	Water Bottles
● Total AEO	8,736,073	19,259,721	520,012,474
● AE Total	6,051,075	13,340,321	360,188,666
● AE Bottoms	2,719,802	5,996,130	161,895,507
● AE Non-Bottoms	3,331,274	7,344,193	198,293,219
● Aerie	1,809,616	3,989,516	107,716,922
● OFFLINE	873,518	1,925,775	51,995,932
● Unsubscribed	240	529	14,286