



**American Eagle Outfitters Inc.**

**Banners:** American Eagle Outfitters  
**Type of company:** Public, NASDAQ: AEOS  
**Notes:** 846 Stores in the US and Canada

**CORRECTED  
MARCH 2006**

Notes on Findings	Company Score	Question Weighting (% of section)
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**1. Governance and Risk Management**

<b>1.1 Board level responsibility for ethical issues in the supply chain</b> -Reported evidence of a "Nominating and Corporate Governance committee" that has explicit responsibility for ethical issues in supply chain	100	40
<b>1.2 Reporting of labour standards issues in the supply chain as a risk factor</b> -Compliance violations and social responsibility standards are specifically addressed in 10-Q filing dated Sept 7, 2005. However, there is no evidence of a systematic analysis of labour rights issues as a risk factor in the annual report	33.3	30
<b>1.3 Risk analysis of labour standards issues in the company's existing supply chain</b> - No mention of comprehensive risk analysis of labour standards issues in the company's supply chain - "Factories are selected for inspection based on a combination of volume and risk factors" - No disclosure of specifics as to what constitutes "risk factors" <i>Website: Corporate Social Responsibility</i>	0	30
<b>Section total score / section weighting</b>	<b>49.99</b>	<b>X 10%</b>

**2. Code for Labour Standards in the Supply Chain**

<b>2.1 Quality and scope of the code for labour standards in the supply chain</b> -There is a "Vendor Code of Conduct" -It covers the core ILO conventions but limits the company's commitment to: -Freedom of association: "Vendors and contractors must respect the rights of employees to associate freely, join organizations of their choice and bargain collectively <i>without unlawful interference.</i> " -It does not meet the hours of work standards -It does not include living wage requirements	25	60
<b>2.2 Publication and availability of the code for labour standards in the supply chain</b> -It is published on their website <i>http://phx.corporate-ir.net/phoenix.zhtml?c=81256&amp;p=irol-SocialResponsibility</i>	100	20
<b>2.3 Application of the code for supply chain labour standards</b> -Code applies to entire breadth of production (but not their own procurement) -"contractually requires all suppliers to meet our global workplace standards...as set forth in our Code of Conduct" <i>p. 4, 2004 Annual Report</i>	66.7	20
<b>Section total score / section weighting</b>	<b>48.34</b>	<b>X 15%</b>

**3. Stakeholder Engagement**

<b>3.1 Membership of multi-stakeholder processes</b> -No reported evidence of involvement in a multi-stakeholder initiative that includes representation from both NGOs and labour. -Member of Business for Social Responsibility (BSR) which does not qualify as a MSI	0	50
<b>3.2 Engagement with NGOs and/or trade unions relating to labour standards in the supply chain</b> -No reported evidence	0	50
<b>Section total score / section weighting</b>	<b>0</b>	<b>X 20%</b>

## 4. Management

<b>4.1 Resource Commitment</b> -There is a VP of Corporate Responsibility and Customs Compliance Officer -This VP is two or fewer reporting levels from the board <i>Corporate Social Responsibility Page, see above link</i>	100	30
<b>4.2 Training for buying agents</b> -There are reports of training programs for buying and production teams -There are no reports, however, of whether this is ongoing and scheduled or carried out on an ad-hoc basis <i>Corporate Social Responsibility Page, see above link</i>	50	25
<b>4.3 Training for factory management personnel and workers</b> -No reported evidence	0	25
<b>4.4 Rewards and Incentives</b> -No reported evidence	0	20
<b>Section total score / section weighting</b>	<b>42.5</b>	<b>X 20%</b>

## 5. Supply Chain Auditing and Reporting

<b>5.1 Commitment to Auditing Labour Standards in the Supply Chain</b> -There is an internal auditing program that applies to all factories in supply chain -"policy for the inspection of factories throughout the world where goods are produced to our order" <i>p. 4, 2004 Annual Report</i>	100	15
<b>5.2 Status of the Audit Schedule</b> -No reported evidence	0	5
<b>5.3 Public Disclosure of Manufacturing Sites</b> -No reported evidence	0	10
<b>5.4 Transparency of the Labour Standards Auditing Methodology</b> -The auditing methodology is not publicly available	0	15
<b>5.5 External Verification of Labour Standard Audits</b> -There is mention of third party involvement in the verification of audits, but the identity of the auditing organization is not reported -"this program utilizes third party inspectors to audit compliance" -There is no reported evidence of input from NGOs or labour in the country of supply <i>p. 4, 2004 Annual Report</i>	33.3	20
<b>5.6 Reporting the Results of Audits of Labour Standards in the Supply Chain</b> -No reported evidence	0	20
<b>5.7 Dealing with Non-Compliance</b> -There is a publicly available policy for handling instances of non-compliance and it includes a staged approach to dealing with violations (it could be more detailed). <i>Corporate Social Responsibility Page, see above link</i>	100	15
<b>Section total score / section weighting</b>	<b>36.66</b>	<b>X 35%</b>

**Total Score** **34** /100