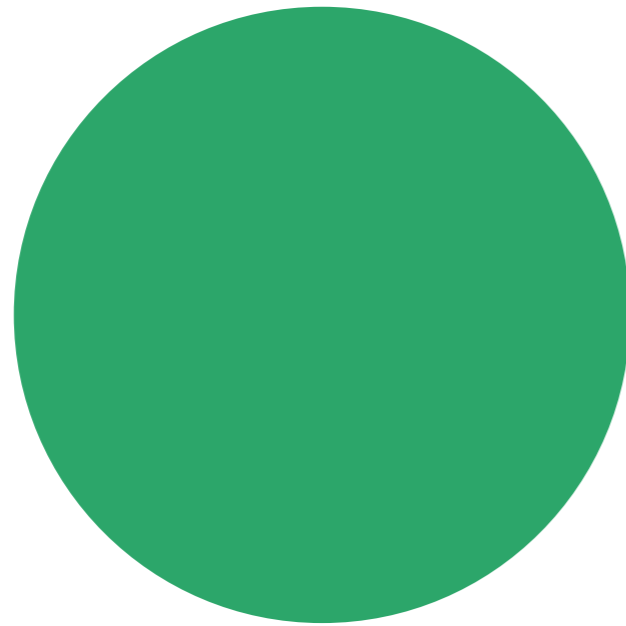


SUSTAINABILITY REPORT ADDENDUM 2019

Care today, buy for tomorrow





INTRODUCTION

In this addendum to our Sustainability Report of 2018, we share with you the progress we made in 2019 on our sustainability goals, and where relevant, new risks identified and goals set. The information from the 2018 Sustainability Report remains relevant unless updated or specified otherwise in this addendum. The addendum will also provide information on how we deal with the new risks and vulnerabilities in our company and supply chain as a consequence of Covid-19. To get through this difficult time, our relationships with suppliers are very important. We try to come to joint solutions so that business can continue and negative impacts can be limited as much as possible.

WE ARE PROUD TO SHARE WITH YOU THAT TODAY...

56% of our cotton is organic or Better Cotton

17% of our men's jeans are low impact

86% of our production locations are socially audited, all locations have at least audit result C

32% of our materials are more sustainable

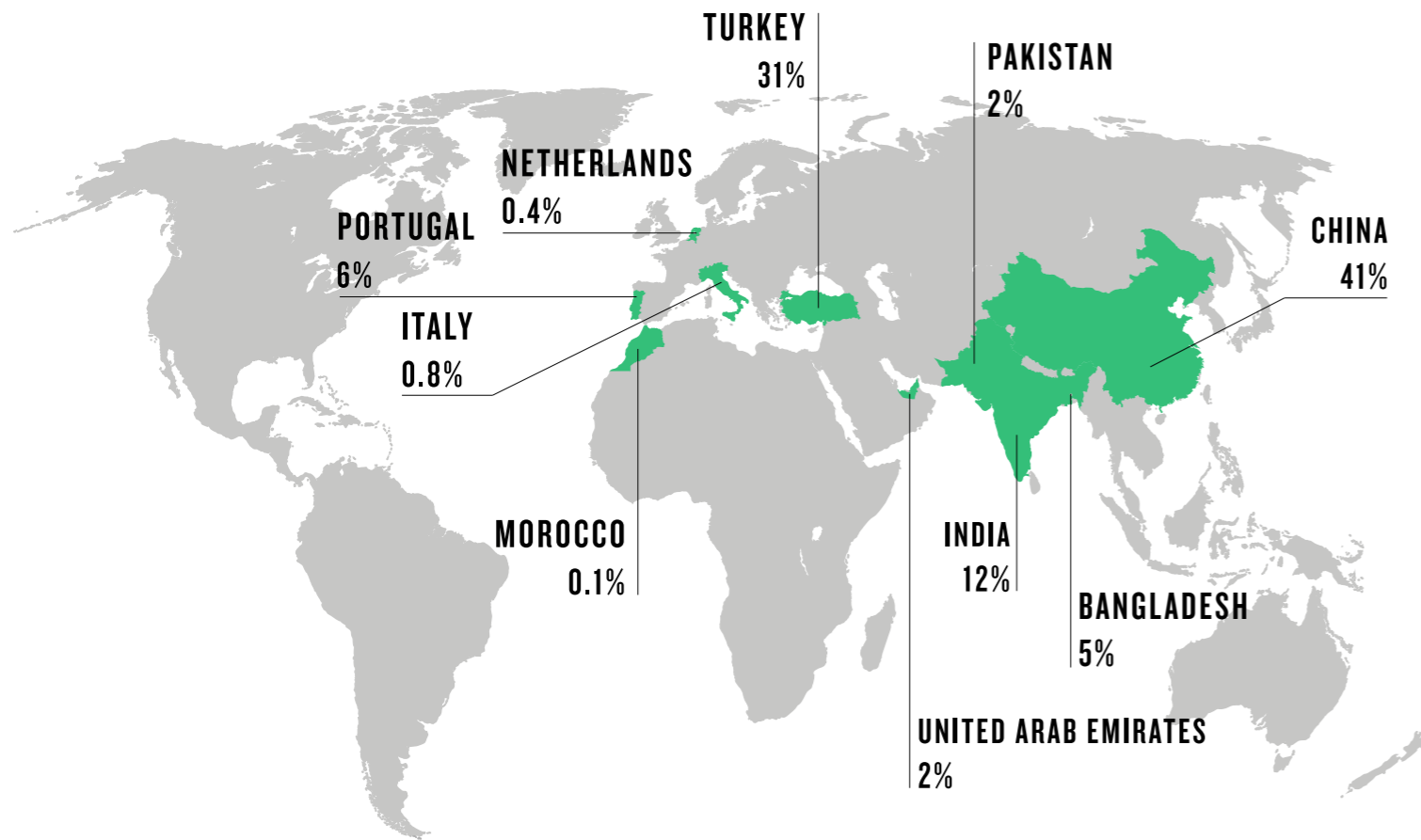
We **WORKED** on family friendly workplaces with 3 suppliers in Bangladesh

We **EVALUATED** our purchasing practices and made a plan to improve

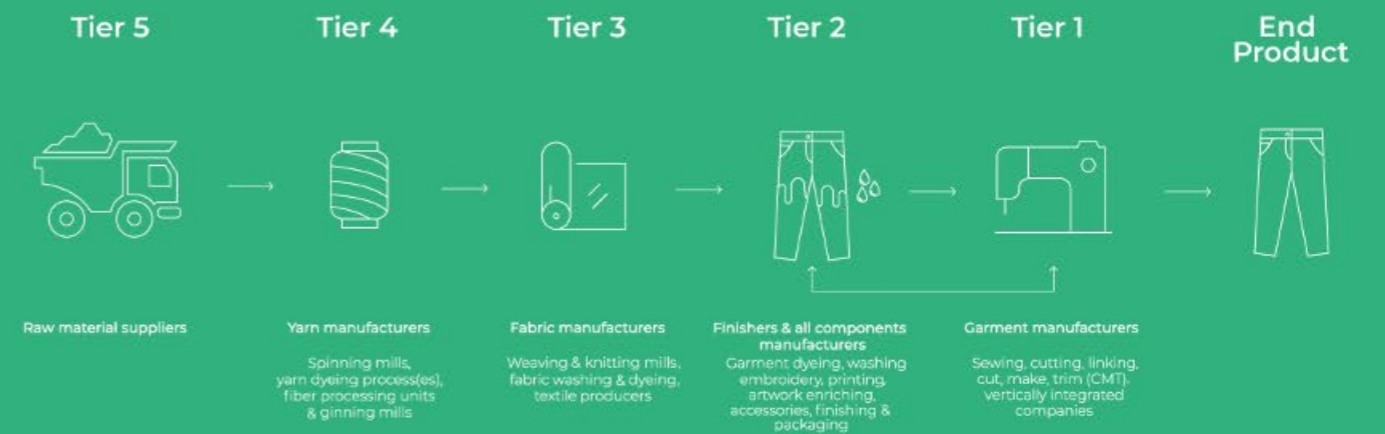
We **SOLD** our first collection of raincoats made from recycled polyester

— TRANSPARENCY —

In 2019, we increased our knowledge of the locations where our products are stitched together (tier 1) and where the products are washed, dyed, printed and embroidered (tier 2). We currently have a complete overview of the tier 1 locations and 35% of the tier 2 locations.



*91% of our production locations are based in risk countries as defined by UN Development Index. We share our list of production locations with the Dutch Agreement on Sustainable Garments and Textiles (AGT), of which we are a proud signatory since 2016. The aggregated list of production locations of all the Agreement signatories can be found [here](#).



— RISKS AND PRIORITIZATION —

We continuously monitor the risks linked to our supply chain and products related to human rights, our business relationships and the environment. We commit to make our best effort to address them. We scoped the (potential) adverse impacts of our production and products per country, material, production process and per specific production location. Since we cannot address all risks at once, we prioritize them based on the likelihood and severity of the impact on workers, communities and the environment and start with the most important ones, in accordance with the OECD Due Diligence Guidelines.

Based on our most recent risks analysis, the themes below were identified and the top four risks were prioritized for our supply chain, based on the likelihood and severity of the risks, with a focus on the first tier.

RISK	DESCRIPTION	FOCUS COUNTRIES
Decent working hours	In some of our sourcing countries, the likelihood of working hours exceeding the legal limit is high. Audits confirmed that especially in China this happens often. Covid-19 increases this risk.	China, India, Turkey
Occupational health & safety (OHS)	OHS risks and improvement points were identified through audits in first tier factories. The severity of a few of these risks can be high if not addressed. OHS becomes even more important in relation to Covid-19.	China, India
Fair remuneration	Although all workers (first tier) earn at least their country's minimum wage, this is often not sufficient for a decent living. Due to Covid-19, in some areas, there is a higher risk that workers receive a lower salary or even no salary at all.	Bangladesh, China, India
Forced labor	Forced labor is identified as a risk through general risk analysis in one region in China and in Turkey. It is not identified in audits, but combined with the risk of unauthorized subcontracting, the likelihood and severity of the risk are high enough to prioritize it.	China, Turkey
Discrimination & gender	Workplace discrimination against women, ethnic and religious minorities is identified through audits as a risk in Bangladesh. Compared to other risks, it is less likely (only in one country) and severe than other risks and therefore not a first priority.	Bangladesh
Ethical business	Unauthorized subcontracting is identified as a risk in Turkey. This risk is addressed through our focus on improving transparency in the supply chain.	Turkey
Right to freedom of association	This topic is not identified as an issue in audits but we know it is a risk in some countries, like China. However, our capacity to influence this risk is low.	All risk countries
Child labour & young worker safeguarding	Based on audits in the first tier, no child labour occurs. We have less visibility further down the chain. We have worked on improving children's rights in Bangladesh since 2017 and continue work on this topic to make the most of those efforts.	Bangladesh
Precarious employment	Low likelihood in the first tier based on social audits.	All
Protection of the environment	Unsustainable use of energy, water, chemicals and materials (including animal materials) is a risk especially beyond the first tier. We address this risk through sourcing more sustainable materials.	All

The four prioritized risk themes form the basis for our goals and actions. In addition, we set goals and actions for the themes of child labor and protection of the environment. More information will be provided about these themes and our approach to address them in the next chapter.

Risks in relation to Covid-19 were taken into account in the prioritization. Since the situation is still developing, our analysis related to the virus is also still developing. Important general risks so far identified as a result of Covid-19 in the garment supply chain are: layoffs without severance pay, non or reduced payment of wages, health & safety risks, overtime and bankruptcies of factories. We collect information from our suppliers on how the virus impacted their business and their workers and what protective measures they take.

In addition, we prioritized three themes related to our own operations. These will also facilitate improvements in the supply chain:

- Transparency
- Responsible purchasing practices
- Monitoring



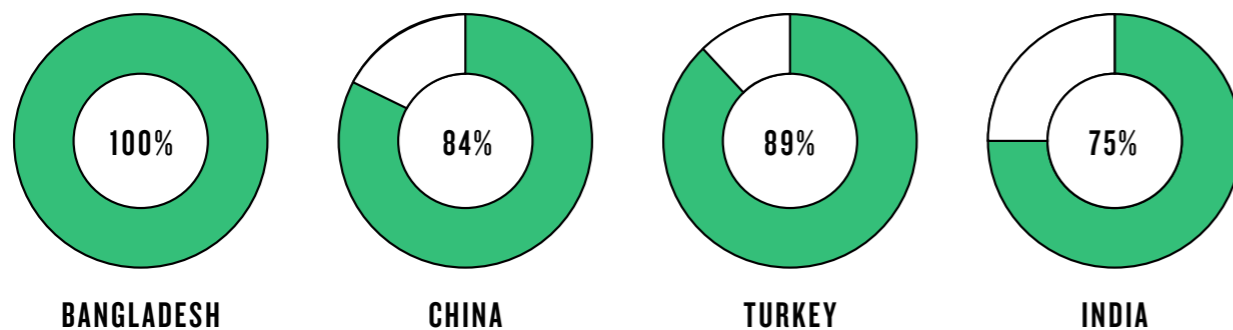
— RESPONSIBLE SUPPLIER RELATIONSHIPS —

Monitoring

In 2019, 86% of our tier 1 production locations in risks countries were audited via BSCI or another accepted social audit system. 100% of the locations have at least a C result.

Based on purchase value, 98% of our production happens in the risk-countries Bangladesh, China, Turkey and India and in the low-risk countries Portugal, Italy, the Netherlands and the United Arab Emirates.

PERCENTAGE OF PRODUCTION LOCATIONS MONITORED THROUGH INDEPENDENT AUDITS IN OUR MAIN PRODUCTION COUNTRIES CLASSIFIED AS RISK COUNTRIES:



OVERVIEW OF BSCI AUDIT SCORES OF OUR AUDITED PRODUCTION LOCATIONS IN MAIN RISK PRODUCTION COUNTRIES:

	A	B	C	D	E
BANGLADESH		2	1		
CHINA		2	30		
TURKEY	3	7	6		
INDIA			6		

Responsible Purchasing Practices

In 2019 we evaluated our own purchasing practices with the use of the Purchasing Practices Self-Assessment. Based on the results, we set up a responsible buying policy that we will work with in the coming year. Through improving our buying practices, we aim to enable improvements on themes like decent working hours and fair remuneration. Our experience with the tool is highlighted in [this report](#).

The Covid-19 crisis poses an enormous challenge to our company and our business partners in the supply chain. To get through it, the relationship with our suppliers is very important. From the

start of the crisis, we have been in daily communication with our suppliers to discuss outstanding orders and payments. The majority of the orders were ultimately taken as originally agreed. Some orders have been postponed, where this was possible. Cancellations were only made for orders that were placed two weeks before the crisis and if materials had not yet been purchased by the supplier. Payment plans were made in consultation with suppliers for outstanding payments, some payments were deferred and some orders were taken at a discount. New production & delivery plans were made together with suppliers due to lock down situations.

— CHILDREN AND YOUNG WORKERS SAFEGUARDING —

More information about this risk can be found in the 2018 report.

Remedies towards a better workplace

In 2019, America Today and three of the factories that produce our clothes (one first tier and two second tier) made great progress in the project “Remedies towards a better workplace” in Bangladesh, in collaboration with UNICEF and local partners. The project was set up as part of the working group “[Combatting Child Labour](#)” of the [Dutch Agreement on Sustainable Garments and Textile](#) (AGT). The project is now in its final stage.

The factories worked hard to make their workplaces and practices family-friendly and to improve the lives of children in Bangladesh. Major achievements of the project at the participating factories include:

- Better age verification practices at the factories to prevent child labor
- Improvement of maternity policies and practices
- Awareness raising, extra breaks and a safe space for women to breastfeed their child

- Improvement of factory-based daycares
- Trainings for factory management on children's rights and supply chain transparency
- Trainings for workers on health & nutrition, including to pregnant women on maternal and infant nutrition
- Trainings for workers and families in the community on good hygiene & sanitation practices. Also, free sanitary pads are provided to women during working hours.

We are very proud of the factories that participated with us in this project and of the progress they made.

The lessons learned and tools from the project will be used to support improvements at other suppliers in our supply chain and in other countries.

Unicefs news article on the project can be found [here](#).



Better Cotton Initiative's view on forced and child labor

By buying via the [Better Cotton Initiative](#) (BCI), America Today indirectly contributes to the prevention of child labor on cotton fields (tier 5). In 2019, America Today already bought more than half of its cotton via the BCI. The welfare of children and workers is always of paramount importance - forced labor and child labor on cotton farms is unacceptable to BCI. If either is discovered where Better Cotton is produced, it is considered an incidence of non-compliance with BCI's standards and is dealt with immediately. BCI supports farmers by helping them to understand and respect national legal requirements, as well as the fundamental, interrelated International Labour Organisation conventions on respecting the minimum age for young workers (c138) and avoiding the 'worst forms of child labour' (C182). BCI does not operate in countries where forced labour is orchestrated by the government

—DECENT WORKING HOURS —

The risks identified and actions set in 2018 remain relevant. Extra attention is paid to this risk in relation to Covid-19. Due to the virus, some suppliers are dealing with challenges related to production planning, a reduced workforce and delayed deliveries of raw materials, which can lead to the need for overtime to finish orders by the agreed date. We found solutions together with our suppliers if they could not finish orders in time due to lock downs in their country. We request information from suppliers on the risk of overtime, and where relevant, try to find a solution with the supplier. We also monitor working hours through audits. Working on this risk in project form with a priority supplier has been moved one year due to Covid-19.

—FAIR REMUNERATION —

The risks and actions described in the report from last year still apply. In 2019, all America Today's suppliers paid their workers at least the legal minimum wage, based on information from BSCI audit reports. However, the minimum wage is often not enough for workers to make a decent living. As a first step in working towards a living wage, last year we requested our suppliers to share the price build up for one of our product groups. This year we request this for all products. Knowing this information will allow us to make fairer price agreements.

In addition, due to Covid-19, there is a higher risk

of workers receiving lower salaries or not being paid at all. Based on the information we received from our suppliers, all workers received at least 60% of their salary during the lock down period and no workers have been laid off. Receiving only a partial salary can pose a major problem for workers. We address this risk by paying purchase orders as agreed as much as possible. In some cases where this was not possible, orders were paid with a delay after a payment plan was agreed with the supplier, or they were taken at reduced prices.

—NO FORCED LABOR —

More information about this risk in China and Turkey can be found in the 2018 report. Based on an assessment of the situation at one of the high-risk production locations in Dandong, China, it was decided to stop working with the production location. In Turkey, more focus will be placed on checks for unauthorized subcontracting. Increasing our visibility of the locations also improves our chances of finding issues and our ability to support where needed.

—HEALTH & SAFETY —

The risks and actions described in last year's report remain relevant. In addition, health and safety measures in the factories have become especially important in relation to Covid-19. Workers need to be properly protected through measures like social distancing, face masks, handwashing and temperature checks. We collect information about the precautionary measures factories take to protect their workers and offer suppliers guidance on how they can improve.

In 2019, almost all production locations had a good (A or B) score on this performance area in the social audit. Minor issues and possibilities for improvement are discussed with suppliers during visits and via the BSCI system. Remediation plans were drafted and followed up on for two production sites that scored lower in this performance area. Examples of main risks identified for this topic are: insufficient emergency systems, no proper use of personal protective equipment, missing needle guards and lack of temperature and humidity management.

Our goal for 2021 is that all factories we work with have at least a B result on their BSCI audit in this performance area. We will address issues and areas for improvement together with suppliers via Corrective Action Plans.

Bangladesh Accord on Fire and Building Safety

All the Ready-Made Garment factories in Bangladesh we work with, are covered by the [Accord on Fire and Building safety in Bangladesh](#) and undergo independent regular fire, electrical and structural safety inspections.

America Today is a proud signatory of the Accord, which is an independent, legally binding agreement between brands and trade unions to work towards a safe and healthy garment and textile industry in Bangladesh. The Accord ensures that no worker needs to fear fire, building collapses or other accidents that can be prevented with reasonable health & safety measures.

The factories are required to work on improvement plans for basic safety requirements, in close cooperation with the brands. Safety Committees are trained, and all factory workers are informed about essential workplace safety.

The last years, the factories worked hard on following up instructions and suggestions from the Accord technical engineers. With their guidance, all initial improvement - fire, electrical and structural - points have been remediated. The factories have made an enormous effort and ensured that major renovations were carried out successfully. There are no outstanding in-progress corrective actions left. The factories are fully on track to take further required corrective actions within the Accord, if necessary, during progress and status monitoring.

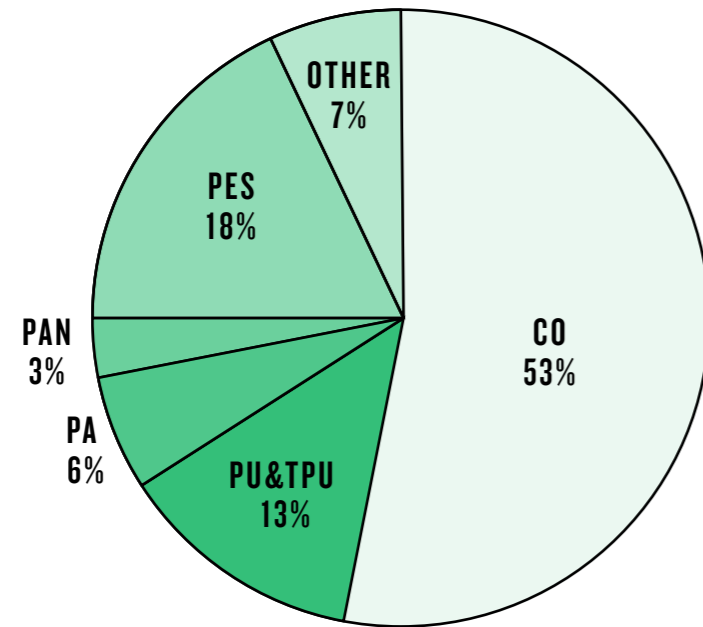
At America Today, we proudly work with our suppliers to successfully build a safer and more secure workplace for employees. We are determined to continue working together to maintain and improve the current standard.



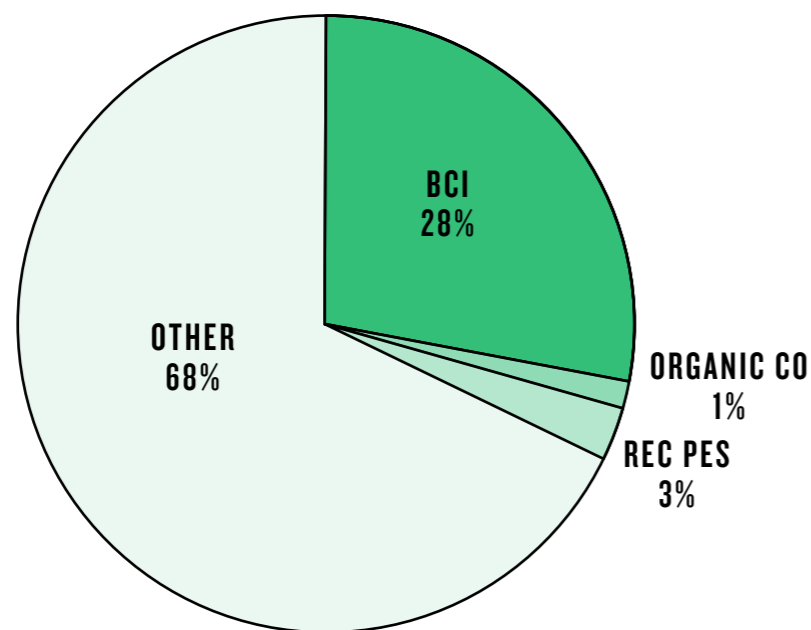
—SUSTAINABLE MATERIAL USE—

For information on risks and goals related to material use, see the 2018 report. In the past year, we increased our total use of more sustainable materials from 23% to 32%, which exceeds our goal.

ALL MATERIAL



SUSTAINABLE MATERIAL



for TOMORROW

We are proud to report that more than half of the cotton we use is more sustainable. We increased our percentage more sustainable cotton (Better Cotton or organic cotton) from 34% in 2018 to 56% in 2019.

In 2018, we reported that we only source down that is certified. In 2019 we achieved the even more ambitious goal of not sourcing any down. Instead, we use a synthetic vegan alternative from recycled polyester.

We have taken the big step of making all our raincoats from Global Recycle Standard (GRS) certified recycled polyester, made from recycled plastic bottles and other materials. For a number of swimwear styles, we also use recycled polyester, made from recycled plastic bottles into [REPREVE™](#) fiber, by [Unifi](#). Recycled polyester is more earth-friendly compared to making so-called new virgin fibers, because no new petroleum is needed, and less water and energy are needed to manufacture it. In addition, the used plastics do not end up in the environment.

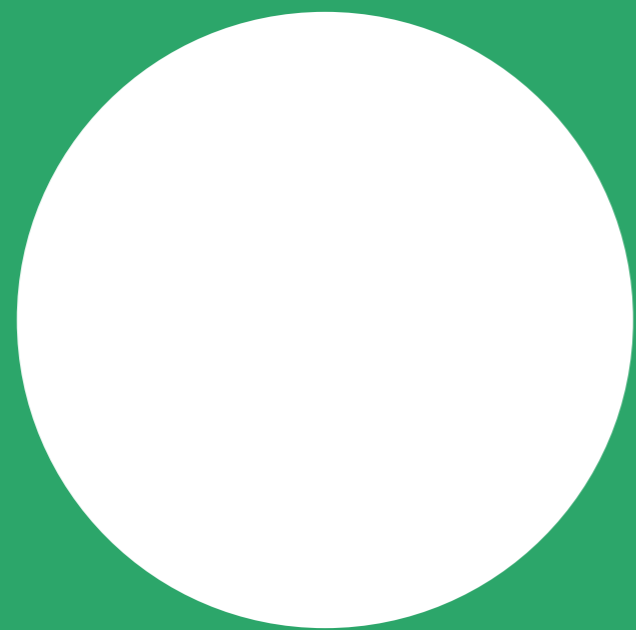
In 2019, 17% of our men's jeans were low impact, as defined by EIM. This means that less energy, chemicals and water was used in the production process.

The vintage collection that we started selling at the beginning of 2019, now in five of our stores, is a big success and will be elaborated in the coming year. Each item is discovered and sourced from America and has its own story. Re-using good quality clothes prevents the need to use new materials.

America Today's signature 'For Tomorrow' products of 2019:

- Our raincoat of recycled polyester, made from recycled plastic bottles
- Our bestselling basic T-shirt made entirely out of organic cotton
- Our down jackets, made with a vegan synthetic alternative from recycled polyester
- Our never out of stock low impact jeans

In 2020, we add a new sustainable material to our collection: our first shirts made from [LENZING™ ECOVERO™](#) eco-responsible viscose fibers will be in stores.



If you have any questions or suggestions,
please contact us by sending an e-mail to
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