

**A&E'S CONTINUING
GLOBAL COMMITMENT**

**Eco-Driven Threads
of Sustainability**



Innovate. Create. Deliver.



A&E's Continuing Global Commitment to Sustainability

For over 115 years, A&E has assisted its customers in overcoming both simple and complex thread performance requirements through a culture of innovation, creation, and delivery. A&E's long-standing commitment to Environmental, Health and Safety (EHS), and Social Responsibility continues to be a top priority at all of the company's operations worldwide. It has been widely recognized that enhancing environmental sustainability in operations and in the supply chain is simply the *"Right Thing To Do"* and is essential to meeting the expectations of customers and stakeholders. In this light, A&E has developed and implemented the **A&E Eco-Driven Program**, consisting of ten **Threads of Sustainability**. A&E has designed this program to drive the culture of innovation, creation, and delivery in the area of sustainability.

The ten A&E Threads of Sustainability

- Global Carbon Footprint
- Water Conservation and Recycling
- Energy Conservation
- Sustainable Packaging
- Recycling and Waste Reduction
- Sustainable Products
- Global EHS and Social Responsibility
- Supply Chain Sustainability
- Eco-Driven Product Stewardship
- Eco-Driven Education and Involvement

Sustainability is defined as "meeting the needs of the present without compromising the ability of future generations to meet their own needs." Sustainability seeks to balance the economic, social responsibility, and environmental impacts, recognizing that population growth will continue.

A&E's sustainability goals have been developed through consideration of the economic, social responsibility, and environmental aspects of the company's global operations. To accomplish this:

- A&E will continue to invest in innovative technologies to help reduce the environmental footprint of our operations, including our facilities and processes.
- A&E will create products that minimize the impact on the environment.
- A&E will continue to conduct its global operations in such a manner as to ensure that all A&E associates around the world understand and adhere to the highest standards of conduct and provide our customers with consistent quality, service, and value throughout all markets.

Fred Jackson, *President*

John Eapen, *Vice President
Environmental, Health & Safety*



A&E Eco-Driven Program | Threads of Sustainability

Thread #1 | GLOBAL CARBON FOOTPRINT

Concerns about global climate change are driving efforts to quantify and minimize the amounts of Greenhouse Gases (GHGs) that are emitted as a result of manufacturing processes and associated support operations. The primary GHG compounds released from A&E facilities are carbon dioxide and methane from the direct combustion of fuel at our manufacturing facilities. GHG emissions are also attributed to all A&E facilities as a result of electricity usage. A&E will track its GHG emissions, or “carbon footprint,” throughout the world by calculating the GHG emissions of each operation. A&E will determine Scope 1 and Scope 2 GHG emissions, as those terms are defined in the World Resources Institute’s and World Business Council for Sustainability Development’s GHG Protocol. A&E will then quantify GHG emissions in the following terms: mass of GHGs emitted per kg of product for manufacturing facilities, and mass of GHGs emitted per square foot of space for offices and warehouse facilities. A&E will follow the guidelines in the GHG Protocol for completing the GHG emission inventories.

GOAL: Develop Global Carbon Footprint and goals for GHG reductions in coordination with improving energy efficiency of all locations by 20% by January 1, 2012.

Thread #2 | WATER CONSERVATION AND RECYCLING

Water is a scarce resource in many parts of our world. Water is also needed in dyeing operations. A&E has invested significant capital in water recycling systems throughout the world, and strives to minimize the amount of water needed in its manufacturing processes per kg of production.

Wastewater Purification and Reuse System—Reverse Osmosis at A&E Sri Lanka



GOAL: Develop best practices in water conservation and implement the best practices by December 31, 2009.

Thread #3 | ENERGY CONSERVATION

This Thread of Sustainability is closely related to Thread #1—Global Carbon Footprint. Any improvement in energy efficiency will also reduce GHG emissions. A&E strives to minimize the amount of energy and the related cost of energy needed in its manufacturing process and support operations.

GOAL: Develop best practices in energy efficiency and implement them to achieve a 20% improvement in energy efficiency by January 1, 2012.

Thread #4 | SUSTAINABLE PACKAGING

A&E seeks to improve the sustainability of the packaging for its products. This includes reducing the amount of packaging used, designing packaging that can be reused, recycling any packaging that cannot be reused, and using packaging materials manufactured in a sustainable manner. The term packaging includes any material, excluding the A&E thread and yarn products themselves, that is used to ship A&E products from A&E facilities to the customer, including plastic thread cones, corrugated cardboard boxes, pallets, and plastic bags.

GOAL: Develop plans for packaging and the implementation of those plans to achieve a reduction of 5% by January 1, 2013.

Thread #5 | RECYCLING AND WASTE REDUCTION

For many years, A&E has followed a successful solid waste recycling program. In 2007, A&E’s U.S. operations recycled 91% of their generated waste. A&E now has a “Zero Waste” goal in place that calls for the elimination of the use of landfills by 2012. In an example of closed-loop recycling, A&E recycles plastic cones and sends them to one of its suppliers to be converted back into black thread cones for reuse by A&E. A&E also works with customers through its National Recycling program to ensure that thread cones are recycled after they are used by the customer.

GOAL: Implement plan to achieve the 2012 Zero Waste goal in the U.S. by December 31, 2012.

Thread #6 | SUSTAINABLE PRODUCTS

One broad definition of a “sustainable product” is a product or service that minimizes its impact on the environment at each phase of its life cycle. A&E currently has two product offerings that fall within the sustainable product category:

A&E SUSTAINABLE PRODUCTS

ANECOT® Organic – organic cotton thread
WILDCAT® Reprieve – thread made from recycled polyester

A&E is moving forward with continued research and development to increase its lines of sustainable products.

GOAL: Continue research and development for additional sustainable products (ongoing).

Thread #7 | GLOBAL ENVIRONMENTAL, HEALTH AND SAFETY, AND SOCIAL RESPONSIBILITY

A&E demonstrates a sincere commitment to integrity and high standards of conduct in its business at all of its operations around the world. A&E’s proactive leadership in ethical business practices is demonstrated through its regular training of employees, willingness to stand behind A&E’s commitment to its customers, and A&E’s requirement that its business partners abide by the same high standards. All of A&E’s programs, policies, and goals reflect an effort to act in an ethical, socially responsible manner that benefits its communities, customers, and employees. Over the years, these standards of ethical conduct have been codified and the current iteration of this code, the A&E Global Code of Conduct, has been in place since July 2007. In addition to other ethical standards and policies, the Global Code of Conduct refers to the A&E International Environmental, Health and Safety (EHS) Policies and Standards. All A&E facilities worldwide are required to comply not only with the Global Code of Conduct, but also with the EHS policies and procedures. As a direct result of these efforts, A&E is a proud recipient of numerous global social responsibility and EHS awards as well as a business ethics award. On the safety

front, A&E’s global goal is zero accidents, including lost time and medical accidents.



Oxidizer for Air Pollution Abatement—A&E Plant, NC, USA

A&E Wastewater Treatment Plant in China

GOAL: Environmental, Health and Safety, and Social Responsibility Compliance utilizing internal and third-party audits to certify compliance by December 31, 2009. Reduce or eliminate use of and human exposure to toxic chemicals (ongoing).

Thread #8 | SUPPLY CHAIN SUSTAINABILITY

Supply chain sustainability refers to the integration and expansion of environmental, health and safety, and social responsibility with A&E’s suppliers and customers. It includes engaging suppliers and customers to drive waste out of the supply chain, as well as to reduce the overall environmental impact of the supply chain. A&E’s National Recycling program, discussed in Thread #5—Recycling and Waste Reduction, also complements this Thread of Sustainability.

GOAL: Engage suppliers and customers to drive waste out of the supply chain, as well as reduce the overall environmental impact on the supply chain. Develop a best practices document to share knowledge across A&E’s global operations by August 31, 2009.

Thread #9 | ECO-DRIVEN PRODUCT STEWARDSHIP

A simple definition of product stewardship is reducing the life cycle impacts of products, including the environmental, health and safety risks caused by the product throughout its life cycle. A&E uses the American Apparel & Footwear Association's (AAFA) Restricted Substance List (RSL) (www.apparelandfootwear.com) in order to ensure that restricted substances do not become associated with the company's products. Several A&E products are already certified under the Oeko-Tex program, a voluntary product certification program for restricted chemicals present in the final product (www.Oeko-Tex.com). A&E spot checks for lead, phthalates, and other restricted chemicals on products.

GOAL: Develop best practices to share knowledge across the global A&E operations by August 31, 2009, assuring the continuation of addressing this sustainability issue.

Thread #10 | ECO-DRIVEN EDUCATION AND INVOLVEMENT

A&E strives to provide its employees with information needed in order for the employees to be active partners in environmental, health and safety, and social responsibility efforts. A&E also actively shares knowledge and information with supply chain partners, as well as stakeholders and policy-makers, in order to drive waste out of the supply chain and minimize the negative impacts of the company's operations and products.

GOAL: Develop best practices document and implement the tasks for this sustainability issue by September 30, 2009.



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