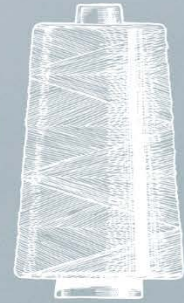


ETHICAL THREAD



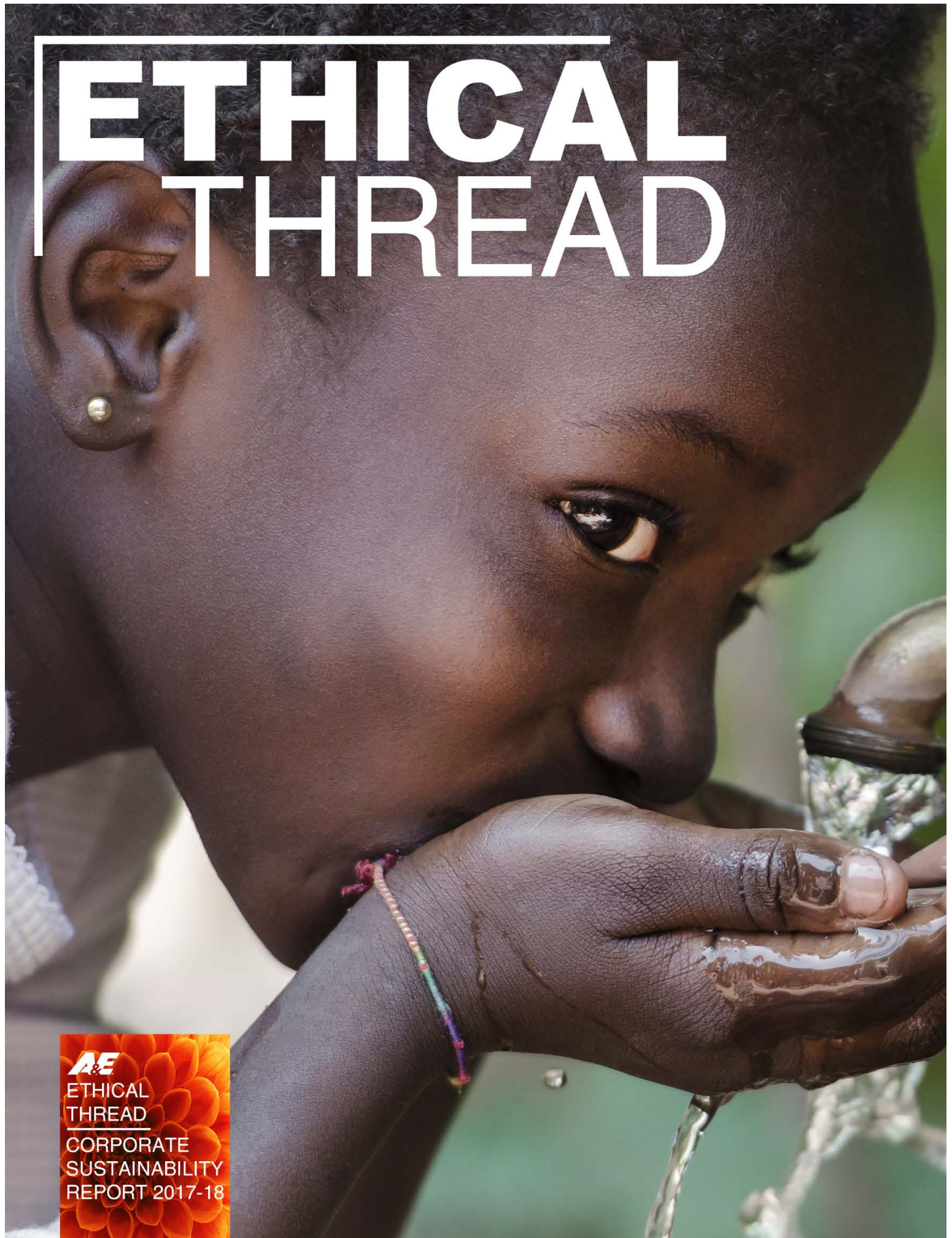
CORPORATE SUSTAINABILITY REPORT 2017-2018



ETHICAL THREAD



ETHICAL
THREAD
CORPORATE
SUSTAINABILITY
REPORT 2017-18



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LETTER FROM OUR CEO

At A&E, we strive to produce and distribute responsible, premium quality, **ethical thread** products every day through excellence in innovation and good manufacturing practices.

This commitment to ethical manufacturing means doing the right thing in all of our manufacturing facilities, support facilities, and in our supply chain around the world. Our commitment applies to working and living conditions, the health and safety of our employees, wages paid, sustainability, environmental stewardship, our impact on the communities in which we operate, and our relationships with our customers.

We believe in being transparent in our performance, enhancing the traceability of all components in our supply chains, and earning and keeping the trust of our customers and stakeholders. We understand this is a never-ending quest of improvement, and must continue to work to improve our performance in measurable ways. We encourage your feedback and input.

We value holding ourselves accountable to you, our customers and stakeholders. Thank you for taking the time to review our current performance in A&E's 2017-2018 Corporate Sustainability Report.



Les Miller
Chief Executive Officer
American & Efid LLC



“WE BELIEVE IN
BEING TRANSPARENT IN
OUR PERFORMANCE...
...AND **EARNING** THE
CONTINUED **TRUST** OF OUR
CUSTOMERS AND
STAKEHOLDERS.”

LES MILLER

ETHICAL THREAD

REPORT OVERVIEW

Within A&E's 2017-18 A&E Corporate Sustainability Report, we review our performance over the past year in many sustainable and social responsibility areas; highlighting areas of progress, challenges, and accomplishments.

How we make our products matters. We believe in ethical manufacturing. A&E operates all of its global facilities in a sustainable manner. It is not just good business practice, but the right thing to do.

The term, *Ethical Thread*, embodies A&E's culture of excellence, sustainability, and good stewardship and is the theme of this year's report. We value the trust our customers around the world place in us every day. Our customers want to know the thread products they purchase are

made responsibly and in a sustainable manner. We accomplish this through our dedication to providing the finest products and services, at the highest quality, delivered globally. This formula has not changed since A&E's founding in 1891. A&E understands the importance of its leadership role in the thread industry and remain committed to enhancing the traceability of our supply chain, and improving our performance in measurable ways each year.

A&E's Sustainability Report is organized around our significant global sustainability categories: Water Stewardship, Solid Waste, Carbon Footprint, Energy Conservation, Social Responsibility, Employee Health and Safety, Sustainable Products, Product Stewardship, Sustainable Packaging, and Supply Chain Sustainability.



Did you know A&E has been making thread, since 1891? That's the same year basketball was invented as a sport! Learn more fun facts at www.amefird.com.

A&E BIO

A&E is one of the world's foremost manufacturers of industrial sewing thread, embroidery thread and technical textiles. A&E's global presence extends from Asia to Europe to the Americas. It is not simply the scope of A&E's expanding international operations that makes A&E a world-class company, but our dedication to providing our customers with the highest quality products and services, delivered globally.

A&E is an industry leader in the area of environmental sustainability. The A&E Eco•Driven® program, consisting of the 10 Threads of Sustainability, was designed to drive the A&E culture of *Innovate, Create and Deliver*. It is this drive that leads us towards the accomplishment of a series of tangible goals which consider the social responsibility and environmental aspects of the company's global operations.

A&E IS
TRUSTED BY CUSTOMERS,
MAKING THREAD
THE RIGHT WAY FOR OVER
125 YEARS.



WATER STEWARDSHIP

Water is an important and necessary component to the thread dyeing process. A&E thread products are dyed into thousands of colors. This dyeing process uses a significant amount of water. Once thread is dyed, this wastewater contains residual dyes and other organic and inorganic compounds that must be treated properly, so as not to affect the communities in which we operate. As a large user of water, we are ethically bound to be good stewards of water resources, particularly against the backdrop of stressed water supplies in many regions around the world. We take this obligation very seriously.

Since 2010, A&E has invested over \$12 Million USD in new and upgraded wastewater treatment technology at our manufacturing operations around the world. A&E operates two Zero Liquid Discharge treatment systems

at two dyeing operations in India and two 50% wastewater recycle systems at dyeing operations in China. We recycle and reuse wastewater at several other operations around the world as well. As a result, A&E has recycled and reused 1.5 billion liters of wastewater since 2013. This amount of water would be enough to supply 75 million people with water for one day at 20 liters per person.

Each operational day, we recycle and reuse over 1.2 million liters of wastewater. In addition, we have reduced the amount of water used to dye a kilogram of thread by 48% since 2006, even while our global production has increased significantly. Continuing these trends doesn't only make fiscal sense, but is the right thing to do. Our current year over year annual performance goal is a 2% reduction in water used per kilogram of thread produced in all of our A&E operations.

A&E HAS
REDUCED
GLOBAL WATER
CONSUMPTION
LITERS PER KG of THREAD

48%
SINCE 2006



EACH DAY OF OPERATION,
A&E FACILITES
RECYCLE AND REUSE
OVER 1.2 MILLION
LITERS
OF **WASTEWATER.**



Water Conservation is just one of A&E's 10 Threads of Sustainability. See this thread and the other 9 located near the back of this report.

EACH YEAR,
A&E RESEARCHES
WATER-SAVING TECHNOLOGIES,

INVESTING OVER

\$12 MILLION

IN STATE-OF-THE-ART WASTEWATER
TREATMENT AND RECYCLING
TECHNOLOGY SINCE 2010.



A&E HAS
RECYCLED AND REUSED
OVER 1.5 BILLION
LITERS

OF **WASTEWATER** SINCE 2013.



SOLID WASTE

Each day natural resources around the world are extracted from the environment and converted into products in manufacturing processes. Large percentages of those products are disposed of as waste, ending up in landfills or going back into the environment. This is an example of a traditional, linear economic cycle—make, use, and dispose. A&E is working towards an alternative, more environmentally sustainable, circular economy.

The term circular economy has been defined as an economy in which resources are kept in use for as long as possible, the maximum value is extracted while in use, and then the resources are recovered from products and are regenerated into new products and materials at the end of each service life. A&E continues to identify ways in which to apply this approach within its many and varied operations. Some of these include; using renewable fuels and resources, designing waste out of systems and processes, and recycling and reusing products and byproducts created from

manufacturing processes.

While we continue to work to improve in these keys areas, A&E is proud to have attained Zero-Waste-to-Landfill status at 16 of our operations and support facilities around the world. In addition, we are pleased to report five more A&E facilities currently recycle more than 90% of the byproducts and created waste, as we work towards a 100% mark in each of these operations.

A&E is committed to continuously improving processes and systems in order to reduce waste by design. As seen elsewhere in this report, A&E is increasing its use of renewable fuels, and is focused on improving the overall sustainability of the packaging used for our products. We are also increasing our offering of recycled fiber products, which further help to make the economy more circular. Continuing to move towards a circular economy throughout A&E's businesses and supply chains is simply the right thing to do.

16

A&E OPERATIONS AND
SUPPORT FACILITIES HAVE

ACHIEVED 100%

ZERO-WASTE-TO-LANDFILL

STATUS IN 2017 FROM
JUST TWO IN 2015.



ETHICAL
THREAD

CORPORATE
SUSTAINABILITY
REPORT 2017-18

Learn about A&E's sustainable products by checking out page 15 of this sustainability report or by visiting us at www.amefird.com.

CARBON FOOTPRINT

Global climate change is a major concern for many people around the world. Focusing on reducing the amount of greenhouse gases emitted per kilogram of thread produced has been a focus of A&E for many years.

Since 2006, A&E has reduced the amount of greenhouse gases emitted per kilogram of thread produced by 11%, as measured in carbon dioxide equivalents. What makes this percentage even more impressive is this reduction has occurred, while overall production levels have grown.

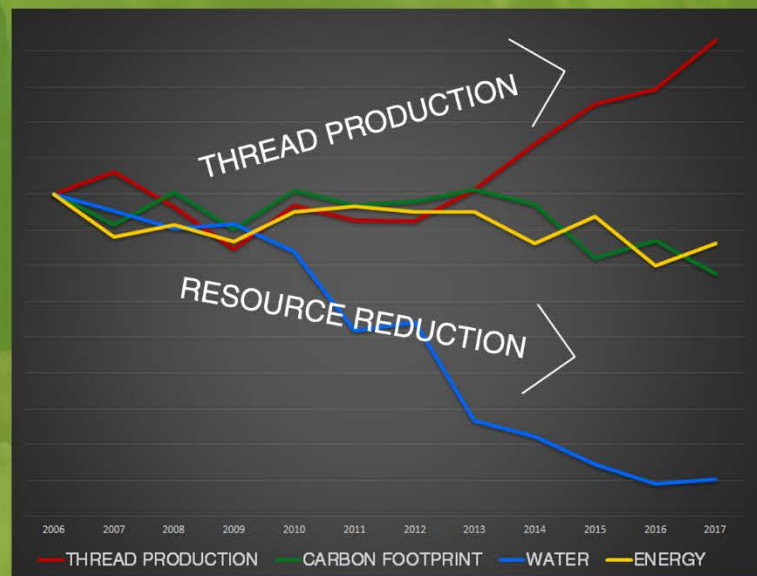
Efficiencies in energy use at all operations, as well as switching from non-renewable fuels to renewable fuels, like biomass has assisted in furthering overall reductions.

We continue to reduce our carbon footprint by reducing energy usage through implementation of new technology and through improved efficiency. A&E's year-over-year goal for energy conservation is a 2% reduction each year, which will also assist in A&E's goal of reducing its overall global carbon footprint.

SINCE 2006,
A&E HAS **REDUCED** ITS
CARBON FOOTPRINT
MEASURED IN CO₂e IN KG
PER KG OF THREAD BY
11%
A&E IS COMMITTED TO HELPING
PROTECT THE ENVIRONMENT.



A&E RESOURCE REDUCTION VS. PRODUCTION INCREASE*



*NORMALIZED STATISTICS (PRODUCTION, CO₂e, LITERS OF WATER, AND KWh PER KG OF THREAD)

ENERGY CONSERVATION

Energy use and its reduction in our operations and within our supply chains are priorities for A&E. A&E uses energy in various ways. The most common of these are through purchased electricity that power our equipment and manufacturing facilities, and through the production of steam and heat by burning various fuels. In several operations, we use renewable biomass fuels consisting of rice hulls, wood refuse, and mustard plant residue to create power.

In 2017, 48% of the fuels used to make steam at A&E operations were renewable, carbon-neutral fuels.

While using these fuels is a great step, it is only one part of the story. A&E recognized that educating our workforce would be instrumental towards ensuring reductions as well. A&E implemented energy management and conservation programs in all operations globally. These actions assist us in achieving our energy reduction goal of 2% each year. Since 2006, A&E has reduced power consumption per kilogram of thread by 7%. This is even more impressive as overall production has increased and resources used to make our products have decreased.


A&E PREFERS TO USE
RENEWABLE ENERGY.

48%


OF THE FUEL USED TO CREATE STEAM
IN A&E DYEING OPERATIONS CAME
FROM **RENEWABLE, CARBON
NEUTRAL FUELS** IN 2017.



A&E **REDUCED** THE
TOTAL AMOUNT OF
FUEL BURNED
FOR STEAM CREATION IN OUR
DYEING OPERATIONS BY
8.5%
IN 2017 VS. 2016, PER KG OF PRODUCT.



A&E IS
COMMITTED TO REDUCING
ITS GLOBAL GHG INTENSITY AND
GLOBAL ENERGY INTENSITY
EACH YEAR, **REDUCING** ITS
**GLOBAL POWER
CONSUMPTION**
IN KWH PER KG OF THREAD SINCE 2006 BY
7%



Did you know A&E uses renewable, carbon-neutral fuels, like rice hulls, wood, and other renewable biomass?

SOCIAL RESPONSIBILITY

We are committed to the fair treatment of people. This commitment is embodied in the high standards of conduct A&E requires of our company and its associates as outlined within the A&E Global Code of Conduct. This includes conduct related to: non-discrimination and non-harassment, equal employment opportunities, human rights and labor practices, child labor and forced labor, working hours,

wages, and other important areas. A&E has made available this code of conduct in 18 languages, native to all of the languages spoken by our associates around the world.

Our performance against the code of conduct is evaluated regularly. A&E conducts third-party Social Responsibility compliance audits at many of our operations around the world.

A&E'S
**GLOBAL CODE
OF CONDUCT** IS AVAILABLE IN
18
LANGUAGES.

A&E REGULARLY EVALUATES ITS
PERFORMANCE AGAINST THIS CODE.



Did you know A&E makes enough thread each year you could travel to the moon and back 1595 times? That's a lot of sewing thread!



A&E'S
**GLOBAL INCIDENT
RATE** IN 2017 WAS

0.67

PER 100 EMPLOYEES,

WELL BELOW THE U.S.

INDUSTRY **AVERAGE**. A&E'S GLOBAL
GOAL CONTINUES TO BE ZERO ACCIDENTS.



EMPLOYEE HEALTH AND SAFETY

A&E demonstrates a sincere commitment to integrity and the highest standards of compliance in all of our operations worldwide. We have implemented our 8 Threads of Safety management program at all of our global facilities. Through this program, A&E identifies and works to reduce potential safety risks in all of our operations.

In 2017, our global incident rate was

0.67, which is a measure of the number of lost time and recordable accidents per 100 employees. This rate is well below the U.S. average rate for our industry, but even one employee injury is too many. We continue to identify ways to reduce safety risk and eliminate all workplace accidents.

A&E's global goal continues to be zero accidents.



HIGHLIGHTED SUSTAINABLE PRODUCTS

A sustainable product is a product that has been produced in a manner that minimizes the impact on the environment throughout each phase of its life cycle, compared to other methods of production for a product. A&E is committed to developing and offering products that qualify as sustainable products, while working with our customers to meet their needs.

In 2017, A&E launched two premium eco-friendly sewing threads made with a recycled polyester core, REPREVE fiber. REPREVE is made using recycled, consumer plastic water bottles.

A&E released Perma Core® using

Repreve®, the industry's first core spun sewing thread that incorporates a recycled, REPREVE core. A&E followed up with the release of Magic® using Repreve®. Each of these Eco-Driven® product innovation sewing threads, along with Wildcat® using Repreve®, support the apparel industry, making it easy for brands and retailers to create products that complete their own unique sustainability stories.

A&E is committed to assisting our customers with the challenge of manufacturing environmentally-responsible products by offering sustainable thread products that are both eco-friendly and provide excellent sewability.



Repreve® is a registered trademark of Unifi, Inc. in the U.S. and other regions.



Designed to assist in meeting the challenge of manufacturing environmentally responsible apparel, **Perma Core® using Repreve®** provides an eco-alternative, high performance sewing thread. **Perma Core® using Repreve®** is manufactured with a recycled, 100% REPREVE, continuous filament core made from plastic drinking bottles and A&E's signature quality, polyester staple wrap. **Perma Core® using Repreve®** is one of the most talked about sewing threads since its release into the market.

Magic® using Repreve® is a premium, recycled, air-entangled, polyester sewing thread manufactured with 100% REPREVE. This product provides an eco-friendly alternative available in a fine tex size, making **Magic® using Repreve®** an ideal thread for the manufacturing of activewear, athleisure, intimate apparel, casual wear, and embroidery applications.



A&E's **Wildcat® using Repreve®** is a 100% REPREVE, recycled, textured polyester sewing thread. Offered in our most popular sizes, this sustainable product provides customers with a 100% recycled sewing thread, manufactured and delivered anywhere you need it to be, to give your next project the eco-touch it deserves.

Anecot® Organic is a premium 100% organic ring spun, long staple spun cotton sewing thread. Ideal for applications where a high strength organic natural fiber is required, **Anecot® Organic** is an excellent choice for garment over dyeing where an organic fiber is preferred or required.



PRODUCT STEWARDSHIP

In 2018, A&E will launch its updated and strengthened Global Chemical Management Program. This updated program will enhance our ability to quickly show A&E's compliance with the Restricted Substance List and Manufacturing Restricted Substance List (MRSL) programs.

The updated program will also help us to demonstrate compliance with the Zero Discharge of Hazardous Chemicals (ZDHC) program components, including compliance of our inputs (dyes, chemicals, fibers,

fuels) against the ZDHC MRSL, as well as compliance with the ZDHC wastewater and sludge guidelines.

A&E products are tested against the Oeko Tex Standard 100 certification program each year, and each of our manufacturing operations are taking part in the Sustainable Apparel Coalition Higg Index Facility Environmental Module v3.0 program. As a member of ZDHC, our experts are taking an active leadership role in task groups that are developing and enhancing the components of this program.

SUSTAINABLE PACKAGING

Packaging is used throughout the A&E supply chain. Packaging allows for efficient distribution and transportation of raw materials within our operations as well as for the delivery of A&E products to our customers.

In order for A&E to move towards a circular economy in this area, it is important to apply the concepts of designing waste out of systems using recycled packaging as well as enhancing the recyclability of our packaging components and reduction

in the amount of packaging utilized.

A&E is renewing its efforts in this important area by creating a global packaging steering group. This group will be responsible for developing metrics to evaluate packaging in many areas such as safety, sustainability, product protection, recyclability, and recycled content.

Our 2018 goal is to develop and execute a plan of action as we work to improve packaging performance and efficiency.



Did you know A&E makes approximately 719 million miles of thread each year? That's enough thread to wrap around the center of the Earth 22,900 times!



A&E REMAINS
“...**FOCUSED** ON WORKING
WITH OUR SUPPLIERS
TO **IMPROVE** THE **OVERALL**
SUSTAINABILITY AND
SOCIAL RESPONSIBILITY
ASPECTS OF A&E’S
SUPPLY CHAIN...”

SUPPLY CHAIN SUSTAINABILITY

A&E engages with suppliers and customers on a range of sustainability issues.

Supply chain sustainability refers to the improvement and coordination of sustainability and social responsibility within supply chain. It includes engaging suppliers and customers in efforts to reduce and/or eliminate waste in the supply chain, and reducing overall environmental impact.

A&E is committed to doing business with suppliers who share our vision on sustainability and social responsibility, and to continuously improve the sustainability and social responsibility performance of our supply chain. We also remain focused on working with our suppliers to improve the overall sustainability and social responsibility aspects of A&E’s supply chain in quantifiable and measureable ways.

global sustainability commitment

ethical thread



10 threads of sustainability • global carbon footprint • water stewardship • energy conservation • sustainable packaging recycling and waste reduction • sustainable products • global ehs and social responsibility compliance • supply chain sustainability • product stewardship • education and involvement • Learn more at www.amefird.com/sustainability

A&E is the world's foremost manufacturer and distributor of premium quality industrial and consumer sewing thread, embroidery thread and technical textiles. A&E's long-standing commitment to Environmental, Health and Safety, and Social Responsibility continues to be a top priority at all of the company's operations worldwide. A&E created the Eco-Driven® Program, consisting of Ten Threads of Sustainability as it continues to drive and uphold its culture of excellence in these areas.

A&E will continue to be transparent regarding performance, noting shortcomings and recognizing accomplishments in its quest for improvement. A&E is committed to enhancing the traceability of its products throughout the value chain and the earned trust of its customers through the service and products A&E provides.


John L. Miller
Chief Executive Officer




Jimmy Summers, Vice President
Environment, Health, Safety, and Sustainability



EST 1891



THREADS OF SUSTAINABILITY



Eco-Driven[®]

A&E maintains a global commitment to sustainability at all of its worldwide operations, driven through its Ten Threads of Sustainability. For more information on A&E's Eco-Driven[®] initiatives, please visit www.amefird.com/sustainability.

A&E HAS
**RECYCLED AND REUSED
OVER 1.5 BILLION
LITERS**
OF **WASTEWATER** SINCE 2013.



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A&E OPERATIONS AND
SUPPORT FACILITIES HAVE
ACHIEVED 100%
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A&E IS
COMMITTED TO REDUCING
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EACH YEAR. **REDUCING** ITS
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IN KWH PER KG OF THREAD SINCE 2006 BY

7%



A&E HAS
**REDUCED
GLOBAL WATER
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48%

SINCE 2006.



SINCE 2006,
A&E HAS **REDUCED** ITS
CARBON FOOTPRINT
MEASURED IN CO₂e IN KG
PER KG OF THREAD BY

11%

A&E IS COMMITTED TO HELPING
PROTECT THE ENVIRONMENT.



ETHICAL  **THREAD**



HIGHLIGHTED ACHIEVEMENTS IN SUSTAINABILITY FOR 2017-2018



TRANSPARENCY. TRACEABILITY. TRUST.



WE MAKE ETHICAL THREAD THAT HELPS MAKE WHATEVER YOU MAKE BETTER.

At A&E, our long-standing commitment to the environment continues to be a top priority. We hold ourselves to the highest ethical standards at ALL A&E operations worldwide and transparently share our progress. It's simply the *right* thing to do.

Visit amefird.com/sustainability to learn more.



CORPORATE SUSTAINABILITY REPORT
2017-2018



ETHICAL THREAD

AMERICAN & EFIRD
22 AMERICAN STREET
MT. HOLLY, NC 28120
704.951.2996 | 1.800.861.3256
FAX: 704.827.0974 | 1.800.453.9060
CUSTOMERSERVICE@AMEFIRD.COM
WWW.AMEFIRD.COM



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