Continuous Improvement

Following the audit, factories are assigned specific grades based on findings. Abercrombie & Fitch Co. partners with its Agents and Vendors to address these issues.

After the Audit

After each supplier assessment, the Sustainability team at Abercrombie & Fitch Co. reviews the audit report and assigns a rating. These ratings allow our team to understand each factory's progress throughout our partnership, focus on factories that need special attention and improve practices throughout the manufacturing process.
<table>
<thead>
<tr>
<th>Factory Rating</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>Factory with minimal number of findings or zero findings</td>
</tr>
<tr>
<td>B</td>
<td>Factory with minor findings that can be addressed in a short period of time (e.g. did not conduct safety refresher training to workers regularly, etc.)</td>
</tr>
<tr>
<td>C</td>
<td>Factory with findings that require a moderate period of time to address (e.g. incorrect calculation of annual leave payment, etc.)</td>
</tr>
<tr>
<td>D</td>
<td>Factory with findings that need to be addressed immediately (e.g. partial block of emergency exit, etc.)</td>
</tr>
<tr>
<td>F</td>
<td>High risk factory with findings such as child labor, force labor, harassment, deny audit, minimum wage, overtime wage and non-transparency</td>
</tr>
<tr>
<td>Remediation</td>
<td>High risk factory needing additional assistance to address working conditions and remediating violations</td>
</tr>
</tbody>
</table>

**Addressing Non-Compliance**

When an audit reveals that improvement is necessary, the factory submits a corrective action plan (CAP) to A&F Co. as part of the following process:

1. **CAP Delivery**
   - Auditor delivers CAP to factory, detailing findings with applicable laws and/or A&F Co. standards.

2. **CAP Response**
   - Factory provides CAP response within 30 days, explaining improvement plan over the next year and photo evidence of completed improvements.

3. **Progress Monitoring**
   - A&F Co. sustainability team will monitor progress and may schedule in-person or e-learning training.
Remediation Program

Factories that need added assistance with improving working conditions and remediating violations are enrolled in our Remediation Program. Founded in 2006, the program includes regular factory visits by A&F Co. sustainability team to determine the root cause of factory issues and to make systematic sustainable improvements. A&F Co. may seek brand collaboration to drive improvement if necessary. However, if no meaningful improvement is made, A&F Co. will choose to end its relationship. In these instances, A&F Co. will ensure to complete and pay all pending POs and write-off all the liability.

Ensuring Compliance

We have procedures in place to help ensure compliance with our Vendor Code of Conduct (VCOC) in the areas of:

Anti-Bribery
According to our VCOC, A&F Co. prohibits any Vendor from offering, receiving, paying or giving anything of value to any person or entity to influence any act or decision, or to gain an improper advantage or benefit for A&F Co. Vendors are also required to report any actual or suspected violations of our Anti-Corruption Policy or the applicable Anti-Bribery Laws to A&F Co. Bribery and refusal by a factory to be audited are considered a “zero tolerance” finding, and, if found, A&F Co. will stop business with the factory.

Child Labor
A&F Co. works closely with our audit teams to detect child labor in our supply chain. In our efforts to eliminate child labor, we pride ourselves on working with the factory to remedy child labor issues; rather than immediately exit a factory if child labor is found. A&F Co. has not detected any issues with Child Labor in our factories since 2017.

Contracts and Terms of Employment
A&F Co.’s social audit requires all factories to adhere to the following statements regarding contracts and terms of employment:

- All workers sign the employment contract, and are provided with a copy.
- All workers’ employment contracts specify the terms and conditions of employment.
- All workers’ employment contracts are written in workers’ language.
- All workers’ employment contracts are complete, non-expired and/or in compliance with local probationary requirement.
- The factory keeps workers’ employment contracts per legal requirements.
- The facility complies with legal requirement on fixed term contracts.
• All temporary workers have legal contracts according to their position and legal requirement.

**Discrimination**
A&F Co. partners with the P.A.C.E. program and the HER Project to support women working in the apparel industry. These programs have provided many services including life skills and technical training to thousands of women workers in the apparel supply chain.

**Freedom of Association**
A&F Co. requires all factories and vendors to respect the legal rights of workers to freedom of association. According to our VCOC, all workers are to have the right to collectively bargain. If a collective bargaining agreement is in place, compliance with all contractual provisions is required. Better Works, our partner, also enforces the same standard regarding collective bargaining agreements and Unions where applicable.

**Overtime Pay**
We take the issue of incorrect wage payments very seriously at A&F Co. Factories that do not comply with the legal regular and overtime wages are required to complete a corrective action plan with follow up from A&F Co. A&F will not terminate our business relationship with factories that are honest and transparent about their actual practices. However, all factories must be willing to make gradual improvement over a reasonable period of time. If a factory has two consecutive audits with compensation issues, A&F Co. sustainability team will work closely with the factory to outline proper training and process improvements. If the factory still has compensation issues on the third consecutive audit, they will fall into our remediation program which requires in person factory visits from our sustainability team. In egregious cases, the factory may be required to work with a consultant team to remedy the issue.

**Workers’ Voice**
A&F Co. is part of Nirapon in Bangladesh, which oversees and seeks to improve the safety, training and helpline efforts of the factories. Nirapon has established a helpline titled “Amader Kotha”, a model for worker reporting not only in Bangladesh, but around the world, that provides workers with a safe and anonymous outlet for reporting issues.

**Working Hours and Rest Breaks**
According to the A&F Co. VCOC, we require all factories to comply with the relevant country’s legal working hours and over time limits. Factories that do not comply are required to complete a corrective action plan.