

An aerial photograph of a lush green field, likely a pasture, with several sheep scattered across it. The sheep are small white figures against the dense green grass. The field is bordered by a darker, more textured area on the left side, possibly a path or a different type of vegetation. The overall scene is peaceful and natural.

EILEEN FISHER

2019 BENEFIT CORPORATION REPORT

Dear Friends,

I am delighted to share with you our 2019 Benefit Corporation Report—our third since becoming a New York State Benefit Corporation in 2017.

A benefit corporation is one that has legally committed to higher standards of purpose, accountability and transparency. For EILEEN FISHER, this means we are designing clothing with minimal environmental and social harm; creating an inclusive workplace; empowering women and girls, supporting the fair treatment of all people and preserving the environment; and advancing ethical business practices through collaborations in the fashion industry.

In 2019, we continued our VISION2020 work toward greater environmental sustainability and human well-being within our supply chain. We also introduced our new grant program, “Supporting Women in Environmental Justice.” And we embarked upon a new Diversity and Inclusion initiative to build a stronger workplace culture for our employees and customers.

As we enter a new decade, we remain committed to conducting “business as a movement.” If you have any comments or questions, please direct them to SocialConsciousness@eileenfisher.com.

Thank you,

A handwritten signature in black ink, appearing to read 'Eileen Fisher', with a stylized, flowing script.

Our Purpose

We design for simplicity and wholeness—to inspire joy and connection in women around the world.

Our Values

- We are authentic.
- We thrive in connection.
- We trust each other.
- We innovate through creativity.
- We are committed to the health of the whole.
- We are united by purpose.



Benefit 1

We are committed to designing clothing that creates minimal environmental and social impact.

Materials

We aim to use sustainable materials in 100% of our products. As a company heavily reliant on natural fibers, our goal is to source raw materials from farmers who use organic and regenerative practices that help to restore ecosystems and increase biodiversity and resiliency. Using our Materials Ranking Tool (MRT), we measure the key impacts of fiber production and textile wet processing and follow a strict due diligence process to verify sustainability claims.

SUCCESSSES

ECO-PREFERRED. We are continuing to increase our use of sustainable materials each year. In 2019, 73% of the materials used in our line were eco-preferred—4 points higher than the previous year. This was largely due to the increased use of Tencel™ Lyocell and Responsible Wool.

EF SUSTAINABILITY GOALS (BY VOLUME)	2015	2016	2017	2018	2019
Eco-Preferred Materials: 100% by 2030	46%	48%	63%	69%	73%
Cotton: 100% Organic or Recycled by 2019	88%	95%	95%	99%	99%
Linen: 100% Organic by 2019	72%	85%	94%	96%	98%
Tencel™ Lyocell: 100% of Regenerated Cellulosic Fibers by 2025	20%	24%	33%	39%	64%
Wool: 100% Responsibly Sourced or Recycled by 2025	0%	0%	37%	54%	79%
Feather Down: 100% Certified to the Responsible Down Standard (Goal was met in 2017)	0%	0%	100%	100%	100%

RESPONSIBLE WOOL. In 2019, we made considerable progress on our Responsible Wool program by increasing our usage of wool certified to the Responsible Wool Standard (RWS) by 25%. RWS wool comes from farms that support animal welfare and environmental stewardship.

We also converted our iconic Boiled Wool fabric to RWS wool. We partnered with **Fox & Lillie**, an innovative Australian wool supplier that has invested in their network of wool growers by creating an RWS group. This means that not only does the fiber used for our boiled wool garments meet RWS certification, but our supply chain is 100% traceable.

REGENERATIVE AGRICULTURE. Part of our materials sourcing strategy includes using regenerative fibers—fiber that's grown in a way that helps to restore and support the ecosystem, enabling the land to capture and store atmospheric carbon. Forty-seven percent of the total amount of wool used in 2019 was sourced from farms using regenerative management.

Since 2017, we have worked with **Ovis 21** to source some of our merino wool. A fellow B Corp based in Argentina, Ovis 21 manages a collaborative network of regenerative land managers. In 2019,

we took our support a step further and became a Frontier Founder under the **Savory Institute's Land to Market Program**. In collaboration with Ovis 21, the Land to Market program takes real world assessment using its own pioneering methodology, Ecological Outcome Verification (EOV). This empirical instrument measures ecosystem functionality, such as soil health and sequestered carbon, water infiltration rates and biodiversity to promote and support the regenerative production of raw materials. Not only will this allow us to understand and assess the overall health of the land and grazing systems in our supply chain, but the science-based data will offer critical information for livestock farmers working toward more holistic farming practices.

CHALLENGES

As we entered the final year of our VISION2020 sustainability pledge, we reflected on what we had learned and how we can leverage this knowledge to make greater positive impact in the future. One important learning was that transparency is fundamental to sustainability—certifications are only part of the complete picture. While we rely on certifications and believe they benefit the industry, we also want to increase supply chain transparency beyond what certifications currently provide. We have begun identifying fiber suppliers and farm groups that share our commitment to supporting ecosystem health, organic farming, animal welfare and the well-being of workers. By fostering relationships with key partners in our supply chains and designing into responsible and regenerative materials, we're able to create holistic change. Going forward, we'll be prioritizing supply chain transparency as a path toward creating a positive impact.

Chemistry

Chemistry is fundamental to the design and quality of our textiles—but that doesn't mean we compromise on sustainability or performance. We prioritize safe chemistry, holding ourselves to high standards of product stewardship by building chemical management into 40% of our MRT score. Using this tool as a key lever to guide design decisions, we aim to scale sustainable chemistry practices across our value chain and ensure responsible use of resources to minimize impact to the environment and safeguard the health of our customers.

SUCCESSSES

BLUESIGN® CHEMISTRY. To date, we have **screened the chemistry of 22 dyehouses.** We are actively using the bluesign® bluefinder tool as a benchmark and are partnering closely with our dyehouses to help them adopt and/or switch to using bluesign® approved safer chemistry.

In 2019, **29.3%** of units produced were made with chemistry that had been screened through the bluesign® bluefinder tool across **eight of our bluesign® certified dyehouses.** In addition to these bluesign® certified facilities, **four dyehouses** have switched to exclusively using bluesign® approved chemistry for EILEEN FISHER products. Two of these converted in late 2019; the other two are awaiting third-party verification for 2020 production. We continue to expand our efforts and are working with an additional 10 facilities to help them move away from non-bluesign® chemistry.

Since we started our bluesign® journey in 2012, we have been eager to understand the impact of the program. In 2019, bluesign® conducted a resource-savings analysis from audit data at two of our major silk dyehouses, both of which are bluesign® systems partners. As measured against the key performance indicators below, we were able to see significant savings within a five-year time frame and hope to continue moving the needle in our supply chain.

KEY PERFORMANCE INDICATOR	SAVINGS PER KG FABRIC
Fresh water (liters/kg fabric)	-180
Energy (kWh/kg fabric)	-18
CO ₂ footprint (kg CO ₂ /kg fabric)	-7

All data was verified by bluesign® and can be regarded as plausible.

Data assessed was over a time period of 5 years.

RESTRICTED SUBSTANCES LIST (RSL). We continue to integrate stringent RSL guidelines in our material sourcing strategy. Building upon the assessment completed in 2018 that outlined specific materials and substances that would need to be tested, we have been diligently conducting RSL testing on select styles to ensure chemical compliance. Using our Chemical Management Guidelines as a foundational resource, we are working with our suppliers to align on what a safer chemical program looks like through robust management systems that aim to reduce and eliminate chemicals of concern from production processes.

AUDITS. In the past three years, we partnered with **Sumerra** to audit a total of 10 dyehouses. Three of these audits were conducted in 2019, and we will continue to carry out periodic audits as needed. Audits provide a snapshot of a facility's environmental management system, with a focus on energy and water use, wastewater discharge, air emissions, waste disposal and chemical management. Using this data, we can identify areas for improvement and work with our dyehouses to implement positive changes.

CHALLENGES

Improving our textile chemistry requires technical expertise and dedicated staff. In addition, the changing regulatory landscape and lack of awareness among factory management can make monitoring and testing increasingly more difficult. While certifications and bluesign® approved chemistry can alleviate some of the oversight, it is often cost-prohibitive for suppliers. Moreover, where we have a small presence, we have been challenged to convince suppliers to adopt bluesign® chemistry when none of their other customers have demanded it. Because of this, we continue to participate in collective action—we want to help influence industry partners to adopt safer chemistry goals.

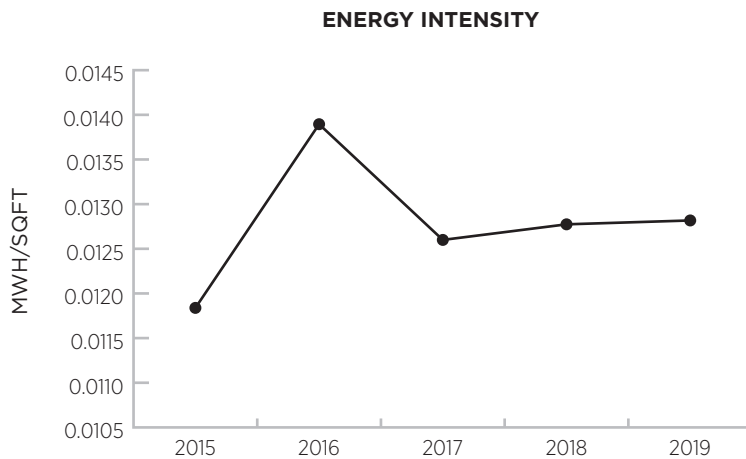
Carbon

The global apparel and footwear industries account for an estimated 8% of the world's greenhouse gas emissions.¹ We are taking responsibility for our operational footprint and making bold commitments to reduce our carbon emissions, using science-based approaches to measure our impact and investing in solutions that will help us achieve a low-carbon economy.

SUCCESSSES

SCIENCE-BASED TARGETS. In 2018, we focused on measuring carbon impacts in our supply chain and setting a baseline. Following the Apparel and Footwear Sector Science-Based Targets Guidance, we were able to evaluate where our greatest impacts were and develop actionable goals. Using this assessment to inform our reduction strategy, we submitted our ambitious targets to SBTi for review, which will be announced in early 2020.

ENERGY EFFICIENCY. For the past 8 years, we've been purchasing Green-e® Certified Renewable Energy Credits (RECs) to support wind power for 100% of electrical consumption in our stores and corporate spaces. Additionally, our New York City Creative Center received LEED Gold Certification earlier this year.



We are diligently monitoring energy usage across our operations to identify trends, and when antiquated equipment in our building spaces retire from use, we prioritize energy efficient replacements such as LED lighting and upgraded HVAC systems. Moreover, we are analyzing the data collected over the years and using this insight to strategically pilot the use of smart thermostats across select stores.

¹ <https://quantis-intl.com/report/measuring-fashion-report/>

OUR FOOTPRINT. To measure our impact, we follow the guidelines of the **Greenhouse Gas Protocol** for carbon accounting and reference the **Higg Materials Sustainability Index** to understand the life cycle impacts of our products. We are continuously expanding the scope of what we are measuring to capture as much as we can to reveal the true impacts within our value chain, allowing us to improve our standards of measurement and better understand our hotspots.

Due to a business downturn in 2019, our production volume saw a significant reduction leading to fewer shipments of goods and an overall **decrease in emissions by 15%** from 2018.

GHG EMISSIONS (TONS CO2E)

	2015	2016	2017	2018	2019
SCOPE 1					
Corporate Vehicles	-	-	-	10.1	18.5
SCOPE 2					
Retail	1434	1261	1282	1230	1371
Distribution Center	94	84	119	119	114
HQs	285	693	775	762	823
SCOPE 3					
Inbound Logistics	6965	5207	5188	4841	3975
Outbound Logistics	698	624	458	1090	1146
Business Travel	-	-	-	1690	821
Total	9476	7869	7822	9742	8268

Areas with no data were not measured in those years. As we continue to work on data accuracy, some of the numbers may not match up exactly to previous years.

To offset our measured impact, we have been supporting carbon reduction projects that will help position us on a path toward decarbonization. In 2019, we shifted the focus of our climate initiatives by starting a new venture to seed fund a carbon insetting project in Argentina, which will target emissions from the materials we use. In partnership with **NativeEnergy, Ovis 21** and the **Savory Institute**, we are making a long-term commitment to catalyze expansion and adoption of regenerative sheep grazing practices, which help to sequester carbon, improve soil health, increase biodiversity and enhance grower livelihoods.

CHALLENGES

ENERGY EFFICIENCY. We established a 2015 baseline to improve our energy efficiency 20% by 2020. Since then, energy usage across our stores and corporate spaces **increased by 40%**, due in part to expansion of our total square footage and increased use of digital technology. With this in mind, we recognize a greater need to invest in energy efficiency in order to truly commit to our targets and combat climate change.

TRANSPORTATION. Based on our 2017 carbon footprint analysis, emissions from upstream transportation make up more than 25% of our footprint due to heavy reliance on air shipments for materials and products. This has been a particular challenge during a time when business has

slowed—our upfront commitments need to balance financial performance with timely planning and decision-making early in the process. To lower our risk, we wait for commitments from buyers before carrying out orders so that we are not left with excess inventory. Unfortunately, this means that we have had to sacrifice our lead times—thereby delaying the production process, which ultimately dictates the eventual mode of shipping. We understand that this is an area of opportunity for us and are working to refine our Product Life Cycle to allow us to create more efficient organizational processes.

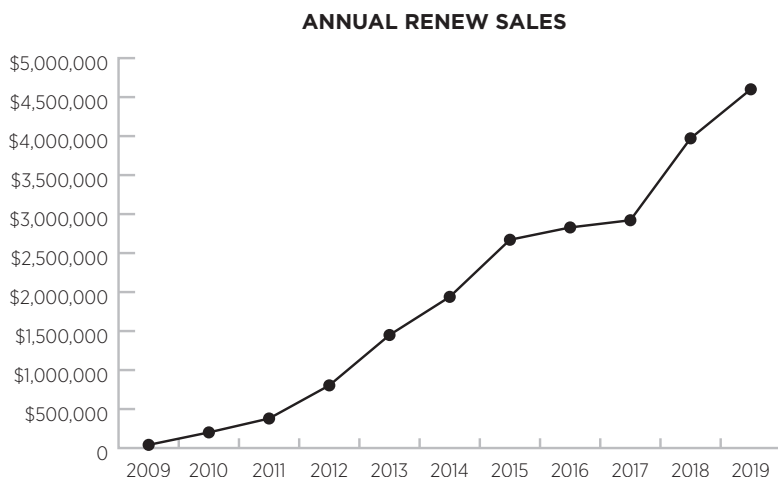
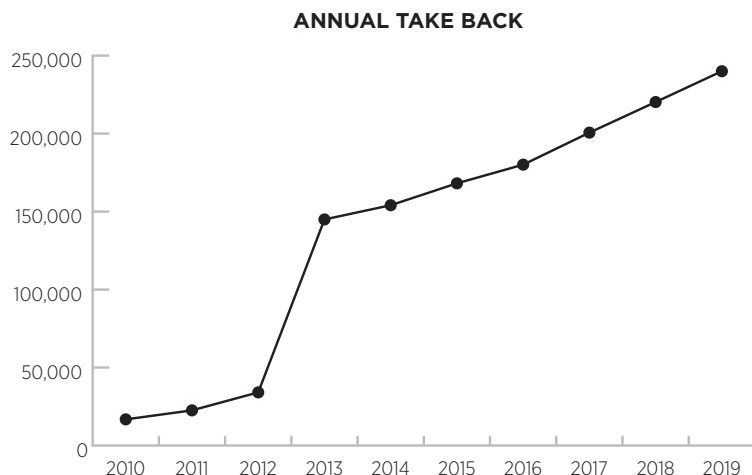
DATA. Measuring progress requires appropriate metrics and data that are valid and reliable. Our data is often imperfect, and we rely on secondary industry LCA and proxy data to calculate our impact, which may not be entirely reflective of our own supply chain. We understand the flaws in our GHG accounting and continue to work on improving data integrity in our internal processes. We are committed to supporting partnerships that can benefit the industry with more precise primary information.

Waste

At EILEEN FISHER, we believe that making clothes is a lifetime commitment. We design our clothes to last, but when our customer is done with them, we take them back to be reworn or remade into new designs. It's how we're taking responsibility for what we make—and where it ends up.

SUCCESSSES

RENEW. In 2009, we introduced a take-back and reuse program that preserves the value of our clothes and imagines a future without waste. To date, we have taken back 1.39 million garments.



Here are some Renew highlights for 2019:

- In 2019, **the number of garments taken back increased by 17%**. These 258,538 garments represent 6% of all new garments made in 2019 for our main line.
- We saw a **14% growth in the number of Renew units sold**—109,712 units, compared to 96,129 in 2018.
- We launched a new inventory system, **Fishbowl**, to support the ongoing tracking and planning for our 100,000 units of damaged inventory.
- Roughly 25% of the clothes we take back are damaged beyond repair. Instead of sending them to a landfill, we deconstruct these pieces and re sew the remaining fabric to create entirely new designs. In 2019, **we re sewed over 500 units for our RESEWN Collection**, including 4 one-of-a-kind pieces by **Lilah Horwitz**.
- When pieces come back to us with some minor stains and flaws, we give them a new lease on life. This year **we salvaged 250 pieces by over dyeing them with natural ingredients** in partnership with **Botanical Colors**.
- Continuing our efforts from 2018, **we hosted 8 “Not-Quite Perfect” sales** at our warehouses and pop-up events across the country. This event offers customers an opportunity to extend the life of garments that may have minor flaws but are still beautiful and wearable.

WASTE NO MORE. Born from an R&D collaboration between Eileen Fisher and Sigi Ahl, Waste No More offers a unique scalable solution for repurposing damaged clothes through needle felting. Riding the success of 2018’s debut at the Salone del Mobile in Milan, our Waste No More program pursued new opportunities in the home, art and architecture markets.

In 2019, we used **11,000 units of damaged garments** to create felted wall decor, home goods and accessories. In Resort 2019, we also launched a collection of Waste No More fashion accessories and home goods in select EILEEN FISHER stores and online, with **sales of over 235 units**.

EXHIBITIONS. Waste No More held several exhibitions in 2019: Salone del Mobile (Milan, Italy); Sustainable Thinking – Museo Salvatore Ferragamo (Florence, Italy); Vienna Biennale for Change 2019 – MAK Museum of Applied Arts (Vienna, Austria); Circular Materialists Exhibition – Kazerne Gallery (Eindhoven, Netherlands); Galleria Rossana Orlandi (Porto Cervo, Sardinia); Circular by Design Exhibition – Tarkett Atelier (New York City, USA); Cooper Hewitt Smithsonian Design Museum – WNM Wallwork part of the Permanent Collection (New York City, USA); Premiere Classe – International Fashion Trade Show (Jardins des Tuileries, Paris, France).

In addition, the Waste No More team worked on several commissions, including installations for a New Canaan private residence, Dear Mama Café at Columbia University, Ohm Condominium in New York City as well as 13 framed artworks at Little Dix Bay Hotels, LLC. The damaged inventory used for these pieces include various blends of wool, woven and knit linen, cotton, silks, etc.

COLLABORATIONS & PARTNERSHIPS. We believe in the importance of industry collaboration. When we began this journey, it was truly a learning curve trying to figure out how to navigate a new market. Thankfully, we have seasoned partners to guide us along the way.

- Waste No More began partnering with **Pentatonic** to find upcycled solutions for our damaged inventory as well as for materials that are hard to recycle. There are several concepts in the pipeline for potential development.
- We also embarked on a co-branded marketing venture with a large home retailer. Our 650+ units of Waste No More product will debut in Fall 2020.
- We started engaging with **Trend Union**, an important thinking partner helping us to expand into the art and architecture market with Waste No More wall installations.
- **Innovatheque** is now hosting Waste No More felted samples in their permanent library.

CHALLENGES

Balancing the pace of incoming damaged garments and outgoing artworks, home goods and Renew pieces requires a finely tuned system to store, process and manage inventory. It also requires scalable solutions for bringing products to market. Moreover, developing a whole new aspect of business in the home, art and architecture space means entering unfamiliar markets and territories, and we continue to build this bridge as we tread across.

Supply Chain

Social and environmental responsibility is an integral part of our sourcing strategy. Our Social Consciousness team partners closely with the Sourcing team to embed ethical production and responsible sourcing practices into our supply chain. We vet our suppliers carefully using our Social and Environmental Implementation Guide (SEIG), which outlines our minimum standards for social and environmental compliance and requires our suppliers to meet this code of conduct. Using this as a framework for engaging with suppliers, we developed additional in-house tools to monitor performance and assess risk.

Our Social Consciousness team aggregates social and environmental data into a supplier Eco-ethical Scorecard that serves as a performance dashboard of our finished garment suppliers. This scorecard is shared with our sourcing team so that environmental and social considerations can be factored into their sourcing decisions. To ensure transparency, we also share performance information and scoring methodologies with our suppliers, providing equal partnership in the way we conduct business and encouraging continuous improvement.

SUCCESSSES

AUDITS AND VERIFICATION. Over the last three years, we've verified the practices of nearly all our finished garment suppliers through third-party audits.

In 2019, our supply chain partners included **42 finished garment suppliers**—15 of which account for 80% of our products. Through audits and worker surveys, we **monitored 17 facilities** this year. Combined with those facilities that were audited in 2018, a total of 39 suppliers have been evaluated, representing **94.75% of our total units** produced for 2019.

WORKER WELL-BEING. We continued to focus on enhancing the livelihoods of workers in our supply chain. Using **Ulula's** mobile phone survey platform, we conducted well-being surveys in partnership with 8 suppliers across China and Vietnam. We also started working closely with suppliers to brainstorm activities for 2020 that would help improve the well-being of workers. We partnered with **Verite** and our core sweater supplier in China on a two-year Worker Well-Being and Occupational Health and Safety (OHS) training program in 2019. The goal of the program is to improve worker well-being as well as the OHS performance of the factory by empowering workers through peer education.

SOCIAL PRODUCT SCORE (SPS) TOOL. We use a proprietary tool called the Social Product Score to assess whether a supplier complies with our SEIG, pays a living wage, has achieved SA8000 or Fair Trade certification and makes a positive difference in workers' lives. Building on the work that was done to update our criteria for qualifying a factory as "socially responsible," we added robust scoring to our Social Product Score 1.5 tool.

In 2019, **16.1% of all units** were made at factories that met our benchmark, which is 0.4% lower than in 2018. While not a significant change overall, there were substantial shifts within product categories. For example, within the “knits” category, we discontinued production at our only two socially responsible suppliers (one due to a factory closure, and the other due to the factory’s separation from its vendor). We made a great deal of progress within the “wovens” category, where we added several new, socially responsible suppliers. And within the “sweaters” category, overall social performance of our suppliers increased markedly.

% OF PRODUCTS THAT MEET SPS 1.5 CRITERIA

YEAR	2017			2018			2019		
Overall	13.0%			16.5%			16.1%		
Knits	11.8%			11.9%			0.7%		
Wovens	0.2%			3.5%			10.5%		
Sweaters	1.1%			1.1%			5.0%		
SEASON	S17	F17	R17	S18	F18	R18	S19	F19	R19
Overall	15.0%	11.0%	12.8%	22.2%	12.6%	14.0%	20.3%	11.6%	13.8%
Knits	14.7%	9.9%	10.1%	21.9%	9.0%	3.8%	3.5%	0.0%	0.0%
Wovens	0.0%	0.4%	0.2%	0.1%	1.7%	8.9%	36.9%	23.9%	23.1%
Sweaters	0.4%	0.8%	2.5%	0.2%	1.9%	1.3%	22.3%	19.6%	25.5%

In 2020, we will be asking our suppliers to complete the **Higg Facility Social & Labor Module (Higg FSLM)** and will use this as a tool for collecting social data moving forward. Our plan is to engage with **Social Accountability International (SAI)** on a new and more robust scoring algorithm that will leverage Higg FSLM to extract relevant social data.

HIGG FEM. As part of our environmental program, we ask our suppliers to adopt the Sustainable Apparel Coalition’s (SAC) **Higg Facility Environmental Module (Higg FEM)** self-assessment tool, and we require verification of all responses by a third party. This allows us to access information about the facility’s environmental performance through a verified industry platform, without burdening factories with multiple audits or contributing to audit fatigue. Moreover, the data collected through Higg FEM can be used to benchmark against our SEIG. In 2019, **20 of our finished garment suppliers completed the Higg FEM 3.0 self-assessment tool, and 17 verified their Higg FEM.** These suppliers represented 66% and 55% of our 2019 units produced, respectively.

ARTISAN COMMUNITIES. Advancing the work from 2018 with **Nest**, we rolled out an agreement to target the unique needs of vendors with small workshops or homemaker supply chains. Part of the EILEEN FISHER Purchase Order Terms and Conditions, this supplementary information, internally referred to as the “artisanal addendum,” intends to clarify our understanding of the nuances involved in small workshops and homemaker supply chains. It also outlines the expectations of our vendors who are producing in these settings so that more visibility and responsibility is brought to this production system. To further enhance this work, we are partnering with Nest in two additional ways: (1) to create two training videos for artisanal vendors, specifically focusing on the topics of supply chain transparency and record keeping; (2) to create an internal tool to capture supply chain mapping data alongside social and environmental attributes, which we hope to roll out in 2020.

CHOOSE HANDLOOM PROJECT. We successfully concluded the first three years of the Choose Handloom project with the **Self-Employed Women's Association (SEWA)** in Phulia, India, where many of our scarves are woven. Over the course of three years, **we reached 3,015 weavers and trained 35 women leaders in the community.** SEWA was instrumental during the Indian census survey, ensuring that weavers in the community are registered as such. As a result, weavers are now able to access social benefits that include yarn subsidies and loans to help advance their livelihood. SEWA also helped improve the well-being of weavers through health awareness sessions, health checkup camp, eye camps and yoga sessions.

CHALLENGES

LIVING WAGE. In 2019, we continued collecting raw wage data to compare against credible benchmarks such as the Global Living Wage Coalition, MIT Living Wage Calculator, Asia Floor Wage, Fair Wage Guide, trade union collective bargaining agreements and Clean Clothes Campaign statistics. Our supply chain has changed significantly over the past three years, and we have just begun to get a better picture of wages throughout.

Living wage has been part of our VISION2020 road map for the last 5 years, and we are only now learning just how systemic and complex this issue can be. Fair and living wages are an important part of well-being for our supply chain workers. While we were not able to reach our goal of having 100% of workers paid a living wage, we stay committed to achieving targets around wage transparency, women workers and respectful engagement with stakeholders on this topic.

RESPONSIBLE SOURCING. The human rights team attempted to create SPS goals in partnership with other internal teams, hoping to create a system that would reward socially responsible suppliers. However, it was challenging to harmonize our social and sourcing goals in 2019 due to supply chain shifts caused by the global and political economic climate, as well as some factory closures in China.

ENVIRONMENTAL. Driving environmental change throughout our supply chain is extremely complicated. It requires working across multiple geographical locations (as well as resource availability in those regions), navigating different political regimes and regulatory requirements, overcoming financial barriers that enable the use of best available technology and providing incentive and a level of awareness to management teams that are instrumental in improving manufacturing practices. We continue to collaborate with external industry partners that are working to break down these barriers and provide suppliers access to tools they need to advance environmental progress.

Product Life Cycle

Last year, we launched the Product Life Cycle (PLC) initiative to help reduce the time it takes for a garment to be designed, manufactured and shipped to stores by creating more efficient processes. As our PLC process evolves, we are gaining insights on how we can build supplier voice into our internal processes through partnerships with **Better Buying** and **Harvard SHINE**, using their measurement approach as a barometer for our own progress.

SUCCESSSES

PRODUCT LIFE CYCLE CALENDAR. Our initial hope in building a calendar to document product milestones was to be able to set accurate expectations, strengthen vendor relationship and allow ample time for sea shipments, thereby lowering our carbon emissions.

In 2019, we constructed and implemented a PLC calendar to map all high-level business processes from the conception of a season until the product is available for purchase by the end customer. Setting this cadence and establishing critical decision-making points throughout the year will allow us to capture teams' needs at the start of the season, capitalize on capacity and scale benefits and ship more goods by sea. By structuring these milestones at each stage of the process with representatives from each business function, we are creating greater transparency and access to information throughout the season.

There are seven major goals that we strive to achieve throughout the PLC process:

1. Provide transparency to all teams throughout the process as well as information on the progress of the season.
2. Identify areas of opportunity for business process improvements.
3. Balance time spent on each part of the process and prioritize tasks that will help the business evolve and grow.
4. Understand what decisions are critical, when those decisions must be made and cost implications.
5. Develop relevant Key Performance Indicators (KPIs) that allow us to improve.
6. Move more goods by sea, which is less costly and more in line with our sustainability goals.
7. Improve vendor well-being by giving them accurate information earlier in the process, allowing them to better plan their workload.

SAMPLE REDUCTION. Through our work on the PLC in 2019, we identified several opportunities for process improvements and are partnering with teams to work more efficiently. For example, by implementing new tools and processes to automate KPIs around sample orders, we are now able to auto-generate data that provides visibility into sample ETAs (Estimated Times of Arrival) and total samples ordered. This information supports various teams' work in planning and sample sharing, budgeting, accruals and invoicing. Overall, these KPIs help us to better measure our sample reduction efforts much more accurately and seamlessly.

We are continuing to work with our teams to reduce the number of samples we purchase per year. In 2019, we implemented a Top of Production (T.O.P.) program with Nordstrom, our largest buyer. We were able to reduce 1,000 samples by pulling from bulk production rather than asking our vendors to make additional sample sets. We also launched our first digital showroom, NuOrder, to alleviate the need for our buyers to travel to our showroom, saving time, expense and carbon emissions.

BETTER BUYING INITIATIVE. To understand how these changes are impacting our purchasing practices, we joined the Better Buying initiative, which offers a platform for suppliers to anonymously communicate with us about our purchasing practices using various KPIs developed by Better Buying. In 2019, our Better Buying survey had a supplier **response rate of 33.9%**, and an overall **Better Buying score of 2.5** (out of 5), up 0.5 points from 2018.

HARVARD SHINE. We kicked off a three-year research project with Harvard at two of our factories in Los Angeles with the goal of connecting the dots between our purchasing practices and worker well-being in the supply chain. Through in-depth engagement between internal teams and both suppliers, we gained tremendous insights (through business performance and well-being metrics) during the first year. Our hope is to share these findings with leadership teams to see how we might shift our own purchasing practices to be more conscious of our impact on worker well-being.

CHALLENGES

Although we know that adopting new processes and behaviors can take time (at least two years), we are committed to collaborating with relevant teams to ensure accountability and timely decision-making. We will continue to monitor our progress, using Better Buying results as a benchmark, to help teams better understand how our workflow can impact suppliers and workers in our supply chain.



Benefit 2

AN INCLUSIVE WORKPLACE

We are committed to creating an inclusive workplace that respects and honors differences in gender, age, race, ethnicity, religion, sexual orientation and political views.

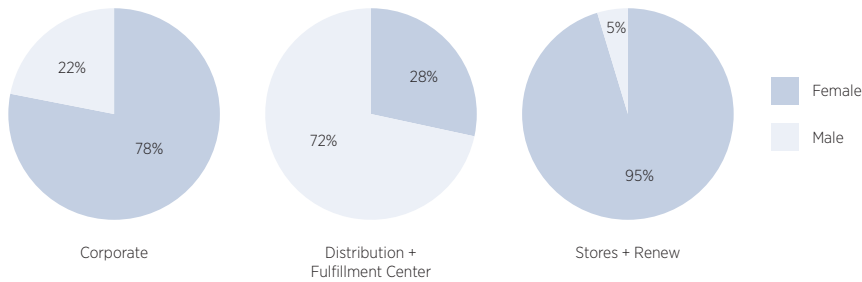
Overview

At EILEEN FISHER, we strive to create an inclusive and respectful workplace. We all benefit when we work in an environment where our differences are valued. We all succeed when we are respected, supported and valued for who we are. We all thrive in a culture of inclusion.

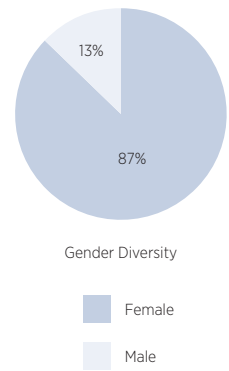
Here's a snapshot of the people at EILEEN FISHER:

GENDER DIVERSITY

Company Wide: 84% Female / 16% Male

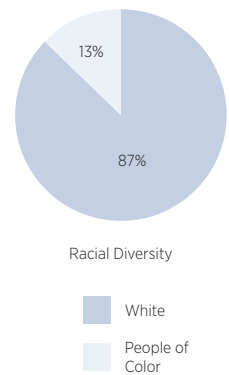
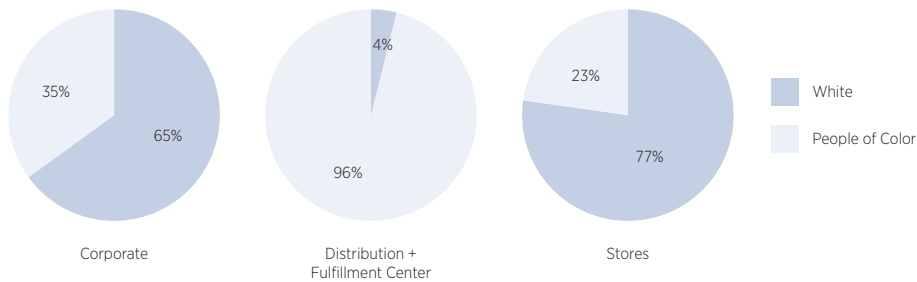


BOARD OF DIRECTORS

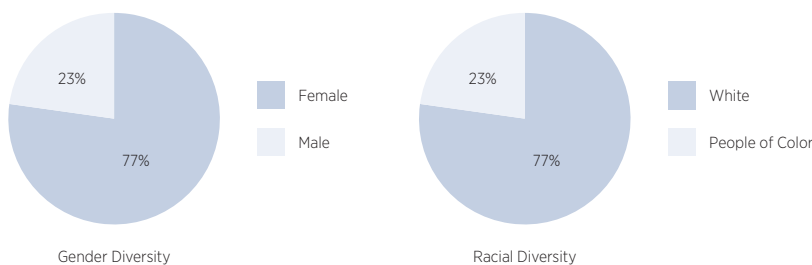


RACIAL DIVERSITY

Company Wide: 68% White / 32% People of Color



LEADERSHIP



SUCSESSES

In 2019, we renewed our commitment to our diversity and inclusion efforts by launching an Inclusion team led by two senior leaders. This team focused on four key areas.

1. **DATA.** We established the data parameters that we would look at on a quarterly basis and share with Leadership.
2. **EDUCATION.** We partnered with **The Winters Group**, a consulting firm focused on diversity, equity and inclusion. They facilitated a workshop with our Senior Leaders to deepen their understanding and commitment to building cultural competence and creating an inclusive workplace.
3. **INFORMATION.** We shared articles, blogs and interviews with thought leaders and the entire employee community via our intranet, fishNET.
4. **ADDRESS ISSUES.** We actively addressed internal and external issues and concerns related to diversity and inclusion. When customers expressed that they felt they were being treated differently based on their race, body size or gender, we contacted them directly and sought to understand their needs, addressing their concerns with empathy and ensuring them that we would do better in the future.

WORKPLACE INCLUSION. Key events that demonstrated our commitment to workplace inclusion in 2019:

- In January 2019, we announced a renewed effort to focus on diversity and inclusion and appointed two leaders to move this work forward. A cross-functional group helped to shape this initiative by identifying key parameters, drafting a survey to gauge the community's sense of inclusion and providing updates on the initiative at each of our company town hall meetings.
- In the spring, we launched an internal campaign to elevate the understanding and usage of the company's intranet site, fishNET. Our focus was to reposition the site as the go-to place for networking, sharing information, collaboration and project management. We completed a number of projects, including online tutorials, videos on key site features, comprehensive toolkits, and a company-wide contest. The fishNET team also leveraged an expanded 20-member team of ambassadors to help increase participation on the site.
- Due to financial constraints, we decided not to hold our annual summer picnic. However, we still wanted to commit to community building and socializing and decided to hold informal, fun community gatherings in each of our three corporate locations. In each location, we solicited help from employees who were interested in taking the lead on designing and organizing the events.

EMPLOYEE ENGAGEMENT. In the spirit of inclusion, we strive to engage employees in a number of company initiatives. For example, we invited employees to participate in walk-throughs of our Resort and Fall lines. We encouraged them to take photos of the 4-5 pieces they loved and share their feedback, allowing them to make their voices heard.

We also re-engaged a volunteer committee of a dozen employees to conduct the review and decision-making processes for our new Supporting Women in Environmental Justice grant program. This is a three-month engagement involving a paired proposal reading process, two review meetings and several interviews with grant finalists. Committee members reported that they found it very rewarding to be involved in the grant process, which, in 2019, culminated in awarding \$200,000 to seven deserving organizations.

DIVERSITY & INCLUSION SURVEY. In April, we launched an internal survey on workplace inclusion to gauge people's sense of inclusion at EILEEN FISHER. It focused on (1) ability to express personal opinions, (2) participation in team decisions and (3) employees' feelings of being valued. The survey included both quantitative and qualitative questions.

Nearly a quarter of our community participated, and there were six key takeaways:

1. 75% percent of survey respondents felt included and that their opinions mattered.
2. Many people don't share feedback for fear of retribution and/or job loss. There is a lack of trust in leadership.
3. Employees feel that leadership often asks for feedback but then doesn't act on it. This leads to people feeling their feedback is not acknowledged, or that they have not been heard.
4. Many Employees feel they are perceived as negative or not a team player if they express an opinion that's critical.
5. Anonymity is important when participating in surveys.
6. Leaders have a tremendous impact on people's feeling of inclusion and safety. (One-on-one meets with leaders are the most valuable way to seek out views and opinions.)

DIVERSITY & INCLUSION WORKSHOPS. One of the facets of the Diversity & Inclusion team's work was to pull data from the past three years to identify any meaningful patterns. These findings were presented to the Co-CEOs and the Chief Brand & Culture Officer, leading to a commitment to bring diversity and inclusion education to the company. Senior leadership participated in a one-day workshop led by The Winters Group called "Fostering Cultural Competence and Inclusive Leadership at EILEEN FISHER." The objectives of the session were to (1) understand and define cultural competence, (2) explore how to achieve greater cultural competence at EILEEN FISHER through greater self-understanding, (3) practice and discuss inclusive leadership and (4) strategize about how to support and drive diversity, equity and inclusion. This workshop will be rolled out to retail store leaders and members of our People & Culture Department and Social Consciousness Team in 2020.

BENEFITS SURVEY. In April 2019, we launched a survey to ask employees how they experience our unique benefits. The intention was to find out which benefits were most meaningful to our community as well as to solicit new ideas. We received close to 800 responses.

Three key takeaways:

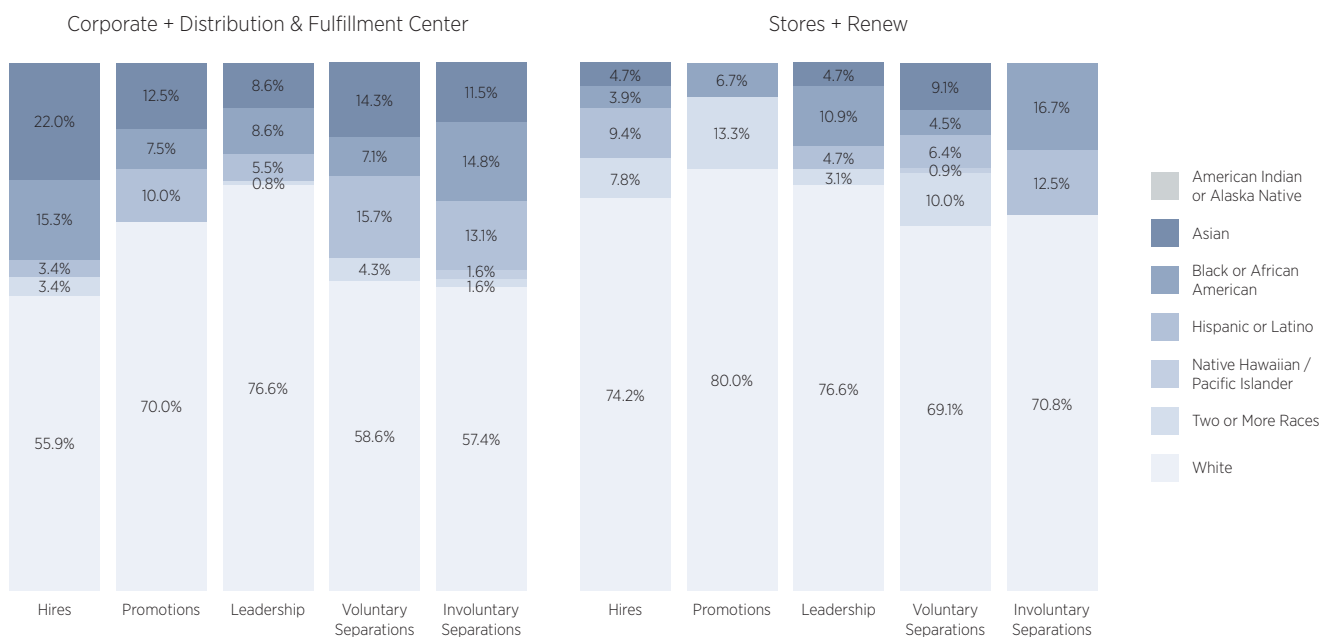
1. Employees are happy with the benefits that are currently offered, and they appreciated the opportunity to share their thoughts and feedback.
2. There is a strong desire for connection with others in the community.
3. Of the six topics polled, employees ranked profit sharing as the most important. Profit sharing recognizes our collective efforts and enables employees to share in the company's profitability.

CHALLENGES

COMPANY RESTRUCTURING. In Fall 2019, we eliminated 48 positions in the company. These actions were made to restructure the organization, reduce expenses and relook at what was needed to support the company in the future. In addition to these departures, there were a number of individuals throughout the company who chose to resign.

DIVERSITY. Our workforce and leadership remains predominantly female. We have identified the following opportunities to further improve diversity companywide:

ETHNICITY: 2019 NEW HIRES, PROMOTIONS, LEADERSHIP AND SEPARATIONS



- In our stores, 3.8% of new hires were Black/African American while 20% of the separations (voluntary and involuntary) were Black/African American.
- The percentage of leaders who are people of color declined from 2014-2019 (-9%).
- When the 2019 Diversity & Inclusion effort was launched, there was no budget allocated for this initiative.

TALENT ACQUISITION. We see an opportunity to attract a more diverse pool of candidates, and continue to post all open positions on Indeed.com, LinkedIn and ZipRecruiter to catch a wider array of talent. In addition, we contracted with Diversityjobs.com to broaden our reach to more diverse communities, including candidates who identify as Latino, African American, disabled, vets, LGBTQ, etc. We intentionally sought a broader range of candidates for our Summer Internship Program, which was racially and ethnically diverse. We continued our involvement and support of Greyston Bakery's Open Hiring Model, which promotes inclusive and nondiscriminatory hiring practices.

Benefit 2b — Benefits & Wellness

OVERVIEW

Since 2005, we have been an employee-owned company with an Employee Stock Ownership Plan (ESOP). Eileen Fisher personally owns 58% of the company, and the remaining 42% is held by the ESOP and related trust. This is distributed among employees, past and present, with none holding 5% or more of the outstanding shares. The company makes cash contributions to the ESOP on a periodic basis. Additionally, the company is required to annually repurchase some ESOP shares from former employees or those eligible for diversification. In 2019, we repurchased shares totaling \$2,931,025.86.

The core benefits listed in last year's report remain intact. These are: Medical and Dental Insurance, Flexible Spending Accounts, Short-Term and Supplemental Disability, Long-Term Disability, Life Insurance, 401(k) Employee Savings Plan, Paid Time Off, Employee Assistance Program and Employee Discount on the purchase of EILEEN FISHER product. In addition, employees can now make Roth contributions to their 401(k) accounts, effective 2019.

SUCCESSSES

ORIENTATION. This program introduces new employees to our company culture, values, and strategy. Our sustainability principles and practices are integrated into the program so that employees can understand how their individual work can contribute to our collective goals. In 2019, 34 employees received orientation training.

STORE LEADER MEETINGS. In 2019, we held two in-person meetings for our store leaders, creating opportunities for them to provide valuable input on seasonal product decisions. These meetings ensure that the product we buy meets the needs of our customers, helping us to reduce excess inventory and waste.

NEW LEADER DEVELOPMENT. New leaders engaged in a two-day leadership development program where they deepened their understanding of our company values and learned tools and techniques for effective management.

COURAGEOUS CONVERSATIONS WORKSHOPS. To help employees prepare for our annual development dialogue process, we held workshops that empowered employees to engage in meaningful conversations with their leaders and to practice active listening.

INCLUSIVE LEADERSHIP WORKSHOP. Senior leadership participated in a full-day workshop designed to deepen their understanding of diversity and inclusion practices.

GROW. The Grow Series is a learning experience designed to stimulate personal growth and transformation, fostering a sense of individual purpose and strengthening connection to our company purpose. It culminates with an individual development plan, a road map to support continued growth that participants share with their leaders. In 2019, two cohorts graduated from the Grow program (46 employees total).

CHALLENGES

Last year was a challenging retail environment for EILEEN FISHER. Revenues were down significantly from 2018, and this led to changes in leadership, increased workloads, a reduction in workforce, the elimination of on-site wellness offerings and no annual salary increase. Overall, morale was low throughout the company, as these shifts challenged the workplace culture EILEEN FISHER is known for.



Benefit 3

BUSINESS FOR GOOD

We believe in conducting business in ways that empower women and girls, support the fair treatment of all people and preserve the environment.

Overview

Despite ongoing challenges for the business, EILEEN FISHER remained committed to doing business for good. This included a range of charitable and volunteer initiatives that engage employees, customers and organizational partners in a variety of ways, such as:

- Charitable donations and in-kind donations
- Philanthropic commitments with partner organizations
- Paid time off for employee volunteerism, including company-facilitated community service projects like In Good Company volunteer trips and Climate Ride fundraising experiences
- Pro bono services and facilities for charitable organizations
- Matching gift program for employee donations
- Marketing and advertising campaigns that amplify the values behind our clothes
- Employee-run Caring Committee that identifies and fundraises for local nonprofits
- Employee volunteer committees that evaluate and fund nonprofits that align with the company mission
- In-store giving campaigns and events featuring charitable partners

SUCCESSSES

CORPORATE PHILANTHROPY. In 2019, we donated over \$675,000 to 178 organizations across five areas of philanthropic focus:

- Environment: \$203,004.22
- Human rights: \$52,164.09
- Women & girls: \$107,251.85
- Women & environmental justice: \$200,000.00
- Other: \$118,194.30

Note: These totals represent all US, UK and Canada operations. Donations data in other currencies has been converted to USD. These figures do not include in-kind donations, such as clothing.

SUPPORTING WOMEN IN ENVIRONMENTAL JUSTICE PROGRAM. We launched our new grant program, Supporting Women in Environmental Justice, which is our new pillar of philanthropic

activity. This program recognizes that while women and girls are most vulnerable to climate change, they also hold the unique firsthand experiences to solve for local and global environmental issues. Specifically, this grant program funds organizations addressing three distinct areas:

1. Increasing women's participation in decision-making. Nonprofits and applicable programs must be able to demonstrate how their programs lead to positive environmental outcomes in addition to improving women's representation.
2. Training women and girls in climate change adaptation, mitigation and advocacy.
3. Engaging women in the sustainable economy.

In our first year of this grant program, we awarded seven organizations with a total of \$200,000 in grants.

GIVING CAMPAIGNS & IN-STORE EVENTS. In 2019, we hosted nationwide in-store giving campaigns benefitting two nonprofits:

- For our Spring Event, our retail stores and ecommerce site donated 10% of sales, up to \$100,000, to the **Women's Earth Alliance**, an organization that empowers women worldwide to protect the environment.
- In honor of International Women's Day, EILEEN FISHER donated 100% of sales on March 8-10 from the Morse Code Collection (up to \$75,000) to **Vote Run Lead**, a nonpartisan organization that's helped over 30,000 women run for elected office.

In addition, our stores host events throughout the year and support their own local charitable causes that are meaningful to their communities. In 2019, these causes included:

- Our Sanibel (FL) store donated 10% of a day's proceeds to ARTREACH, a program of the **Human Trafficking Awareness Partnerships**, which educates and empowers young girls and spreads awareness to end human trafficking.
- Our Nashville (TN) store hosted a fashion show and donated 10% of sales to **Thistle Farms**, an organization dedicated to helping women recover from domestic violence.
- Our Water Tower (IL), Somerset (MI), Highland Park (IL), Edina (MN) and Cleveland (OH) stores each donated 10% of one day's sales to support the **Alliance for the Great Lakes**, an organization committed to restoring and maintaining the health of one of the world's most important marine ecosystems.
- Our Fillmore (CA), Mill Valley (CA) and Palo Alto (CA) stores each donated 10% of one day's sales to **San Francisco Baykeeper**, an organization committed to reducing pollution in the San Francisco Bay.

CHALLENGES

Business was challenging in 2019, which meant that we had fewer dollars available to support our charitable partners. We decided to focus on aligning our limited dollars around the "Supporting Women in Environmental Justice" theme, while donating to fewer charities to deepen our impact. This unfortunately meant that we were not able to support many organizations that we may have donated to in the past.



Benefit 4

We strive to work collaboratively and transparently with other companies in the fashion industry to advance ethical business practices.

Overview

Connection and collaboration are at the core of who we are and how we do business. Our focus on women, sustainability and circular design has made us a thought leader in the industry, and it has afforded us the opportunity to both mentor and learn from like-minded brands. We are committed to continuing these important partnerships because we have long believed that, as Eileen likes to say, “business can be a movement.”

SUCCESSES

PARTNERSHIPS. In the course of our daily work, our teams **partnered with 31 organizations** that are similarly committed to changing the way business is done. These partnerships help us deepen our impact on supply chain practices, materials sourcing, state and national policy, circular product, carbon reduction and responsible business practices overall.

American Sustainable Business Council	Leather Working Group
B Lab	MIT Solve
bluesign®	NativeEnergy
Brown and Wilmanns Environmental LLC	Nest
Business for Social Responsibility	New York University’s Center for Responsible Business
Ceres BICEP (Business for Innovative Climate and Energy Policy)	Organic Cotton Accelerator
Canopy	Planet Water
Chief Executives for Corporate Purpose	Preferential Tariff Project
Climate Ride	Responsible Sourcing Network
Cradle to Cradle Products Innovation Institute’s Fashion+	Savory Institute
Future-Fit	Science Based Targets Initiative
GCNYC Fair Fashion Center	Social Accountability International
Good World Solutions	Sustainable Apparel Coalition
Harvard SHINE	Textile Exchange
In Good Company	Verite
	World Resources Institute Market Makers

BRAND & STUDENT CONVERSATIONS. We believe strongly in sharing our learning with students, entrepreneurs and businesses. Why do this? To continue to build a community with shared values and a shared vision for a better world. In 2019, this amounted to the following activity:

- 50 tours of Renew Recycling Center and Tiny Factory
- 50 one-on-one conversations with brands
- 8 student tours of our NYC showroom
- 8 student/early career webinars

ADVOCACY. We are committed to using our voice to fight for the issues we believe in. We took the following actions in 2019:

- December Participated in ASBC's **Capitol Hill Advocacy Day**, whereby our Associate General Counsel and our VP, Social Consciousness met with Congressional staff to discuss the need for policies in support of high-road workplaces.
- September Encouraged EILEEN FISHER employees to take time out of their regular workday to participate in **Climate Strikes** in their regions.
- July Announced via social media our **support of immigrants**: *EILEEN FISHER is committed to the well-being of every person in our company, supply chain and the communities we touch. That includes immigrants striving for better, safer lives—values the US stands for. Immigrants help make our company, and our country, what it is.*
- June Co-signed a letter in support of women's reproductive rights alongside other CEOs that was featured in a **New York Times ad** on June 10.
- Published our supplier list on our website and committed to a bi-annual update, in cooperation with the International Corporate Accountability Roundtable's Apparel and Footwear **Supply Chain Transparency Pledge**.
- May Our Associate General Counsel participated in the **BICEP annual advocacy day**, speaking out on behalf of effective and meaningful climate policy. Ben and Jerry's, Seventh Generation and Levi's were in attendance as well.
- February Signed Business for a Fair Minimum Wage's Federal Sign-On Statement in support of the **Raise the Wage Act of 2019**.

SPEAKING & CONVENING. We believe in the power of making space for conversations that matter. In 2019, we made space for the following engagements:

- The Social Consciousness Team and colleagues made **68 presentations** at industry gatherings, university classes and conferences.
- Over the course of 2019, **Eileen** participated in several speaking engagements, including *Wall Street Journal's* Future of Everything Festival, UN National Committee of UN Women panel event, Design Talks: Impact Summit, Fair Fashion CEO Summit and Nasdaq's Spotlight. She also participated in several podcast interviews including *WSJ Secrets of Wealthy Women*, *Business of Fashion's Drive*, CNN's *Boss Files with Poppy Harlow* and *theSkimm*. Eileen was also honored with the 2019 Designer of the Year Award at the American Image Awards hosted by The American Apparel & Footwear Association as well as with the Positive Change Award at the annual CFDA (Council of Fashion & Designers of America).
- In addition, we developed a team of **brand representatives** who can speak on behalf of the brand at conferences, events and media interviews. We felt it important to have representation across all of our brand pillars—social consciousness, sourcing, circular design and women & the environment. Speaking engagements included the National Retail Federation, The Drapers Sustainable Fashion Conference, LIM Fashion & Sustainability Summit, World Retail Congress, Aspen Institute, Brand Assembly, US Chamber of Commerce Foundation and *CBS This Morning* among others. Notable media coverage included *Vogue*, *New York Magazine*, *The Cut*, *Fashionista*, *Wall Street Journal*, *Women's Wear Daily*, *Business of Fashion*, *Forbes* and *Washington Post* among others.

- In April 2019, we hosted the second gathering of women B Corp CEOs, drawing over **70 women leaders** from across the country. The event, now called, “We the Change: Women Leading Business for Good” mobilized participants around a shared commitment to (1) advance women’s leadership, prosperity and well-being, (2) promote sustainable business practices and innovations, (3) increase the flow of capital to women-led enterprises, (4) advocate for systemic change to uplift marginalized identities and (5) align with the UN’s Sustainable Development Goals.

CHALLENGES

Though we continue to collaborate with like-minded organizations who share our values and vision, we have been challenged to find other brands willing to join forces with us to improve the environmental or social impacts of clothing production within our own supply chain.

Some areas in which we have had limited success and where partnerships with multiple stakeholders, academics and NGOs could help create change include:

- Finding sustainable solutions to packaging used for shipping garments from factory to warehouse.
- Increasing overall traceability of our supply chain.
- Finding viable upcycling solutions for our secondhand Renew clothing in damaged condition.