

# **AMERICAN TEXTILE CO.**





## Sustainability Impact Report 2020

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## 2020 Sustainability Highlights

### 1,132,014 kWh Annual Energy Savings

\*see pg. 10 for details

MERICAN TEXTILE CO

## 1,500,000+ COVID-19 masks produced \*see pg. 17 for details

## 336,220,065

plastic bottles recycled into pillow fiber

\*see pg. 14 or details

3.434

16% internal promotions \*see pg. 21 for details

**1,000** weighted blankets donated to UPMC Hillman Cancer Center

#### pillows donated to local medical centers, hospitals, and charities \*see pg. 16 for details

## Organizational Highlights

#### Stepping up During COVID-19

During the height of the COVID-19 pandemic, we switched gears and began producing masks to help stop the spread of the virus. For more information on this effort, please see page 17.

#### Increased Investment in eCommerce Capabilities

We made strategic investments to improve our eCommerce capabilities, including modernizing direct to consumer capabilities, hiring additional team members to support critical functions like content, ratings, reviews, and digital advertising, and investing in team-wide training and certification. We also deployed Salsify product information manager to organize eCommerce content and to enable content syndication to key eCommerce partners

#### Expansion in Tifton, GA

We are planning a more than 100,000 square foot expansion to our manufacturing and distribution center in Tift County, GA. The addition will bring the total square footage in Tift County to more than 500,000 square feet. Construction on the project is underway, with completion expected in early 2022.

## WalMart Supplier of the Year

We received two prestigious awards from Walmart in 2020: Supplier of the Year in the Bed & Bath category and Supplier of the Year in the General Merchandise category. Walmart highlighted American Textile Company's work in identifying new ways to appeal to the Walmart Shopper, and their ongoing innovation and strategic omnichannel approach with the Tranquility Weighted Blanket as keys to their impressive success.

# From our Leadership

American Textile Company is pleased to release our first Sustainability Impact Report. As the leading provider of performance sleep solutions, we recognize the strong connection between a good night's sleep, a healthy environment, and overall wellness. Our environmental, social, and corporate governance ('ESG') practices guide our operation as a business, as well as our core values of humility, respect, teamwork, and service. As our organization continues to evolve, we have diligently sought to develop transparent disclosures to support our ESG commitments. This initial impact report is an important step in that effort.

In 2020, we faced unprecedented challenges. As the coronavirus crisis began to unfold, we reacted swiftly, prioritizing employee safety, and shifting resources to address global shortages in PPE by manufacturing over 1.5 million facemasks. Despite a challenging business environment, we continued to drive double-digit sales growth, increased investment in our eCommerce capabilities, and announced the expansion of our Tifton, GA facility. These successes reflect our culture, which embraces new opportunities to invest in our customers, employees, and the communities we call home.

As a 96-year-old family-owned business, our employees are members of our extended family. Looking back at our achievements over the last year, we are deeply grateful for the dedication and perseverance of our team. As an organization, we entered the crisis in a strong position, emerging stronger and more committed than ever to positive change.

We believe that success must be inclusive of our impact on our communities and environment. We are excited to share this report with you and look forward to updating you on our future progress.



Lance Ruttenberg, President and CEO



Blake Ruttenberg, EVP of Sales, Marketing & Product Development

## Who We Are

With recognizable brands and availability virtually anywhere bedding is sold, millions of people sleep on our products every night.

Our double-digit growth for over a decade makes us one of the largest bedding companies in the US, and the largest supplier to many of the world's best known retailers.

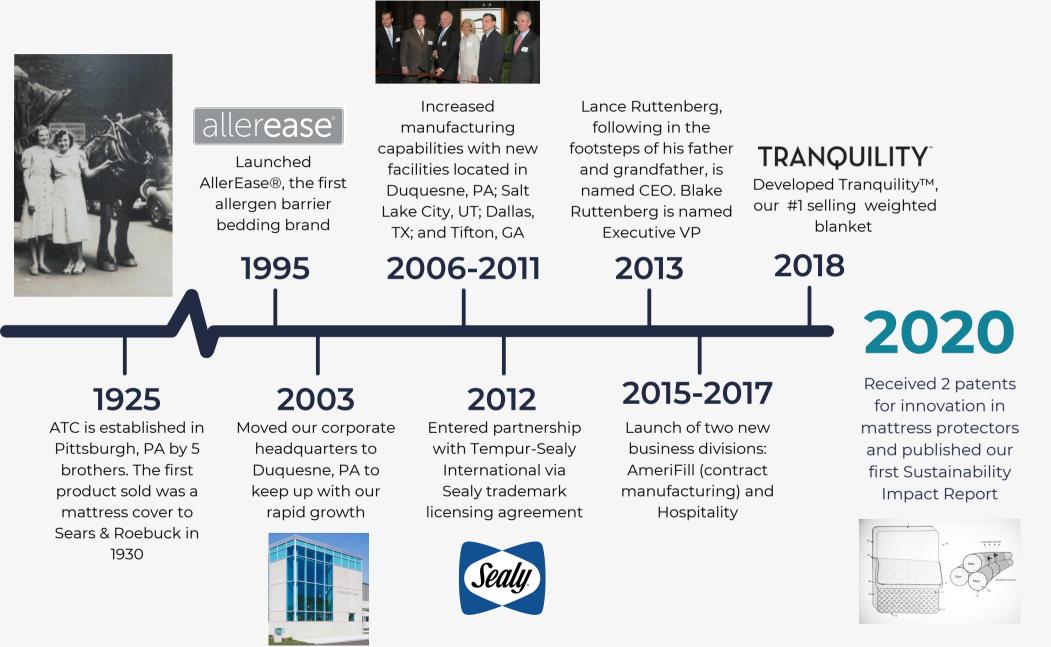
Our success is driven by continually embracing new ideas and opportunities, while we invest in our customers, employees, and the communities we call home.

While our story began in 1925 when the 5 Ruttenberg brothers started a textile factory in downtown Pittsburgh, today we have over 1,000 associates across the world.

## Locations



## History



## **Products & Brands**

From basic to fashion bedding, if it goes on a bed, we make it. Our brands span owned, licensed, and retail offerings.

Owned	Exclusive	Private Label	Licensed	
allerease	healthynights	<b>MAIN</b> STAYS <sup>™</sup>	Sealy.	
TRANQUILITY	BEDDING ESSENTIALS®	Simply Essential.		
<b>Rest</b> Right			TEMPUR-PEDIC	
Sound Science. Sound Sleep.	allergy defense 👯	room 🛧 essentials	I EIVIPUR-PEDIC	
Bed Pillows	Sh	eets		
Pillow & Mattress Protectors Weighed Blankets				
Mattress Pads	Co	mforters		

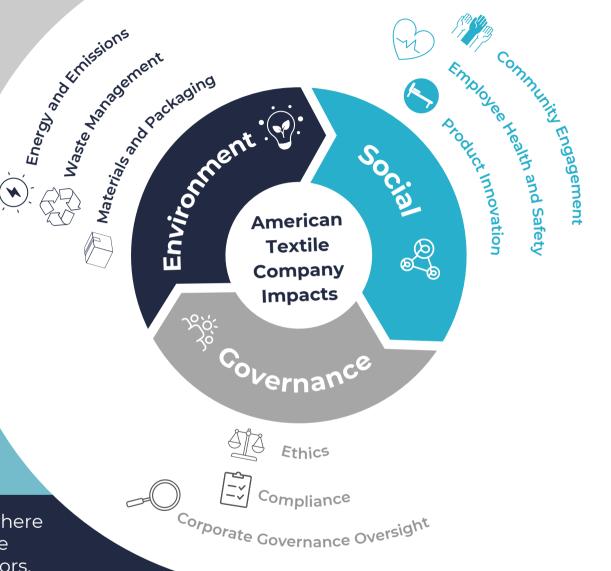
## **About This Report**

American Textile Company is pleased to publish its first Sustainability Impact Report, sharing Environmental, Social, and Governance (ESG) performance in 2020.

The structure of this report outlines the most important impacts of our business through nine material topics.

We identified these topics through review of our strategic plans, conversations with stakeholders, and stakeholder research in relevant industry standards, customer commitments, and competitors. Stakeholders include American Textile Company employees, customers, suppliers, and other partners.

These material topics represent the areas where we feel we have the greatest impact and are representative of values our Board of Directors, executive management team, and global workforce have embraced.



Our Sustainability Impact Report provides a snapshot of our existing initiatives. We look forward to sharing progress and ongoing efforts with our stakeholders, customers, business partners, fellow industry participants, and the general public.

## United Nations Sustainable Development Goals

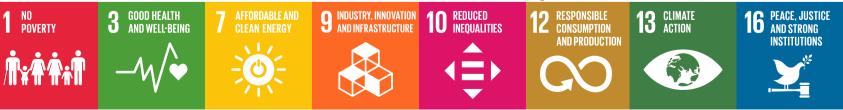
### What are the UNSDGs?

The 2030 Agenda for Sustainable Development provides a shared blueprint for peace and prosperity for people and the planet and was adopted in 2015 by all United Nations Member States. At its heart are the 17 Sustainable Development Goals (SDGs), which are an urgent call for all countries to act in a global partnership. They recognize that ending poverty and other deprivations must go hand-in-hand with strategies that improve health and education, reduce inequality, and spur economic growth – all while tackling climate change and working to preserve our oceans and forests. The SDGs have been adopted by organizations globally, including many of our partners, as a framework for reporting impacts.



American Textile Company recognizes the importance of the United Nations Sustainable Development Goals and its call on governments, businesses, and community organizations to take action to address urgent problems facing our world today. We are proud to share how we are contributing to each SDG. To see which sustainable development goal relates to each topic, look for the correlating SDG icon on the page.

### **UNSDGs Featured in This Report**



Standing still is not an option. Aggressively seeking and carefully developing new opportunities has fueled our success, and we don't believe for a minute that our work is ever done



## Environment

American Textile Company is committed to finding ways to reduce its environmental impact while continuing to offer quality products to customers. This section highlights American Textile Company's efforts in 2020 to preserve the environment through three impact areas:



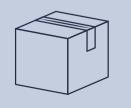
### **Energy and Emissions**

Renewable energy, energy efficiency, greenhouse gas emissions and reductions are one of our top focus areas throughout our company.



#### Waste Management

Managing waste, recycling, and reducing waste where possible are all impact areas where we strive to improve.



#### Materials and Packaging

American Textile Company uses recyclable or recycled material where possible to reduce raw materials use and waste production.



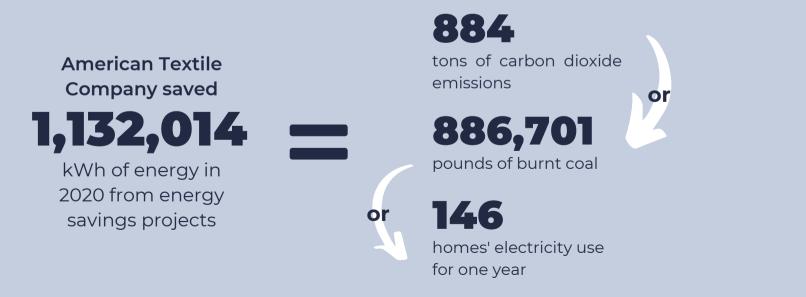


## Energy and Emissions Reduction Initiatives



American Textile Company has invested in many energy savings projects that have contributed to a significant reduction in the energy use, and therefore the greenhouse gas emissions, associated with our operations. This includes things like LED lighting installation, replacement of machinery with more efficient options, and the addition of some energy-saving modifications to our process.

These efforts have taken place across multiple locations and aspects of our operations, making this a holistic change that American Textile Company is committed to, and will continue to improve upon in the future.



13 CLIMATE ACTION



## Spotlight on **El Salvador Facility**

In 2019, solar panels were added to our manufacturing facility in El Salvador. This has led to a 66% decrease in the amount of energy taken from the grid at this location, and subsequently has reduced our carbon footprint.





1,110.57 tons carbon dioxide avoided

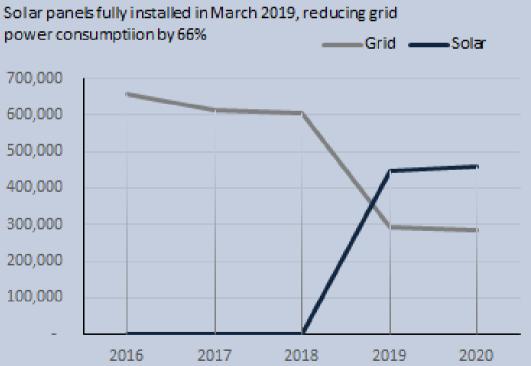


60,657 equivalent trees planted





### El Salvador Power Consumption (kWh/yr)



Page

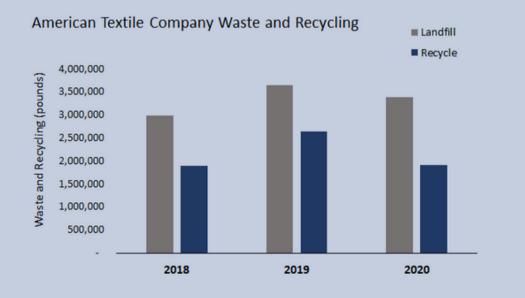
## Waste Management and Resource Conservation



#### Waste and Recycling

American Textile Company is committed to conserving resources, reducing waste, increasing recycling efforts, and identifying trends in waste usage. In domestic facilities, we actively monitor the type and amount of waste produced.

In recent years, we have faced challenges at some facilities as certain recycling outlets have become unavailable. In other facilities, recycling has improved, for example all waste at our Salt Lake City facility is recycled at a local municipal recycling center. We are committed to doing what we can to reduce our resource use and waste product.



#### **Resource Use**

The only water used at our domestic manufacturing facility, beyond general facility maintenance and accommodations, is domestic water and domestic wastewater.



Light bulbs and used oil are the only hazardous waste items produced through our operations, and both are collected and recycled.



Chemicals at each facility include maintenance lubricants and cleaning supplies only. Our chemical control procedure outlines the purchase of environmentally preferable products, storage, use and disposal of all chemicals used at ATC facilities.

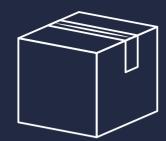
## Materials and Packaging

We are working across our portfolio of brands to reduce the environmental impact of the products we sell, and use recycled and sustainable materials when possible. We also participate in How2Recycle, a standardized labeling system that simplifies packaging recycling for consumers. These labels are currently on products sold at Walmart, and we plan to roll this labelling system out to more products and retailers in the future.

At American Textile Company, most pillows are filled in the United States with fiber fill made from postindustrial and post-consumer recycled material, including recycled water bottles. To help consumers understand the direct benefit their purchase has on the environment, we have begun to include this logo on specific Sealy and AllerEase® products.



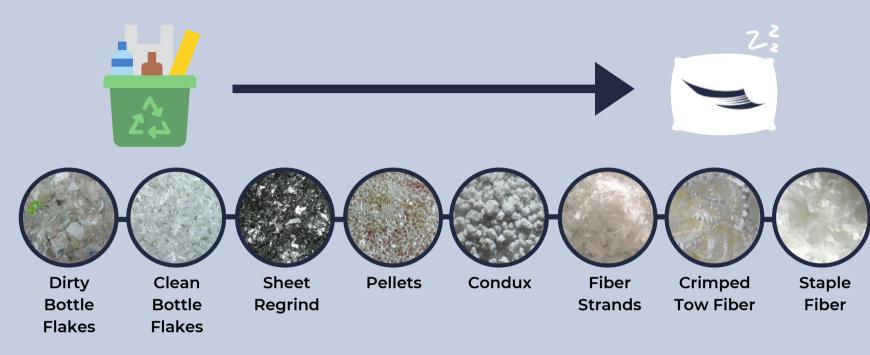
Our pillow fiber is not the only product made with recycled material, most of our poly-bags used to package our pillows are made of 60%-65% recycled material, too!



RESPONSIBLE CONSUMPTION



## **Plastic to Pillow Fiber**

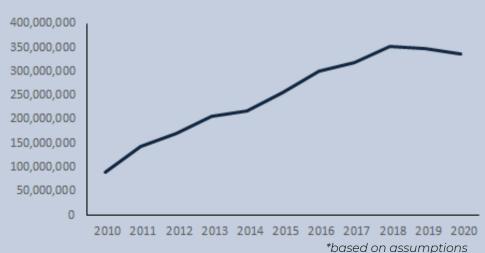


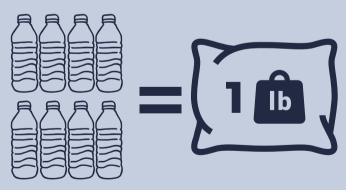
#### Water Bottles Recycled to Fiber per Year

Fiber

**Bottles Recycled to** 

Since 2010, ATC has helped divert nearly 3 billion plastic water bottles from landfills by using pillow fiber made of recycled material.\*





Approximately 5-8 recycled plastic water bottles per pound of pillow fiber

## Social

We are committed to providing a safe and healthy work environment for all of our employees, offering innovative and meaningful products to our customers, and partnering with and supporting our local community. This section will discuss our impacts in these areas throughout 2020.



### **Community Engagement**

We are a strong partner with several local organizations and strive to be a helpful and meaningful neighbor to our local community.



#### Employee Health & Safety

Our employees are the backbone of our company. We offer a variety of health, safety, and wellness opportunities to ensure their wellbeing.



#### **Products Innovation**

We are committed to continual improvement and the production of innovative sleep solutions for our customers.



## Community Engagement



### **Pittsburgh Foundation's Center for Philanthropy**

American Textile Company turned to The Pittsburgh Foundation's Center for Philanthropy in 2014 for help in developing ATC's giving strategy. As the leading expert in the nonprofit landscape in southwestern Pennsylvania with a nearly 75-year track record of strategic philanthropic support, The Pittsburgh Foundation guides businesses and corporations as they develop signature philanthropy in the region. Staff from the Foundation's Center for Philanthropy help businesses select nonprofits that focus on issues that align with business goals, such as workforce development, education and food insecurity.

### Organizations we were honored to support in 2020:





### 2020 Donations











weighted blankets



## **COVID-19 Mask** Production

**REDUCED** INFOUALITIES

HEALTH Vell-being

<u>G</u>

In an effort to bring furloughed employees back to work and support the needs of the local community, our Tifton, GA Manufacturing Plant and Distribution center began manufacturing mask covers for hospitals at the beginning of the Covid-19 pandemic.

As cases of Covid-19 continued to surge across the country, plants in Pennsylvania, Dallas, Salk Lake City and El Salvador joined Tifton in manufacturing masks to meet the rising demand. American Textile Company was honored to play a role in helping their community during these unprecedented times.



## Employee Health & Safety

### **ATC Safety Policy**

American Textile Company is committed to creating a workplace that is safe, healthy and injury-free. Our employees are our most valuable assets and their safety and health is our first priority. Safety is essential to all business functions and is never compromised under any circumstances. Everyone shares equally in the responsibility of identifying and reporting hazards, following safety rules and operating practices.

Our business operates with a goal of zero damage to people, property and product

### **Regular Safety Audits**

- Annual internal audits in all facilities
- Hazard Recognition Walkthroughs conducted monthly by our Safety Committees in all facilities







**3** GOOD HEALTH AND WELL-BEING



different safety-related training programs are regularly conducted in all ATC's locations







## Spotlight on Hearing Conservation Program

At American Textile Company, we are committed to providing the safest workspace possible for employees. In 2018, ATC invested to reduce dB levels across all operating plants.

Sound is measured in units called decibels (dB); higher dB levels are related to louder sounds. An increase of 10 dB correlates to a sound that is 10 times more powerful, or louder. Therefore, a small increase in decibels represents a large increase in intensity. A whisper is about 30 dB, normal conversation is about 60 dB, and a motorcycle engine running is about 95 dB.

Our efforts to protect the hearing of our employees included adding silencers to various pieces of equipment; adding blow fill mufflers, tower fan mufflers, and production blower fan mufflers; and removing humidifier fan screens. Corporate wide, these efforts resulted in an average reduction of 5.4 dB.

We continue to monitor dB levels for opportunities to reduce sound and improve the hearing of our employees.

#### 2018 Data

	Dallas	Duquesne	SLC	Tifton	Corporate Wide
Average dB level before initiative	81.7	81.5	86.1	86.5	83.9
Average dB level after initiative	78.7	78.1	78.2	79.1	78.5
Allowable dB	83.0	83.0	83.0	83.0	83.0
Average overall dB reduction	3.0	3.4	7.9	7.4	5.4
Average level below allowable Limit	4.3	4.9	4.8	3.9	4.5





GOOD HEALTH And Well-Bein

67

## Employee Benefits

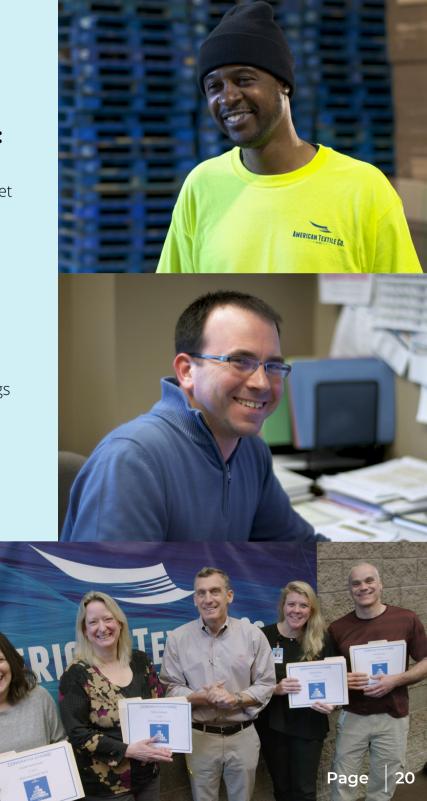
### **ATC's Excellent Benefits Program Includes:**

- Medical Plan
- Voluntary Benefits Accident Insurance, Critical Illness, Pet insurance
- Dental Plan
- Vision Plan
- Flexible Spending Accounts (FSAs)
- Life and AD&D Insurance
- Disability Insurance
- Employee Assistance Program (EAP)
- 401k Plan + Company Match
- Flu Shot Clinics, COVID Vaccinations, Biometric Screenings
- Holidays + PTO
- Tuition Assistance
- Spirit Award Program
- Service Anniversary Award Program
- 25+ Year Club

### \$300-\$1000 cash prizes

for employees nominated for their significant contributions, dedication and commitment towards achievement of ATC's business goals







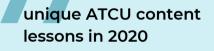


## **Professional Development**

### **ATC University**

We provide eLearning through ATC University, which grants all employees access to thousands of eLearning lessons, videos, and tutorials. Content can be assigned by administration (HR, supervisor/manager, etc.) or accessed based upon personal growth initiatives. We deliver custom content on occasion (such as the Safety Training), and we deliver two mandatory compliance courses annually. We are proud that there continues

to be active participation in ATCU courses:







### **Performance Management Process**

American Textile has made the Performance Management Process an ongoing strategic priority. We believe that it is critical to the success and growth of our empoyees and business. We believe a systematic approach is needed to maximize effectiveness. The graphic to the left depicts the process, and demonstrates that it is a year-round, continuous cycle. This process requires a proactive effort and ongoing commitment on the part of both management and their employees.

### Job Architecture

Job Architecture is our formal job structure, which begins with the Job Family, and breaks each Family down to the lowest level job and up to the highest level job within that Family. Job Architecture enables employees to understand where they are in the organization, and to chart a successful path for their future. Our Job Architecture also provides a just and transparent system for salary administration and promotional development.

2020 Internal Promotions among Professional Employees



## Product Innovation

This is more than just white bed pillows or comforters. This is innovation at work.



**Executive Vice President** 

Innovation has always been in our DNA. From our first patent in 1939 of the Ironing Board Cover to our most recent patent of Zip-off top mattress protector in 2020, we continue to innovate every day to bring award-winning products to market.



### **Our Brand Rankings**



**#1** Allergy Bedding Brand



#1 Overall Mattress Brand



#1 Weighted Blanket Brand

### A Sustainable Focus

American Textile Co is focusing its R&D and Product Design on sustainable materials and products, and will continue to launch sustainably-driven products in the upcoming years.





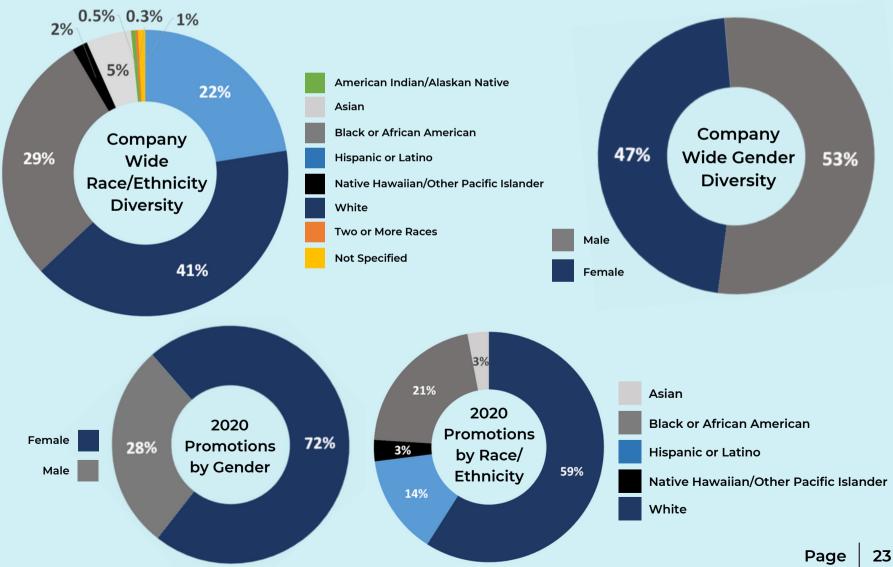


#1 Premium Mattress Brand



## Employee Diversity

ATC is an equal opportunity employer and takes great pride in attracting and retaining high quality employees, promoting top team members from within, treating employees and customers with integrity and respect, and listening to the unique perspectives of each team member. The culture in our workplace is trust-based and encourages collaboration, entrepreneurialism and innovation. This drives our performance and creates a rewarding work environment.



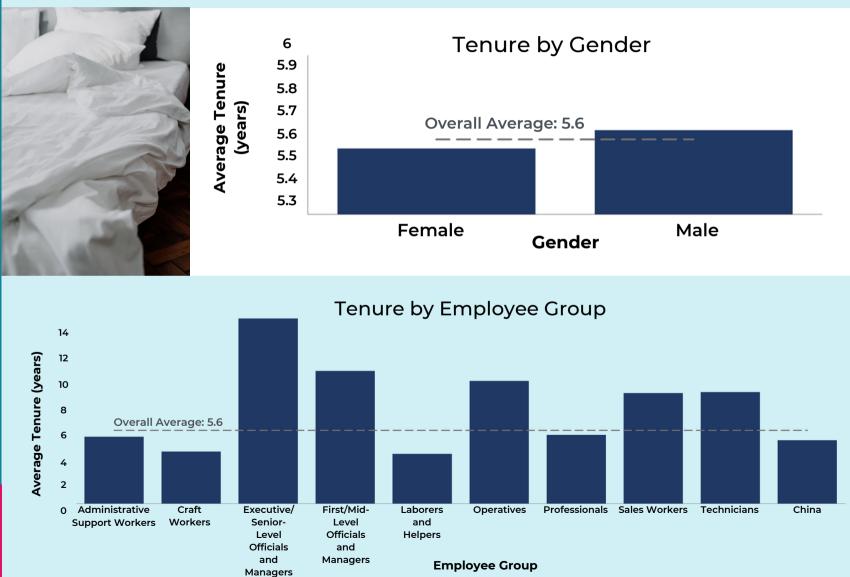




**REDUCED** INEOUALITIES

## Employee Tenure

American Textile Company prides itself in attracting and retaining long-term talent. Our overall average tenure is 5.6 years.



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## Governance

Corporate governance encompasses all of the things that make a business work. This section details all of the efforts made to improve governance at American Textile Company throughout the reporting period of 2020.

#### **Ethics**

At American Textile Company, we believe in always doing the right thing. Ethics are a central aspect of our business operations.



#### Compliance

Compliance to local, state, and national regulations is central to our operations. We are also committed to improving our supply chain while complying to all regulations.



**Corporate Governance Oversight** Responsible and accountable leadership is imperative to the efficient and successful function of our company.



## Ethics





At American Textile Company, we believe that we all have a duty to be free from the influence of conflicting interests. Employees are expected to practice good citizenship when negotiating, making business recommendations, or in any other manner dealing with third parties on behalf of the company.

We have a zero tolerance policy for corruption and bribery. Employees are prohibited from accepting any payments, loans, gifts of more than nominal value, travel, or entertainment that is deemed excessive or not reasonably related to business from the representatives of a current or potential business partner of American Textile Company.





## Compliance





American Textile Company goes beyond regulatory compliance with national and local operating laws, as well as the requirements of our customers. Through third-party reporting frameworks and certifications, we routinely audit and verify our products and procedures to ensure we are operating with the best intentions for our people and the planet. Our compliance with certification and rating organizations can be found on the following pages.





American Textile Company requires all suppliers to participate in CTPAT or an equivalent audit







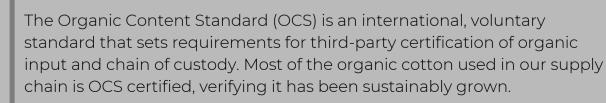
CDP is a not-for-profit charity that runs the global disclosure system for investors, companies, cities, states and regions to manage their environmental impacts. American Textile Company has been reporting Scope 2 emissions data to the Climate Change platform of the Carbon Disclosure Project annually since 2016.

CTPAT is a voluntary public-private sector partnership program that is made to work with U.S. Customs and Border Protection to protect the supply chain, identify security gaps, and implement specific security measures and best practices. American Textile Company requires all suppliers to participate in CTPAT or complete a CTPAT equivalent audit.

Good manufacturing practices (GMP) are processes established by the U.S. Food and Drug Administration (FDA) to ensure the safety and quality of products intended for human consumption or use. All domestic American Textile Company facilities are GMP certified on an annual basis.

The Higg Index is a suite of tools developed by the Sustainable Apparel Coalition (SAC) to measure value chain sustainability. Since 2016, American Textile Company has submitted annual Higg FEM (Facility Environment Module) self-assessments to assess environmental impact of each of its manufacturing facilities.

How2Recycle is a standardized labeling system that clearly communicates recycling instructions to the public. This logo will be included on the packaging of all private label products purchased at Walmart and Target by 2025









American Textile Company requires that all of its suppliers commit to following all national, international, federal, state, provincial or local law, including without limitation those dealing with the environment, health and safety, employment, records retention, personal data protection and the transportation or storage of hazardous materials.

We also have a zero tolerance policy for suppliers using any formed of forced, unsafe, or otherwise unethical labor, including child labor, unethical work hours, and labor without fair compensation. American Textile Company also seeks vendors who provide written standards for safe and healthy work environments for their workers.

American Textile Company does not have business relationships with vendors who discriminate in employment, including hiring, salary, benefits, advancement, discipline, termination or retirement on the basis of gender, race, religion, age, disability, sexual orientation, nationality, marital or maternity status, work or personal affiliations, political opinion or social or ethnic origin.



## Corporate Governance Oversight

The American Textile Company Board of Directors provides independent, experienced, and expert guidance on the strategic direction of the company. Each board member has a fiduciary responsibility to American Textile Company, compelling them to act in the best interests of the company.



6 PEACE, JUSTI AND STRONG

"Our Board reflects a diverse range of backgrounds, industry experience, and functional expertise. They challenge our thinking and provide fresh perspectives, which has been instrumental in driving our success."





#### Lance Ruttenberg

Lance is the President and Chief Executive Officer of American Textile Company. With 30 years of experience across the business, he has led the establishment of global operations in El Salvador and China, as well as the creation of a highly efficient United States manufacturing operation. Along with the American Textile Company leadership team, Lance is leading the strategic transformation of American Textile Company to drive sustainable, diversified, and long term value creation. Prior to joining American Textile Company, Lance completed the Management Development Program at Macy's. Lance is a graduate of Tulane University and has an MBA from the University of Pittsburgh.

### **Blake Ruttenberg**

Blake is the Executive Vice President of American Textile Company, and President of the AmerFill contract manufacturing division. With 25 years of experience, he is responsible for Sales, Marketing, and Product Development. In this role he has led the company's entry into numerous new product categories, channels, and geographies, helping to drive sustained double-digit sales growth. Blake is a graduate of Tulane University.



### **Jack Ouellette**

Jack began his career at the company in 1976, was appointed President in 1991, and Chief Executive Officer in 1996. He served as Chairman from 2013 until 2020. Jack retired from active management of the business in 2017, but continues as a Board Director. Under Jack's leadership, American Textile Company grew from a regional department store supplier to a global supplier to the largest retailers in the world. Jack is a graduate of the United Stated Military Academy at West Point, and has an MBA from Duquesne University. As an Army Officer he served nine years on active duty during which time he completed Ranger School, was the Commander of a Howitzer battery in Germany, and served as a pilot in Vietnam where he was awarded the Bronze Star.

### Jeff Brown

Jeff is an Operating Partner at MavenHill Capital, and Chairman of the Board at American Textile Company. At MavenHill, Jeff's primary responsibilities include operational oversight of portfolio companies and acquisition searches. Prior to MavenHill, Jeff was the President of Polyconcept North America, and was formerly a Vice President at GlaxoSmithKline Consumer healthcare. Throughout his career, Jeff has developed successful growth strategies for a range of consumer-oriented businesses. Jeff is a graduate of Colby College and has an MBA from Harvard.

## Our Board

### Adam Peake

Adam is currently the Executive in Residence for Marketing at Loyola University Maryland and a Director at American Textile Company. Prior to his current role at Loyola, Adam was Executive Vice President of Sport Category Management at Under Armour. He previously held a variety of leadership roles over 15 years in which he helped to catapult UA to a leading global performance brand. Adam is a graduate of the University of Maryland and has an MBA from Wake Forest University.



### **Rich Lunak**

Rich is the President & CEO of Innovation Works and a Director at American Textile Company. At Innovation Works, Rich leads the organization's efforts to provide business expertise, seed capital and other resources to high-potential, technology start-up companies in Pittsburgh. Prior to his current role, Rich was a successful technology entrepreneur and inventor who built one of Pittsburgh's most successful technology start-ups, which was acquired by McKesson Corporation, where he became Group President for McKesson Automation. Rich is a graduate of Carnegie Mellon University and has an MBA from the University of Pittsburgh.



### **Mark Stabile**

Mark is Executive Vice President of Dentons Cohen & Grigsby. He serves as outside general corporate counsel for regional and national privately held companies, including American Textile Company. At Dentons Cohen & Grigsby, he also concentrates his practice on negotiating and structuring mergers, acquisitions and divestitures, leveraged buyouts for privately held companies, private equity funds, and mezzanine debt private funds and their portfolio companies. Mark is a graduate of Georgetown University and the Georgetown University Law Center.



#### **David Nicholson**

David is Vice Chairman of Polyconcept and a Director at American Textile Company. Most recently, David served as President of Polyconcept North America (PCNA), a global supplier of promotional and branded merchandise. During his tenure, David led the company through a period of rapid growth and established its position as a market leader. David was responsible for developing PCNA's expansion strategy as well as the successful integration of several acquisitions. David is a graduate of Wesleyan University (Middletown, CT).



For comments/questions on this report please email:

CustomerService@americantextile.com