

The Sustainability Report



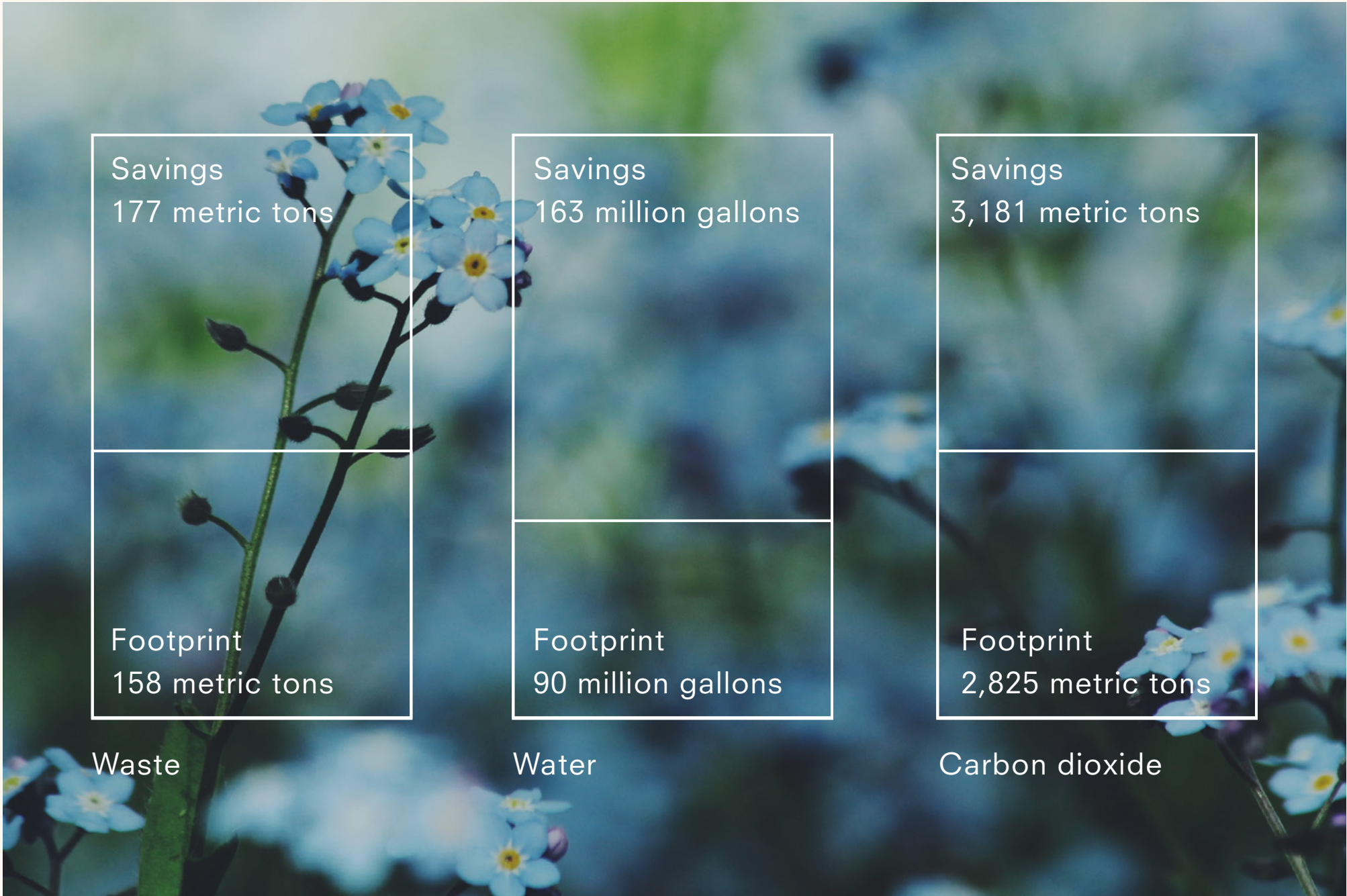
2017: Year in Review

Big companies report their profits in quarterly earnings reports. We think companies should be accountable for more than just profits. Here's a look at what we've been up to in 2017, and a look ahead to 2018.

Sexy math

RefScale tracks the environmental footprint of our products in terms of water, CO2 and waste. It's important for us to keep reducing this footprint, so we invest in low impact alternatives in all stages of manufacturing, like eco fabrics, LED lighting and 100% recycled packaging.

Here's our impact for 2017 compared to conventional clothes bought in the U.S.:



Our goal for 2017 was to reduce our product impact per unit by 10% compared to last year. Here's how our products performed:

2017 improvement

| | |
|----------------|------|
| Waste | +10% |
| Water | +12% |
| Carbon dioxide | +5% |

We are super proud of our progress in water and waste. We were only 5% better this year in our CO2 footprint compared to last year. Based on new data, our existing fabrications are not performing as well in CO2. But we think climate change is the most pressing issue facing our planet, and we'll keep doing better.

Our 2017 offset totals:

Carbon:

We offset 3,000 metric tons of carbon dioxide that protected 4,000 acres of the Amazon rainforest from deforestation. We also offset 100% of our shipping footprint.

Water:

With our buddies at BEF, we contributed 40 million gallons of fresh water to critically dewatered rivers and wetlands throughout the US.

Waste:

We offset 40 metric tons of CO2 through landfill gas projects in the US.

Product wins

Bluesign® With an A+ grade in textile dyeing, Bluesign certified dyeing facilities only use safe input chemicals, monitor their air and water emissions and ensure worker safety so that the dyed fabric is safe for the end user, workers and the environment. All Reformation silk and velvet is Bluesign certified, and we are working with mills to encourage more of them to pursue Bluesign certification, and are setting goals to get 75% of our fabrics to meet these standards.



Reformation Jeans This year, we decided to tackle the worst polluting clothing that we all buy all the time - jeans. Ref Jeans are currently made from deadstock and more sustainable fabrics than your average jean. One Ref Jean saves approximately 1,468 gallons of water compared to a regular pair. We already purchase offsets for all our clothes to bring our water footprint to 0, but for our Ref Jeans launch, we wanted to do something extra. For every jean you bought, BEF cleaned an additional thousand gallons of water.

Swim Ref Swim is made with 78% post consumer recycled polyamide, which helps save 50% of the water needed for average swimwear. The fabric is digitally printed and both the fabric and ink are Oeko-tex Standard 100 certified.

Work in progress We believe it's important to not only share our accomplishments but also share our challenges. After all, sustainability is a process, and we still have lots of work to do! Our big challenges are:

- A lot of our stuff uses viscose. We are working to source the most sustainable viscose available, but these fibers aren't as high quality or available as filament (aka long and continuous) which helps the fabric feel more like silk. We're still pushing for something better, but we keep hitting dead ends. So we are really open to help and ideas!
 - There's still opportunity to improve our printing processes. We've been working with our partners to source a Bluesign certified printing facility, and are exploring Oeko Tex certified digital printing solutions.
 - We were a Certified B Corp since 2014, but B Corp certification requires companies to be filed as a benefit corporation. We respect and support certified B Corps in their work to maintain high standards of social and environmental performance. However, the new requirement for legal certification would have taken resources away from core programs needed to maintain our brand and sustainability mission. So while we aren't a certified B Corp anymore, we still want to be as transparent as possible, and we're looking into other third party certification programs.
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Sustainable supply chain

99% of our stuff was made in the US in 2017, and 60% in our own factory. Our factories are audited by a third party monitoring firm to ensure fair, safe and healthy working conditions. Based on findings during the assessment, we work with vendors to make sure any issues are addressed.

Sustainable Partners Guidebook As we grow, we want to make sure all the stuff we sell is on mission, and meets our better materials, social responsibility and non-toxic standards that really define who we are as a brand. We launched Sustainable Partners Guidebook for our direct sewing factories and their subcontractors (e.g., cutters, screen printers, washing facilities) across our supply chain.



We are Reformation There are people behind the clothes we wear, and too often they work under terrible conditions. That's why we built our own sustainable factory in Los Angeles, where we work with awesome people from all over the world. Our new and improved sustainable factory in LA allows us to develop, manufacture and ship from under the same roof as our headquarters. All our hourly pay meets or exceeds California minimum wage. We are working towards 100% living wages across the board. We provide health benefits to all full-time employees including our manufacturing team.

We've launched new programs to further invest in our factory team:

- Free English as a Second Language (ESL) courses twice a week at our factory
- Every member of our factory receives a monthly massage
- Pathway to Citizenship services and free legal support for team members to apply for US citizenship

Ref's going global In 2018 we plan to manufacture 75% of our products in Los Angeles. The rest will be made with overseas partners. We have manufactured basically all of our stuff to date in Los Angeles, and the majority within our own factory. We love operating a factory, and the advantages it gives us in speed, flexibility, and transparency. But our production volumes flux over the year, so we can't do it alone. As we grow, we are looking for the most sustainable, socially responsible, and impactful partners out there to increase our capacity. While we have made it a few years sourcing these partners locally, we have officially maxed our capacity for high complexity woven clothing in Los Angeles. In our experience, overseas vendors also offer a lot more options and sophistication in terms of sustainable operations and compliance. So we are building teams and systems to expand our production both here in the U.S. and overseas. While this can be more complex, it won't change our sustainability commitments. We will hold the same materials, social, and environmental impact standards as we have in our own factory. And just like now, we offset any of the extra shipping miles!

Sustainable operations

We put sustainability at the core of everything we do - both product and operations. Our factory uses the most efficient, eco-friendly technologies and socially responsible practices we can get.

Eco commute We installed 4 new electric vehicle charging stations so Refs that drive EVs can power up. We've even made getting to work part of our mission by offering Metro passes to our entire HQ team to encourage more use of public transportation. 62% of our team uses public transit!

Not trashy Our office kitchen keeps close to 75% of waste out of the landfill. We also collect fabric scraps from our factory and send it to a textile recycler where it turns into insulation, or other industrial products. This year, we saved around 60,000 lbs of fabric scrap from going to landfill which is about 50% of our total scraps.

Renewable energy credits We purchase Renewable Energy Certificates a.k.a. RECs to ensure all our stores and offices operate on 100% renewable energy.

Carbon neutral retail We created RefBuild, a tool that converts dollars spent on new store construction to the associated carbon footprint. This year we offset about 5,000 metric tons CO2 to offset construction footprints of 6 new stores. We also track the energy use of the server that runs our online store, and of your screens while browsing our website. We estimated an energy use of about 250 metric tons of carbon for 2017. You guessed it: we offset that too!

Factory tours We host tours of our factory so you can see it IRL and meet the people who make your clothes. To save your spot, email us at love@thereformation.com. We have hosted a little over 1,000 visitors this year, and it's such a great feeling to show you guys all the operation that we fit under one roof. Most exciting is that a lot of interest is from students and the next generation of fashion and biz leaders. Keep on comin'!

Taking action & doing extra good

The Ref team is 530+ people strong, close to 70% of whom are women. Roar! We work hard everyday to grow a sustainable business. We also invest in our communities and in causes we believe in.

Paid skip days Refs can take advantage of one volunteer day each month with an organization of their choice. This year Refs volunteered at NKLA, Inner City Arts, Hollywood Sikh Temple and even organized their own beach cleanup!

Planeteers Ref employees meet each month to learn about sustainable lifestyle solutions. We've had hands-on workshops on natural indigo dyeing, eco laundry detergent and clothing repairs, and expert talks on zero waste lifestyle, local farming, and residential composting.



Action Tees In February, we launched a collection of Action Tees. We made a collection of five t-shirts to stand up for our beliefs. For each tee purchased, we donated \$30 to the ACLU, Planned Parenthood or EDF depending on the tee's message. Thanks to all of you, we donated a total of \$53,640.

The future is exciting

We want to keep pushing for innovation in our fabrics, transparent and fair supply chains, and even better product in 2018. We're excited to share the progress with you!

These are our high level 2018 goals:

- 75% of all fabric spend are Ref's best in class fibers
- 75% of all fabric spend have clean chemical certifications like Bluesign and Oeko-tex
- 100% supply chain traceability of all products
- 100% of Ref's carbon, water, waste footprint offset
- 65% of Ref products manufactured with direct renewable energy
- 75% of units are machine or hand washable
- 75% of Factory team earn LA's living wage
- 75,000 garments reused or recycled

Best in class fibers We are investing in the best fabrics for our stuff out there including Tencel® Lyocell, traceable viscose or EcoVera™, recycled cotton, recycled wool, recycled synthetics, and all-natural fibers like flax, and hemp.

100% traceability Traceability is the ability to identify, track and trace a product as it moves along the supply chain from raw goods to finished clothing. Basically we want to know exactly what our stuff is made of, and how our stuff is made to ensure it meets all of our standards. As we get this info, we're also committed to share it with you.

Renewable energy We have invested in renewable energy credits (aka buying wind power credits to offset what we need to run our business). We want to take it a step further and capture the sun's energy directly! We are installing a solar system at our factory that should offset 80%+ of the electricity we need to run the facility.

Better care Through new fabric testing and product developments, we want the majority of our clothes to be safe to machine wash cold or hand wash. These methods have a lower environmental footprint, help your clothes last longer, and are easier—win, win, win!

Living wage Right now we meet or beat CA minimum wage for all our team. We believe that everyone who makes Ref stuff should be valued, and have real dignity in their work. We are going to pilot new incentive programs, drive for better efficiency in our factory, and increase base wages to hopefully get 75%+ of our team members at or above Los Angeles' living wage threshold in 2018 (as defined by MIT), and push for 100% in 2019.



Circularity Fashion today is based on a take-make-dispose model that is very wasteful and polluting. We actually have enough clothing and textiles in existence today to meet our annual demand globally—we just need to start circulating or recycling it back into the system. Clothing needs to be designed differently, worn longer, recycled and reused more often. We signed the 2020 Circularity Fashion System Commitment Letter to commit to doing just that. We plan to tackle this in 2018 by testing new programs. We will promote RefRecycling, launch more vintage shops and fairs, explore resale platforms, and use more recycled content in our fabrics.

Thank you for joining the Reformation and supporting our mission for a sustainable future. We can't wait for all the good stuff we're going to do together!

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