The Sustainability Report

Q3 2021 Updates

Big companies report their profits in quarterly earnings reports, but we all should be accountable for more than that. That's why sustainability is at the core of everything we do. We believe in focusing our efforts where we can make the biggest impact for our business and the planet.

Our work centers on four main areas of sustainability:

People

Social responsibility
Diversity, equity, and inclusion
Community engagement & impact

Product

Better materials
Clean chemistry
Traceability

Planet

Climate action
Resource efficiency
Low impact garment care

Progress

Circularity
Sustainability reporting & transparency
Packaging innovations

Here's a look at our progress since our last update:

Illustrations by Ellie Ji Yang

People

There are a lot of awesome people behind our clothes, and we're responsible for ensuring safe, healthy, and equitable working conditions for all of them. We're committed to being people-focused and will continue to grow and evolve our work in this area of sustainability. Because who makes your stuff, and how they're treated, matters a lot.

Diversity, equity, and inclusion

We're committed to making Ref both a great place to work and a brand that reflects and respects the diversity of our world. We keep a detailed DEI scorecard for ourselves—our main goals are to improve representation at all levels and our team's sense of belonging each year. Our 2020 annual report showed you where we started this year and our full roadmap for 2021. We'll keep sharing updates about how we're doing here each quarter and give a full report on progress to our goals at the end of the year.

In Q3, we've continued to offer DEI training company-wide and made it a requirement for all managers. We've also built external partnerships to expand our focus on sourcing diverse talent across the industry. Our Culture Committee helped all Refs recognize Hispanic Heritage Month with team-driven programming including a zine and community-sourced cookbook. As members of the Black In Fashion Council (BIFC), we participated in an accountability survey in partnership with the Human Rights Campaign Foundation. After receiving our results, we are integrating new policies and building on areas of improvement across the organization.

Giving back

We encourage our teams to take paid volunteer time off at least once a quarter. Recently, we packed care kits for the LA Food Bank and brown-bag lunches for Midnight Mission. We also organized a river cleanup with Friends of the LA River, and several of our retail teams volunteered with local community organizations.

Our work in numbers:

- 150 volunteers
- 175 volunteer hours
- 249 hygiene kits
- 270 sack lunches
- 500 lbs of trash removed

Our partners

Throughout our supply chain, we work with incredible partners who share our values of accountability, transparency, and sustainability and who make a real impact in the industry. We know we're not perfect, but we'll always do our best to be transparent and keep pushing for better. We require all our direct cut, sew & finish manufacturing partners to adhere to our Code of Conduct (basically our requirements for ethical operations) to ensure fair labor conditions and fundamental labor rights. These include prohibiting child labor & forced labor, health and safety protections, and meeting or exceeding legal minimum requirements in the locales where they work. Our Code of Conduct references the Fair Labor Association Workplace Code of Conduct, which is based on International Labor Organization (ILO) standards and internationally accepted good labor practices.

Our suppliers participate in independent, third-party social assessments to ensure fair, safe, and healthy working conditions and continuous improvement. These assessments are conducted not only to ensure they're meeting our Code of Conduct but to identify areas of progress and to stimulate improvement. All substandard assessment findings must be remediated in a timely manner.

→ The process

Partner ratings

We use a color-coded rating system for our supplier assessments and continuous improvement efforts. Our goal is to maintain a "Green" rating for 75% or more of Tier 1 facilities (so our finished goods assemblers and contractors) by 2022. While some of our suppliers are in the orange tier, we focus on solutions, as our goal is always to maintain relationships with our partners and influence better practices.

GREEN	YELLOW	ORANGE	RED
44%	54%	2%	0%

Authorized for production — Facility meets our standards — Next audit: Domestic: 3-6 months International: 12 months	Authorized for production — Facility has some minor/moderate issues. Corrective Action Plan required. — Next audit: Domestic: 2-6 months International: 9-12 months	Authorized for production on a probationary basis — Facility has safety, health, or labor-related violations of our standards. Corrective Actions and Prevent Actions required. Onsite support visit or follow up assessment required as needed. — Next audit: Domestic: 2-3 months International: 3-6 months	Not authorized for production — Facility has one or more Zero-Tolerance Violations and/or has failed to remediate major safety, health, or labor-related violations. Corrective Actions and Preventive Actions required. Onsite support visit or follow up assessment required. — Next audit: Domestic: 1 month International: 1-3 months

Currently, seven of our suppliers have attained a social responsibility certification like Fair Trade, SA8000, or WRAP.

While certifications are not everything, we're working closely with our suppliers to increase their participation in more social certification programs to ensure equitable working conditions for employees throughout our supply chain.

Toward 100% Living Wage

US living wage increased by approximately 20% in 2021, moving Reformation team members from 100% to 56% compliant with the current living wage standard.

We use the MIT Living Wage Calculator to set our living wage standards. The 2021 update of the tool changed methodologies and data sources, significantly increasing living wage compared to prior years and beyond our planned budget. We remain committed to living wage principles and believe all workers should be able to meet their basic needs and maintain self-sufficiency, so we will continue to pursue a living wage for all of our teams. Given the size of the increase this year and the challenges our business faced in 2020, we are not able to support the full increase in a single year. But we processed increases in Q1 and plan to continue to make progress each year in the pursuit of Living Wage.

People SDG
5: Gender Equality, 8: Decent Work & Economic Growth, 10: Reduced Inequalities
12: Responsible Consumption & Production, 17: Partnerships for the goals

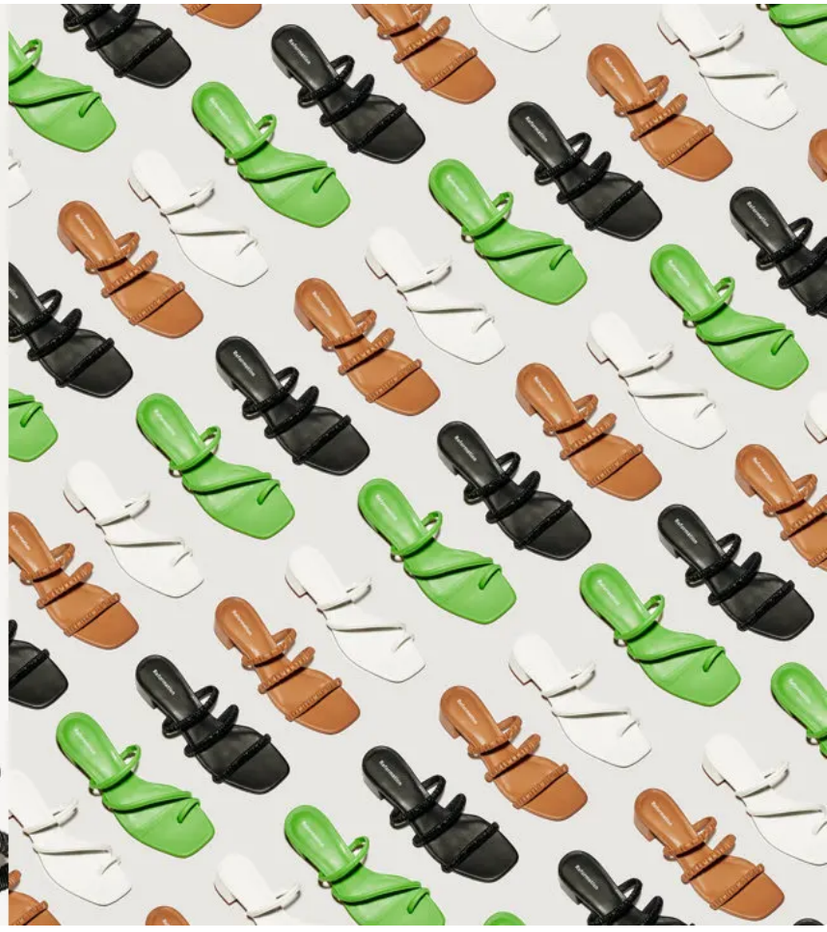
Product

Your clothes go through a lot before they make it to you. We do the heavy lifting behind the scenes and focus on things like traceability, fiber standards, and clean chemistry to ensure we lessen the environmental and social impacts of our stuff.

Vegan Ref Shoes

We made some shoes with Cereal Leather, our 100% vegan leather alternative. It is a USDA BioPreferred material, which means its bio content claims are validated and we know it's made mostly with natural stuff, like cereals, grains, and the least amount of plastic we could find. Our Cereal Leather contains just 25% extractive fossil fuel content, AKA virgin plastic, which is the lowest amount in a market-ready material right now.

Our ultimate goal is still to cut out virgin plastic entirely, so we're supporting the development of a plastic-free alternative with the Materials Innovation Initiative.



Nativa™ Regenerative Wool

Wool is great for sweaters, but not always for the planet. So we started working with NATIVA™ to source wool that's produced with regenerative practices and is 100% traceable back to the farm level. Transitional regenerative & regenerative NATIVA™ wool comes from farms that use progressive animal welfare and land management practices that restore the soil instead of degrading it. This makes for happier sheep and soil that's better at absorbing water and CO2, bringing us closer to our goal of climate positivity by 2025.

→ Regenerative Wool

Traceability

Traceability is about knowing exactly where our stuff comes from. We want to be able to answer "who made our clothes" at every level of the supply chain.

Our goal for 2021 is to reach 100% traceability[1] into our Tier 1, Tier 2, and Tier 3 suppliers. Supply chains are fragmented and complex, so we're focusing on digging into Tier 4 and going deeper at the fiber, forest, and farm level so we can take accountability for responsible practices all the way through our supply chain.

Traceability performance

TIER 1

100%

Finished goods assemblers & subcontractors

TIER 2

100%

Dyers & printers; finishers, weavers, knitters

TIER 3

94%

Fibers, spinners, recycled material collector/processor

TIER 4

3%

Raw material (Farm, Forest, Ranch)

Here's where we made our stuff so far this year:

39.6% Los Angeles
44.3% China
7.9% Turkey
4.7% Vietnam
3.3% Brazil
0.2% India

*Based on % volume

We're committed to making clothes with a smaller environmental impact in places that treat workers well. We provide resources and support to help our partner factories align with our goals, achieve our standards, and move beyond compliance.

→ Learn more about our factories

Fiber standards

The materials we use are a major driver of the total impact of our products. We have our own Ref fiber standards that are as holistic as possible, taking into consideration water input, energy input, land use, eco-toxicity, greenhouse gas emissions, human toxicity, availability, and price. We also looked at garment care implications, like microfiber shedding. Our goal is to have 100% of fabric for apparel meet A/B for Ref's Fiber Standards by 2023.

96% of our fabrics meet our A/B ratings[2]

- A - ALL STARS 35%

Key fabrics: Tencel™ Lyocell, Recycled cotton, Regenerative cotton, Deadstock

- B - BETTER THAN MOST 61%

Key fabrics: Linen, Organically grown cotton, Better Viscose, Modal

- C - COULD BE BETTER 1%

Key fabrics: Econyl® Regenerated nylon, REPREVE™ polyester

- D - DON'T USE UNLESS CERTIFED 1%

Key fabrics: Silk, LWG Certified Leather

- E - EWW, DON'T USE 2%

Key fibers in blends: Lycra, Spandex, Cashmere, Polyester

→ Learn more about Ref fiber standards

Clean chemistry

We want to be sure our products are safe for everyone and everything they touch. That is why we partner closely with our printers, dye houses, and tanneries to ensure they are using chemical, water, and energy resources responsibly when making our stuff. Our goal is to have 75% of our dyers and printers clean chemistry certified by the end of this year. Supply chain challenges made it tough to work with our preferred partners this quarter, so we're getting some help from experts at bluesign®. bluesign® gives us the tools we need to track and report chemical management and resource efficiency across our supply chain to reduce the impact on people and planet. So we can see how resources are used to make our stuff, and ensure it's being done responsibly. We started working with bluesign® in September, so we'll be using their expertise, tools, and holistic approach to help us achieve our goal and beyond.

43% of our dyers and printers have a clean chemical certification for our materials[3]

materials[3]

Product SDG
6: Clean Water & Sanitation, 12: Responsible Consumption & Production
14: Life Below Water, 15: Life on Land

[1]Traceability is calculated by total fabric yardage for apparel and by upper fabric volume for shoes YTD 2021. This excludes all deadstock materials.
[2]Fiber performance is calculated by total fiber volume usage YTD 2021. Leather and deadstock are measured by total material volume usage.
[3]Percent of clean chemical certifications for dyers, tanneries, and printers is calculated by total fabric yardage for apparel and upper fabric volume for shoes YTD 2021. This excludes all deadstock materials.

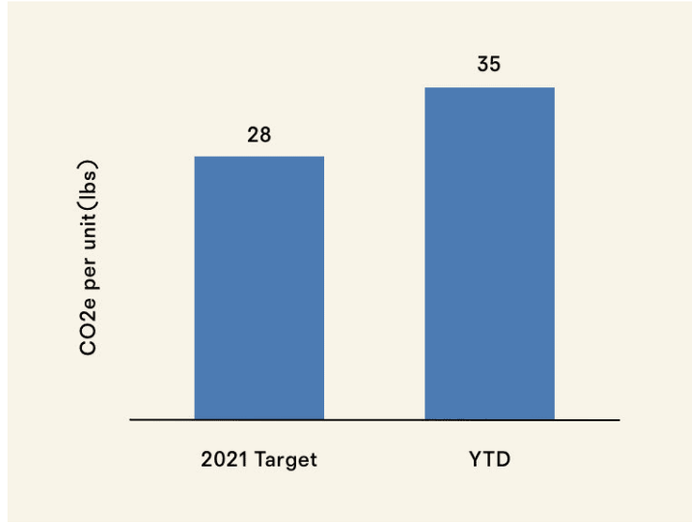
Planet

Making clothes has a big impact on people and the planet. We keep our true costs in mind when making any decision by tracking our company-wide environmental footprint.

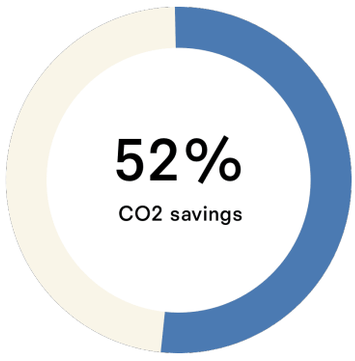
Sexy math

Our internal lifecycle tool, RefScale, calculates our environmental footprint by adding the pounds of carbon dioxide emitted, gallons of water used, and pounds of waste generated by our business. Then we determine how much Reformation saves compared to conventional clothes bought in the U.S. The whole equation follows the lifecycle of clothes—everything from growing textile fibers and making fabric, dyeing, transporting materials, manufacturing, packaging, shipping, garment care, and even recycling clothes when you're done with them. We offset 100% of our product footprint but always push for better materials, factories, and operations to keep it as low as possible.

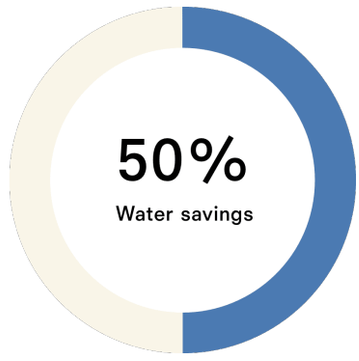
Carbon intensity of our products



2021 YTD total footprint



Carbon dioxide (Metric tons)
Ref footprint: 21,022
Conventional footprint: 43,916
Savings: 22,894



Water (M gallons)
Ref footprint: 2,041
Conventional footprint: 4,070
Savings: 2,029

Waste (metric tons)
Ref footprint: 1,395
Conventional footprint: 1,453
Savings: 58

That's like removing 4,979 cars off the road, reusing 3 olympic sized pools of water, and preventing 3 garbage trucks of waste[1].

We will be Climate Positive by 2025. In order to meet that commitment, we need to reduce our total carbon footprint by about 7% year-over-year to keep our efforts aligned with climate science. One way we measure our progress is our per product RefScale numbers. This year, we're aiming for an average product carbon footprint of 28 lbs/unit. We were on track until we added more carbon-intensive products like sweaters to the mix, and our average jumped to 35 lbs/unit. We know people still need warm stuff, so we've sourced a 90% recycled cashmere quality that we'll use in our next sweater season. We won't see the results of this until next year, but it all brings us closer being Climate Positive.

We also invest in carbon offsets and water restoration credits to go neutral. In 2021, we partnered with Native Energy on CO2 reduction projects like supporting clean cookstoves in China, a clean energy project in India, and a reforestation project in Tanzania. Through our partnership with Bonneville Environmental Foundation (BEF), we've helped restore over 465 million gallons of water since 2015 by supporting projects across California and the Colorado River Basin. Our current project is a system conservation project with the Colorado River Indian Tribes (CRIT).

Low impact garment care

We consider the full lifecycle of our stuff, so 60% of our garments are now designed for low impact garment care[2].

Low impact garment care means keeping your stuff clean is easier on you and the environment. So instead of dry cleaning or separating out all your bright red clothing, you can wash our stuff by hand or toss it in the machine on cold. Just changing the temperature of your wash can save as much as 500 pounds of carbon dioxide per year[3]. Low impact garment care methods also make our stuff easier and cheaper for you (bye, dry cleaners). We've been making easy-care stuff like sweatpants for the past year, so the transition to low impact has been simpler. As we shift our product offering back to our usual stuff, like dresses, we may have more work to do, so our goal is to maintain 60% of our products for low impact garment care by 2022.

Reformation + Arcadia

Our Carbon is Cancelled campaign makes it super easy for you to reduce your footprint. Through our partnership with Arcadia, you can power your home with 100% renewable energy in less time than it takes to pick out an outfit. If you live in the US, whether you rent or own, you can make the switch and get $100 in Ref credit when you do. We only bribe for good causes, like supporting 3,936,747 kWh of clean energy this year with your help.

Planet SDG
6: Clean Water & Sanitation, 7: Affordable & Clean Energy
12: Responsible Consumption & Production, 13: Climate Action

[1]CO2 equivalency comes from the EPA Greenhouse Gas Equivalencies Calculator, Water from the Patagonia Alliance, and Waste from Frog Hauling.
[2]Includes garments that are machine washed cold or hand washed.
[3]World Wildlife Fund, Green Tips.

Progress

We have a lot of work to do to create a fashion system that is circular and makes a positive impact. In order to push

sustainability forward, we challenge our efforts and don't shy away from hard problems. We're committed to investing in the future, and we'll always be transparent about our progress.

RefRecycling

Shoes contain a lot of different stuff, which makes them tough to recycle. That's why we make all our shoes with their end of life in mind. 100% of Ref Shoes 2.0 are recyclable, and our new takeback program makes it easy to give old soles new life. Together with Looptworks, you can bring your shoes to any domestic retail location, and we'll recycle them and give you $25 off your next purchase in return.

Never not circulating

While being naked is the #1 most sustainable option, we get that people are going to keep buying clothes. The good thing is, there are actually enough clothing and textiles in existence today to meet our global annual demand. Our goal is to reuse or recycle 500,000 garments in 2021.

258,033 garments reused or recycled this year*

*This includes Ref Vintage, Rent the-Runway, thredUP, Looptworks, and donations.

This number isn't as high as we'd like it to be, and we need your help. Send the stuff you aren't wearing to thredUP to resell or donate. For a limited time, you'll get an additional 15% in Ref credit for everything you sell (yes, it's a bribe).

Instead of shipping excess inventory to our warehouse in Los Angeles after sample sales, we donated to two local nonprofits. It helps reduce our carbon footprint and supports communities in need. So far in 2021, we've donated 12,759 garments to Lotus House Women's Shelter in Miami, Princess Chambers in NYC, and Project Ropa in Los Angeles.

Sustainability team scorecards

We launched a department-level sustainability scorecard so our whole team can work together to make an impact. These scorecards make it easier to understand what we need to do to become a more sustainable company and makes actually doing it easier, too. Ref leaders participated in working sessions to identify how they could integrate sustainability into the management of their team, with a goal of supporting our big initiatives, like going Climate Positive. These changes help focus everyone's work, even as our team grows, and gives us a good idea of how we're doing internally.

The results are in:

84 sustainability goals set across Ref teams	**19%** of departments have already fully integrated sustainability goals into roles, responsibilities, and performance reviews	**56%** of departments have partially integrated sustainability goals
11% of employees used volunteer time off	**80%** of respondents told us they have a good sense of our sustainability efforts and can easily follow our sustainability reports	**63%** of respondents participated in at least one sustainability training

We'll use this to keep teams accountable and track our progress over time.
Because it will take all of us to drive for the change we need.

Sustainable Fashion 101

It's important to us that all Ref team members understand why we do what we do, AKA, work on making fashion more sustainable. So we partnered with Clare Press of the Wardrobe Crisis to create a custom Sustainable Fashion 101 4-week training series available to all employees. The course demystifies the science and the complexity of really important issues like climate change and social justice. We also dive into topics such as traceability, better materials, and waste. This training aims to empower our team with the knowledge of what the issues are, what's being done, and what we need to do together. Clare's course is open and available to everyone, so you can join too.

United Nations Sustainable Development Goals

The fashion industry has a major impact on the global economy and the environment. That's why we aligned our sustainability framework with the United Nations Sustainable Development Goals (SDGs) to make sure we're tackling the most important issues like climate change and economic inequality.

→ Learn more

Progress SDG
12: Responsible Consumption & Production, 15: Life on Land

Next up

Investing in the future means aiming high and ensuring our efforts are focused in the places that matter today, and tomorrow. Here's some future-focused stuff we're working on:

Trash to treasure

We got our start repurposing vintage garments, so you know we know how to upcycle. We're currently working on a closed-loop takeback program to ensure we're responsible for the full life of our clothes.

Pass it on

Most of the energy, water, and chemicals used to make our stuff happens in our supply chain. So we're getting serious about tracking resource use at every level and working closely with our partners to connect them to new technologies and practices.

Okay, that's all for now.

→ Our Q2 2021 Report

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