

Q2 2023

The Sustainability Report



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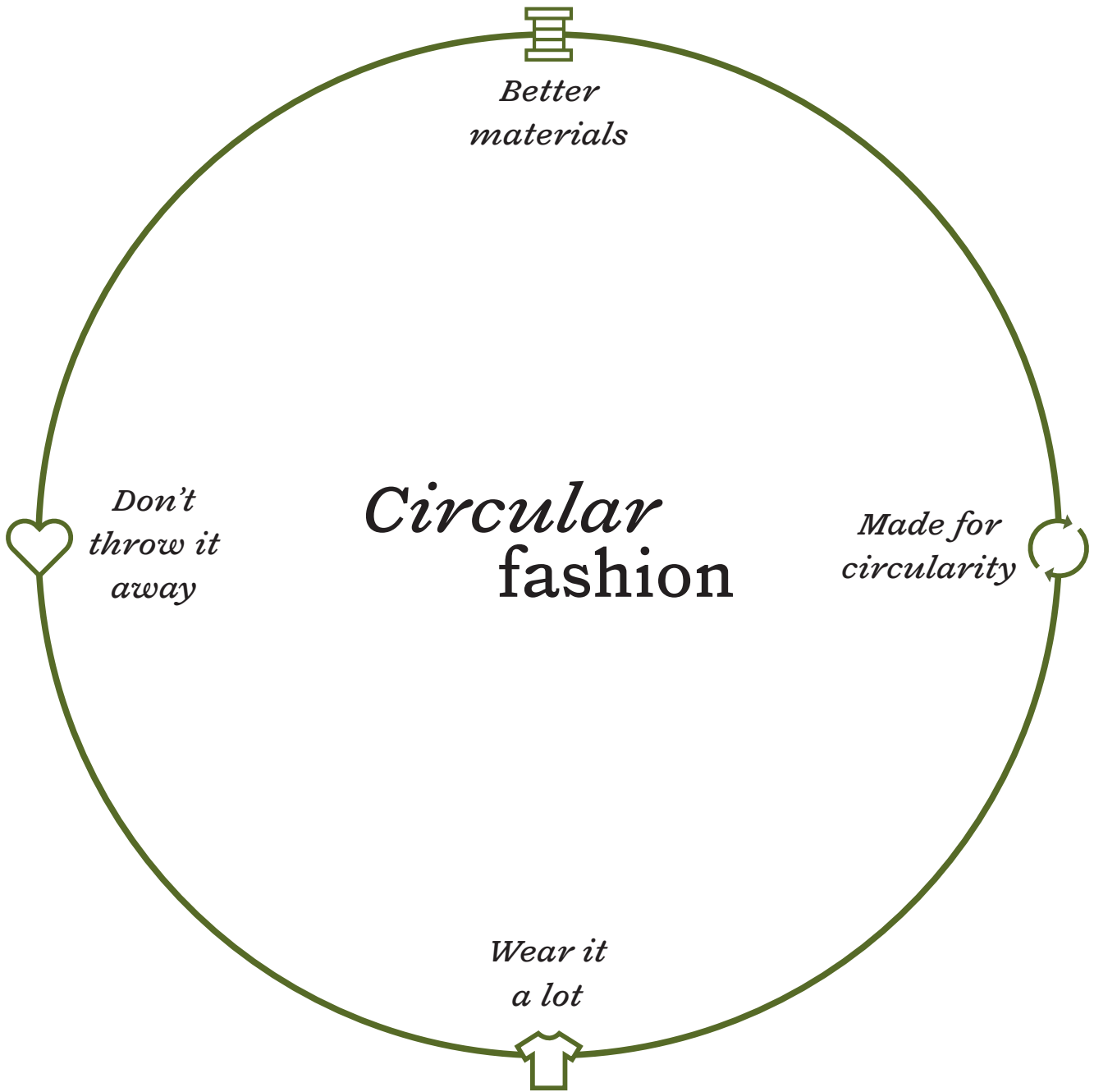
Oh hi,

Oversharing is kind of our thing. While most big companies just share quarterly earnings reports, we think we should all be accountable for more than that. So we tell you more than you've ever wanted to know about your clothes. This time, we're sharing the progress we made in the last few months toward our two big goals—to be Climate Positive by 2025 and Circular by 2030. Plus more good stuff.

Love, Ref

Our goal is to be circular by 2030.

Circularity



Better materials

Make cool stuff from non-toxic, recycled, and regenerative materials.

Made for circularity

Make stuff that lasts, is designed to be recyclable, and in a way that creates less waste.

Wear it a lot

Keep everything in use for as long as possible with care, repair, and love.

Don't throw it away

Keep things around through resale and recycling. We're too cute to go to waste.

Basically, the goal is to make really cute, recyclable products that last longer, with as close to zero virgin materials as possible, and reduce waste along the way. So we looked at where we still have gaps in our business model, operations, and product, and found twelve things we need to focus on to be circular. Easy.

Check them out in our super detailed [roadmap](#).

Progress

A commitment like this sounds great, but we want to be accountable for actually doing it. That's why we share progress updates with you in these reports. Here's how we're tracking so far in 2023:

- **13%** of materials sourced are “non-virgin” (AKA contains deadstock, recycled or next-gen fibers)¹
- **22%** of stuff made is textile-to-textile recyclable through RefRecycling²

Circular Design Workshop

Starting in 2025, every Ref product will have at least one circular attribute (e.g. designed from recycled materials or for durability or recycling). To get started, we need to develop the guidelines to make this happen with our design, merchandising, and product teams. That way, we can prioritize circularity from the start without sacrificing any of the things you love about Ref. So we offered our first ever, hands-on Circular Design Workshop in June in partnership with [Cascade Circular](#). This training teaches designers to adopt circular processes in their work, making it easier for products to flow through circular business models like take-back, repair, resale, and recycling.



¹This percentage is calculated based on total fabric yardage for apparel and upper fabric weight for shoes used in the period.

²This percentage is based on the number of units produced in the period that are in our current categories textile-to-textile recyclable through the RefRecycling program or have the potential to be recyclable due to the fabric composition so will be added to the program in near future.



Keeping it together

As you've probably heard, we make bags now. We focused on creating a luxury, quality product in classic shapes that won't go out of style after one season, without the in-your-face branding that traps bags in trend cycles. Plus, reduced hardware on our bags makes them way easier to disassemble and recycle. We also take advantage of our unique supply chain to make timely design choices, making sure our product is meeting customer demand as close to real-time as possible to minimize waste and maximize relevance. We partner exclusively with Leather Working Group audited tanneries, using best-in-class water, energy, and chemical management practices. Not that you're gonna want to get rid of them anytime soon. Further down the line, we hope to use bigger leather panels from our recycled bags to make other Ref products.

The Collection

In June, we released The Collection, a limited-edition luxury capsule designed with Laura Vassar, co-founder of Brock Collection. Led by a desire to create sustainable luxury, each piece was made with thoughtful design and premium fabrics designed to last basically forever. Plus, six styles were made using deadstock, AKA excess fabric left over from mills and other brands.



Low Impact Care

We design our clothes to last longer, which means you're going to have to take care of them for longer, too. And that means you probably need to clean up your laundry routine. We give you [hot tips](#) to care for them best, but it's on us to consider the full lifecycle of our stuff. 64% of our garments are designed for low impact garment care,³ but a few of our core fabrics still require professional cleaning to ensure quality. So, as we add more innovative materials, we're focused on making sure you can wash them at home instead of taking them to a fancy dry cleaner.

Whether you're over some of your clothes or they just don't fit quite right, we have [three programs](#) to help customers in the US keep their clothes in the fashion system.

PS: We're looking at how we can expand these for our customers outside of the US super soon.



Hemster

We team up with our friends at [Hemster](#) to offer simple, custom alterations that extend the lifespan of a garment and help keep it in rotation. Available in 14 of our US stores and online. Try it out and make your Ref made-for-you.

This year alone, our customers have used Hemster on around 2,700 orders, 5% of which have been repairs.

thredUP

If you're bored with some of your clothes, grab a [thredUP](#) kit and pass them on. We'll give you Ref Credit for every gently used item you sell. Over 200,500 garments were resold or recycled via our partnership with thredUP so far in 2023, which is pretty damn cool.

RefRecycling


We're taking a big step towards developing a closed-loop, circular system with [RefRecycling](#), powered by our friends at SuperCircle. This quarter, we added bags and tees to the list of things we're able to textile-to-textile recycle.

Since our launch in March of 2022, more than 6,946 people have joined the RefRecycling platform, with over 577 people actively recycling their Ref. That has helped us divert over 3,453 pounds of Ref from the landfill. As of now, we only offer this for some of our product categories that we know we can recycle textile-to-textile. To get in on the action, drop off your pre-loved Ref bags, tees, shoes, denim, sweaters, active, and outerwear at any of our US retail locations or request a shipping label online. As a thanks for keeping materials around, you'll get Ref Credit for every item you bring or ship back. Win-win.

³ Includes garments that are safe for machine wash cold or hand wash

The fashion industry is responsible for somewhere between 4-8% of global carbon emissions and is on track to double that by 2050. It's scary, but it also means that we have the potential to make a change if we work together. That's why we made a commitment to be Climate Positive by 2025. We're defining this as meeting science-based reduction targets and removing more emissions than we produce.⁴ Basically, as we grow, we'll work to cut our emissions by about half across our operations and within our supply chain.

Climate Positive



We looked at where most of our emissions come from and identified steps to reduce our footprint in a few key areas: better materials, transportation, energy, and circularity. Check out the detailed [roadmap](#) and our 2023 progress.

⁴Targets are considered “science-based” if they are in line with the level of decarbonization required to keep the global temperature increase below 1.5°C compared to that of pre-industrial temperatures, as described by the Intergovernmental Panel on Climate Change (IPCC). It’s a lot of info, but the good news is our targets are officially confirmed and validated by the [Science Based Target Initiative](#).

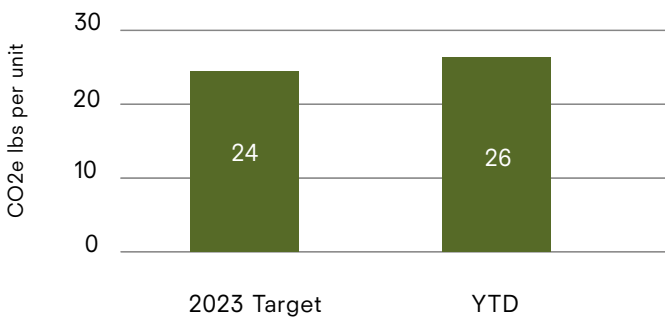
Progress

Sexy Math

RefScale tracks our environmental footprint by adding the estimated pounds of carbon dioxide emitted and gallons of water used to make our stuff. Then, we calculate how much Ref saves compared to conventional clothes bought in the US. The whole equation follows the lifecycle of clothes—everything from growing textile fibers, making fabric, dyeing, transporting materials, manufacturing, packaging, shipping, garment care, and even recycling clothes when you're done with them.⁵ Even though RefScale doesn't capture all our business emissions, it's a helpful way to look at our footprint and track our real-time reduction progress.

Here's a summary of the impact of our products so far in 2023:

Carbon intensity of products



Q2 2023 Product Footprint



Carbon dioxide (Metric tons)
Ref footprint: 15,308
Conventional footprint: 24,557
Savings: 9,249



Water (M gallons)
Ref footprint: 4,851
Conventional footprint: 8,224
Savings: 3,373



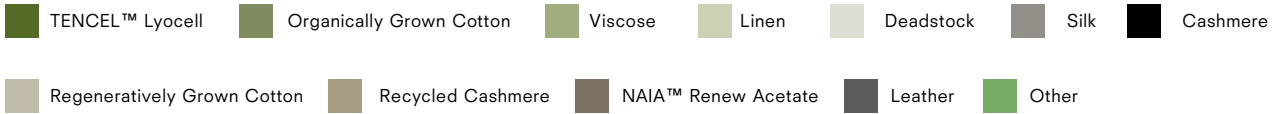
⁵We publish our [methodology](#) on our website so you can really dig in and understand what we include in the calculations.

⁶CO2 equivalency comes from the EPA Greenhouse Gas Equivalencies Calculator and Water from the Patagonia Alliance.

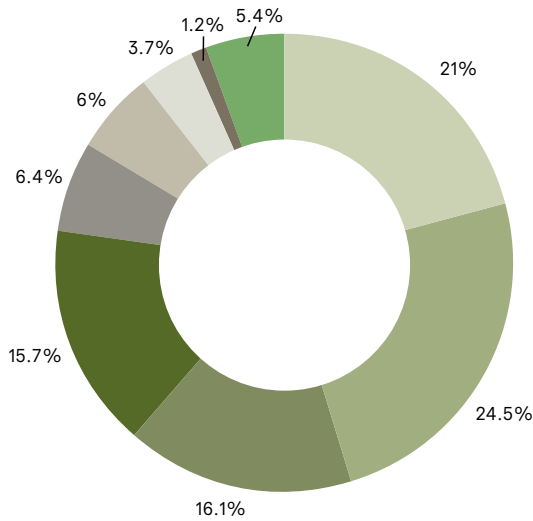
Better Materials

Moving away from higher impact fibers like conventional cashmere, silk, viscose, and leather is a super important part of our Climate Positive Roadmap.

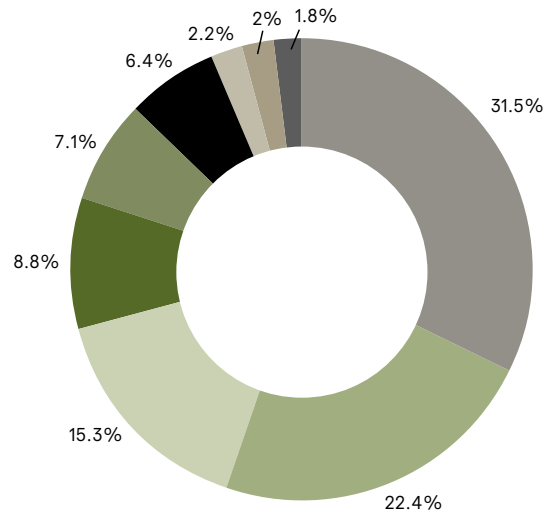
Here's a breakdown of what we sourced plus our other emissions so far in 2023:



Material sourcing



Carbon emissions by materials



We have our own Ref Fiber Standards that are as comprehensive as possible, taking into consideration water input, energy input, land use, eco-toxicity, greenhouse gas emissions, human toxicity, availability, and price. We also look at garment care implications like microfiber shedding.

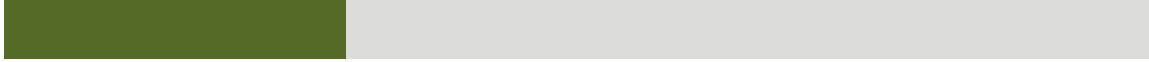
We want **95%** of our fabric sourcing for apparel to meet our top ratings, **always**.

As of now, we're just shy of our target because of silk. It's a real focus for us and we're currently in the process of trying out alternatives that are way less resource-intensive than the real thing.

92% of our fabrics meet our A/B ratings⁷

A - All Stars 28%

Key fibers: Tencel™ Lyocell, recycled cotton, regeneratively grown cotton, deadstock



B - Better than most 64%

Key fibers: Linen, organically grown cotton, better viscose, modal, rayon, NAIA™ Acetate



C - Could be better <1%

Key fibers: Econyl® Regenerated Nylon, REPREVE™ Polyester, EcoLycra®



D - Don't use unless certified 7%

Key fiber: Silk, LWG-certified leather, RWS Merino wool



E - Eww, don't use <1%

Key fibers only used in blends: Cashmere, polyester



[Learn more about Ref fiber standards](#)

⁷Fiber performance is calculated by total fiber volume usage YTD. Leather and deadstock are measured by total material volume usage. Percentages have been rounded up. If Spandex is needed for construction, the percentage per fabric can go up to 15%. For other e-rated fibers, the percentage can go up to 10%. The e-rated fibers that fall under these thresholds are excluded from this KPI.

Ref x TENCEL™

We've been using TENCEL™ fibers for nearly a decade now, but this June, we introduced Ref x TENCEL™—a collection of summer staples engineered to help you look hot and stay cool. TENCEL™ fibers are made with wood from renewable, sustainably managed forests. The wood is processed, turned into pulp, and transformed into the fibers that made up all the cute stuff in the collection.

Oh, and the fibers are certified compostable and biodegradable.



These styles save on average **79%** CO2 and **65%** water compared to conventional materials, and they're also *really cute*.

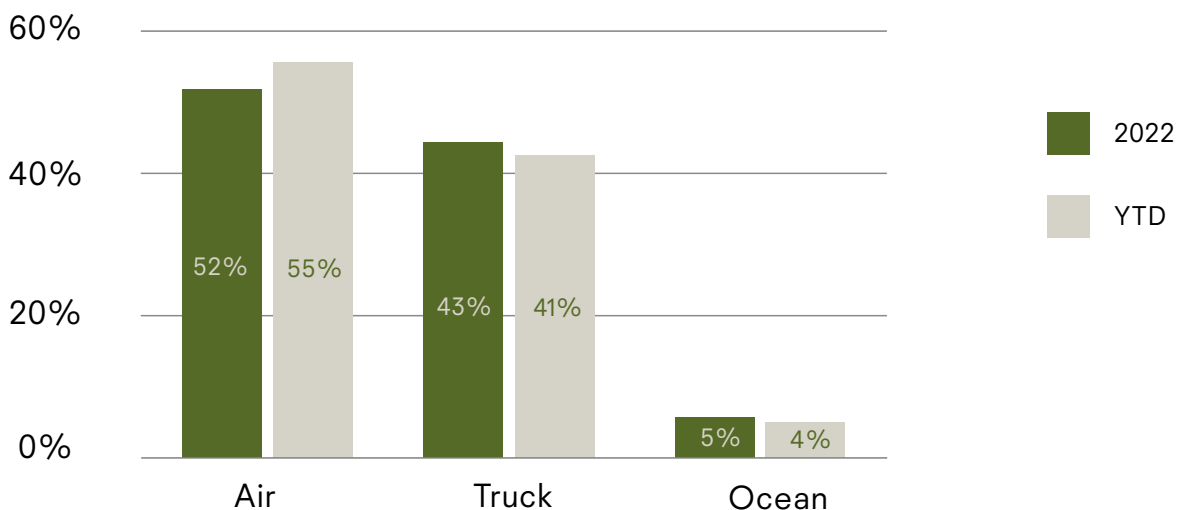
Transportation

Transporting our raw materials and finished goods to our warehouses, retailers, and customers takes a lot of fuel and represented a big chunk (about 28%) of our total emissions in 2022. But we need to fly a lot less if we want to hit our carbon reduction targets—air transport is around 20-30x more carbon-intensive than using a cargo ship.

At the start of the year, we kicked off a task force of basically everyone at Ref who moves stuff. This task force is working to create innovative solutions to help make these transportation shifts. This quarter we built an internal transportation report that captures all the movements that happen before materials and products get to one of our warehouses. We're also working with logistics providers to track the movements from warehouse to customer.

We also identified which products could have longer lead times that we can send via boat versus air. But our new reports show that, so far this year, we have not made meaningful progress and in fact have moved the wrong direction. So we are hoping to use this info to get a total shift of ~2-5% more to ocean transport by the end of the year.

Inbound transit mix year to date 2023⁸



Energy

WTF is an inset + Factory Forward

Approximately 2/3 of our total carbon footprint comes from our supply chain. So reaching our Climate Positive goal means influencing real action within our supplier relationships more than anything else. That's why we're insetting, AKA investing in carbon reduction within our own supply chain. We now have Factory Forward, a whole suite of programs to help our suppliers strengthen environmental management systems, increase resource efficiency, and transition to renewable energy sources like solar and wind.

⁸These percentages are based on the total weight shipped via different modes of transportation. This excludes inbound shipments for trims, shoes, and accessories.

Factory Forward participants

5 factories

47% of Tier 1 production and

21% of Tier 2 production

6,738,749 kWh potential per year

Renewable energy for Ref

We already purchase renewable energy credits (RECs) to offset 100% of the energy we use in our factory, offices, and stores, and we converted our courier van in Los Angeles to a 100% electric vehicle. As we grow and move to new facilities, we'll give preference to those that already are powered by renewables or ones that will allow us to install on-site renewable solutions.

Green stores

Six of our California retail stores and our corporate office are Green Business Certified, which basically means we're operating to improve energy savings, water efficiency, resource stewardship, and reducing CO2 emissions. We now have an internal green business checklist that's modeled after the same framework so we could expand these practices across our 39 (and counting!) retail stores globally. Our goal is to have 100% of our stores qualify for Green Business Certification. Right now, this is where we're at:

71% of stores meet our standards

Offsets

We're a Climate Neutral Certified company, which means we partner with Climate Neutral each year to measure our carbon emissions and offset 100% of our footprint. In 2022, we partnered with BEF on CO2 reduction projects that support clean energy infrastructure and forest conservation and restoration.



None of these big picture, save-the-planet goals happen—or matter—without people.
So here's how we take care of ours.



Social responsibility

Supplier practices

Throughout our supply chain, we work with incredible partners who share our values of accountability, transparency, and sustainability. Nobody's perfect, but we're working towards it and prioritizing transparency every step of the way. We require all of our direct cut, sew, and finish manufacturing partners to adhere to our Code of Conduct (basically our requirements for ethical operations). This ensures fair and safe labor conditions and fundamental labor rights. These include prohibiting child labor and forced labor, implementing health and safety protections, and meeting or exceeding local legal minimum wage requirements.

Our suppliers participate in independent, third-party social assessments to ensure fair, safe, and healthy working conditions over time. These assessments are conducted not only to ensure that they're meeting our Code of Conduct but to identify potential areas of for improvement. We use a color-coded rating system for our supplier audits. Our goal is to maintain a "Green" rating for 75% or more of Tier 1 facilities. While some of our suppliers are in the Orange tier, we focus on partnering with them to address the root cause, as our goal is always to maintain relationships with our partners and influence better practices.

Supplier ratings

Green <28%

Authorized for production

Facility meets standards.

Yellow <60%

Authorized for production

Facility has some minor/moderate issues. Corrective Action Plan required.

Orange <13%

Authorized for production on a probationary basis

Facility has safety, health, or labor-related violations of our standards. Corrective Actions and Preventative Actions required. Onsite support visit or follow-up assessment required as needed.

Red 0%

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 Preventative Actions required. Onsite support visit or follow-up assessment required.

Our factories



Diversity, equity, inclusion & belonging

We continue to focus our efforts on creating a best in class culture and environment at Ref. Based on recent employee feedback, we are making good progress.

We are committed to building a brand that reflects, respects and celebrates the diversity of our world. Our most recent work has focused on finding new ways to increase our team's sense of belonging and engagement. It's hard work, constantly evolving, and is not an "HR task." It's not easy, but we're committed to continuing our work in bringing DEIB programs, knowledge, and education to enhance the way we think, work, and interact at Reformation.

Here are some key updates from the last few months:

- We improved applicant inclusion practices by collecting self-reporting demographic data when candidates apply. This allows us to capture data that will help improve our DEIB reporting and help the recruiting team better understand the diversity of our hiring pipeline.
- We've added DEIB micro learnings to our leadership meetings, company wide All Hands, and various department meetings. Recent topics include: Inclusive Language, An Introduction to Transgender Identity, and Talking About Challenging Events at Work.
- We launched our inaugural Reformation Intern Program. The goal of this program is to add diversity of experience to our talent pipeline and ultimately add diverse talent to the industry. Through this effort, 75% of the interns hired are from an underrepresented community in the fashion industry.
- We continue our focus on leadership development and training. All Directors and above have been assigned their next course "Inclusive Performance Management" in the DEIB Certificate program which is mandatory for leaders at Ref (and we are currently tracking to a 90%+ completion rate).



Community engagement

Taking action

We believe the future of fashion is circular, and we must come together across the industry to drive scalable, systemic change. We recently joined the [American Circular Textiles](#) (ACT) policy group, which was founded to promote policies that help establish a more sustainable and responsible fashion system. They just published a position paper for lawmakers about scaling the circular economy and are hyper-focused on other US-based regulations that can take this work to the next level. We're inspired by ACT and other collective actions that will hopefully prove that effective public policy, responsible business, and consumer engagement can solve some of the biggest problems with the wastefulness of the fashion industry.



Giving back

This April, we brought back our Earth Month Climate Tees. We donated 50% of the proceeds—a total of \$35,550—from all the tees sold online and in-store for the month to [Accelerating Circularity](#), a nonprofit that catalyzes new circular supply chains and business models to turn spent textiles into mainstream raw materials. Super worthy cause.

Always learning

We want each of our stores to feel like a genuine reflection of Ref values and our sustainability commitments, so this quarter we launched our first Retail Sustainability Champion program, a 16-week course that provides a foundation of sustainability knowledge for our retail employees. It makes it possible for Refs to talk to customers about all things sustainability and represent their store team in a company-wide Sustainability Scorecard requirement. The first group of 28 employees will give regular feedback on how we can keep pushing for better. Some of the best ideas at Ref come directly from our team in our stores, so we're really excited to continue to learn and grow together.



More
good stuff

Clean Chemistry

85% of our dyers and printers have a clean chemical certification⁹

We want our products to be safe for everyone and everything they touch. That's why we partner closely with our printers, dye houses, and tanneries to ensure they are using chemical, water, and energy resources responsibly, and make sure any new suppliers are doing the same. We're a bluesign® system partner, and with their help, we're assessing our supply chain to see how we can best meet our clean chemistry goals. We're also aligned with the ZDHC - which stands for Zero Discharge of Hazardous Chemicals. They're an industry collective dedicated to comprehensive and effective chemical management in the production of textiles. Our goal is to have 100% of our materials come from suppliers with clean chemistry certifications or Level 2 ZDHC compliance by 2025.

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 is to maintain 100% traceability into our Tier 1 & 2 suppliers¹⁰

Tier 1	Tier 2	Tier 3	Tier 4
100%	100%	90%	4%
Finished goods assemblers & subcontractors	Dyers & printers; finishers, weavers, knitters	Fibers, spinners, recycled material collector/processor	Raw material (farm, forest, ranch)

We'll keep digging deeper into Tier 4 through our regenerative and farm- and forest-forward programs to influence sustainable practices at the very beginning of our product's lifecycle.

⁹ Percent of clean chemical certifications or ZDHC MRSL conformance of Level 2 and higher for dyers, tanneries, and printers is calculated by total fabric yardage for apparel and upper fabric volume for shoes YTD. This excludes all deadstock materials.

¹⁰ Traceability is calculated by total fabric yardage for apparel and by upper fabric volume for shoes YTD. This excludes all deadstock materials.

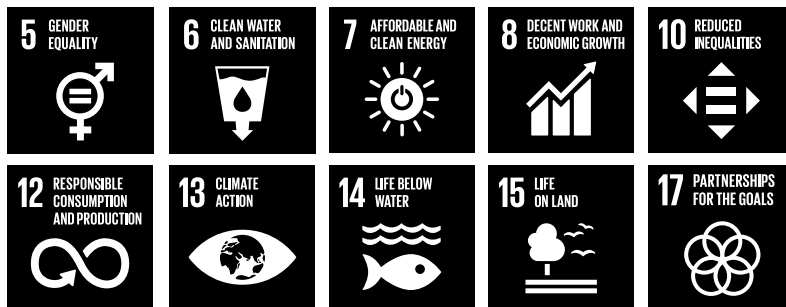
Here's where we made our stuff:

China	USA	Mexico	Turkey	Brazil	Pakistan	India	Bulgaria	Indonesia
53%	25%	11%	7%	4%	<1%	<1%	<1%	<1%

*Based on % volume


We think transparency is key to accountability, so we disclose 100% of Tier 1 finished goods manufacturers and subcontractors within our supply chain. We aligned with the [Transparency Pledge](#) and are participating in the [Open Supply Hub](#) to expand on the details that are made public. This helps us be even more accountable for the working conditions in our partner factories. We've also signed onto the [Call to Action](#) by The Coalition to End Forced Labour in the Uyghur region.

Sustainability Development Goals alignment



The fashion industry has a huge impact on both 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.

The content of this publication has not been approved by the United Nations and does not reflect the views of the United Nations or its officials or Member States.



Okay, that's all for now

[Read our EOY 2022 updates](#)

Reformation