

Reformation



The Sustainability Report
Q3 2023

Note from us	2
Circularity	3
Climate Positive	9
Social Responsibility	18
More good stuff	23

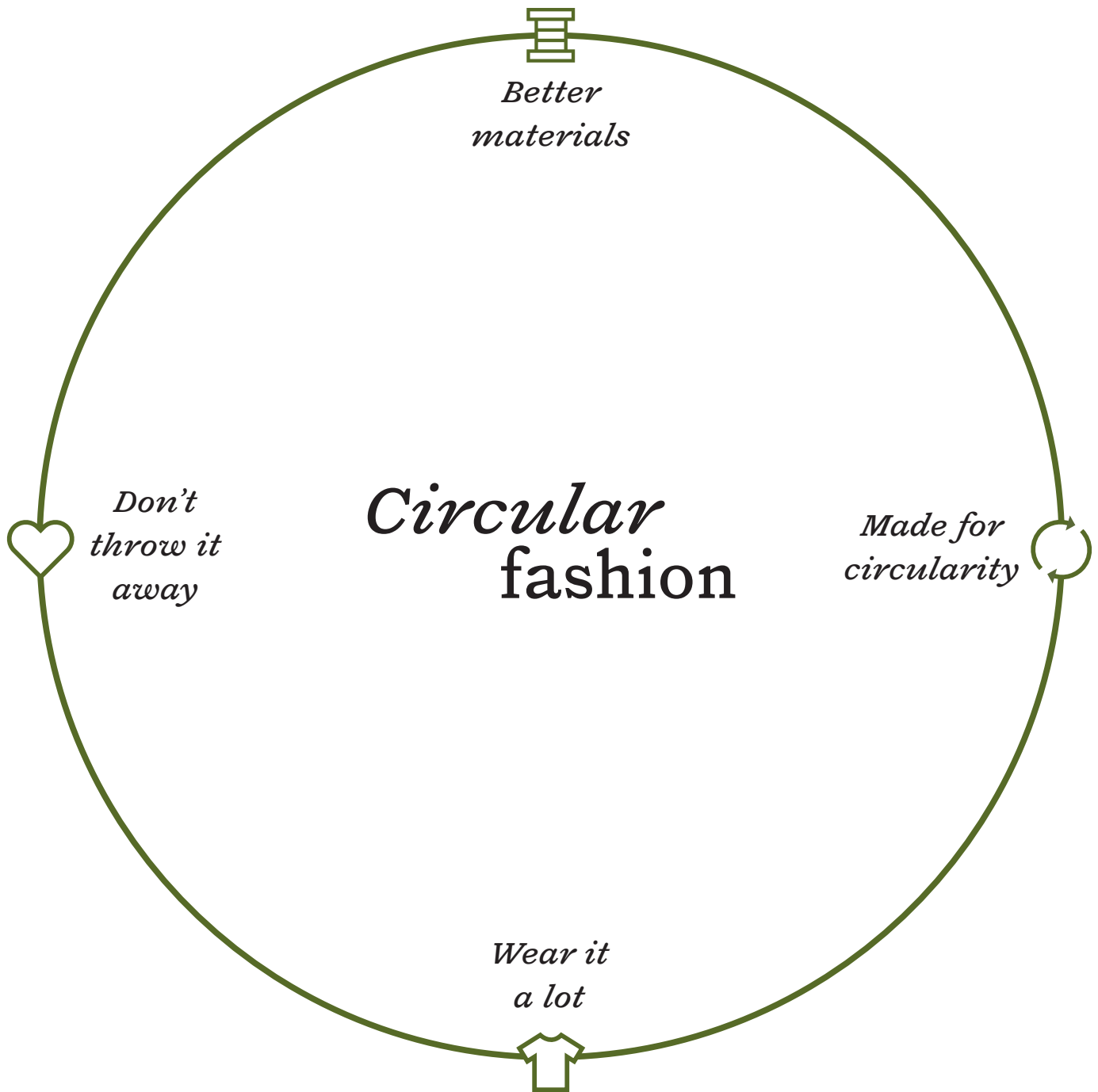
Oh hi,

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. Right now, 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



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




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



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



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.

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:

- **21%** of materials sourced are “non-virgin”
(AKA contains deadstock, recycled or next-gen fibers)¹
- **28%** of stuff made is textile-to-textile recyclable through RefRecycling²

Circular Design Guide

In Q2, we held a circular design workshop for our Design, Product Development, Merchandising, and Supply Chain teams to educate them on the principles of circularity. Since then, we've created [Ref's Circular Design Guide](#) to hold ourselves accountable and to keep circularity top of mind in the design process. Our teams will tag and track these criteria at the style level, and by 2025, all products will have at least one of these circular attributes.



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

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



Scaling recycled & next-gen materials

We recently launched new styles using Manteco recycled wool and Naia™ Renew. A lot of our fall outerwear is made with MWool®, which contains 70% post-consumer recycled wool. Manteco wool also doesn't need to be dyed again which means less chemical and water use than virgin wool.

We also used silk alternatives in 18% of our silk or silk-like sourcing so far in 2023. In addition to our Eco Satin fabrics, we introduced Crushed and Crinkle Satin made from Naia™ Renew, a cellulosic fiber produced from 60% sustainably sourced wood pulp and 40% certified recycled waste materials in a closed-loop process. These were new fibers for us last year, and we're super excited to make them an even bigger part of our sourcing.

Reverse Resources

One important part of our Circularity Roadmap is to recycle manufacturing waste, which can be 10-20% of a fabric roll. That's a lot, so we're working with our suppliers to find solutions for post-industrial textile waste, with a goal that all strategic suppliers will have a recycling solution in place by 2030. To make that happen, we're teaming up with Reverse Resources to map all textile waste streams generated by our facilities and steer recyclable textile waste to suitable recycling partners. Reverse Resources is a platform that seeks to redefine textile waste as a resource and rapidly scale global textile-to-textile recycling by building circular supply chains in the textile industry. By using digitization and data-driven approaches, Reverse Resources connects all relevant stakeholders of the textile waste management and recycling ecosystem so that they can overcome market barriers and efficiently transact on textile waste. Our goal is to maximize the lifecycle of our textile waste streams and to create connections between our facilities and leading textile-to-textile recyclers.



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. We're making that easier with tools by [Steamery](#) and [hot tips](#) for product care, but it's on us to consider the full lifecycle of our stuff. 67% of our garments are designed for low impact care, 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: Some of these programs are location-specific, but we're looking at how we can expand these for more customers and have made some progress this quarter. Hemster is now available in all US stores, and Ref Recycling is now available to our customers in Canada. Yay.



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 for our customers in the US in all of our stores and online. So far this year we've helped alter over 5,800 pieces. Try it out and make your Ref made-for-you.


thredUP

If you're over 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 288,665 garments were resold or recycled via our partnership with thredUP so far in 2023, which is pretty damn cool.

RefRecycling

We took a big step towards developing a closed-loop, circular system with [RefRecycling](#), powered by our friends at SuperCircle. Since our launch in March of 2022, more than 7,394 people have joined the RefRecycling platform, with over 686 people actively recycling their Ref. That has helped us divert almost 5,000 pounds of Ref from the landfill. As of now, we only offer this for some of our product categories because we want to keep this exclusive to stuff 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 or Canadian 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. 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.

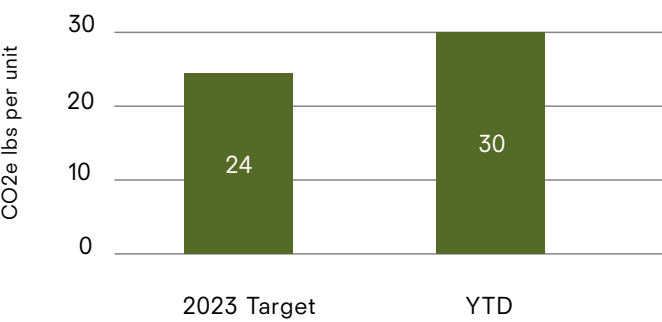
⁴Targets are considered "science-based" if they are in line with the level of decarbonization required to keep the global temperature increase below 1.5°C compared to that of pre-industrial temperatures, as described by the Intergovernmental Panel on Climate Change (IPCC). It's a lot of info, but the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

Progress

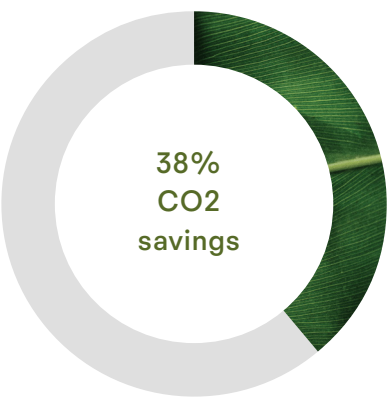
Sexy Math

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. 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: 27,006
Conventional footprint: 70,376
Savings: 43,370



Water (M gallons)
Ref footprint: 6,916
Conventional footprint: 12,520
Savings: 5,603



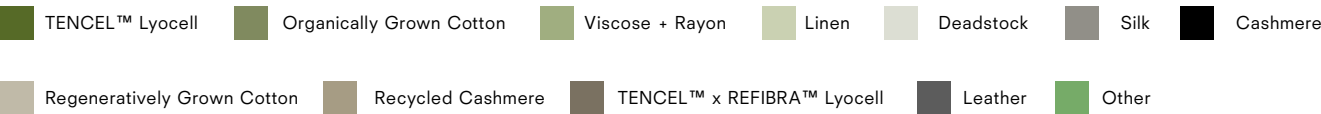
⁵We publish our [methodology](#) on our website so you can really dig in and understand what we include in the calculations.

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

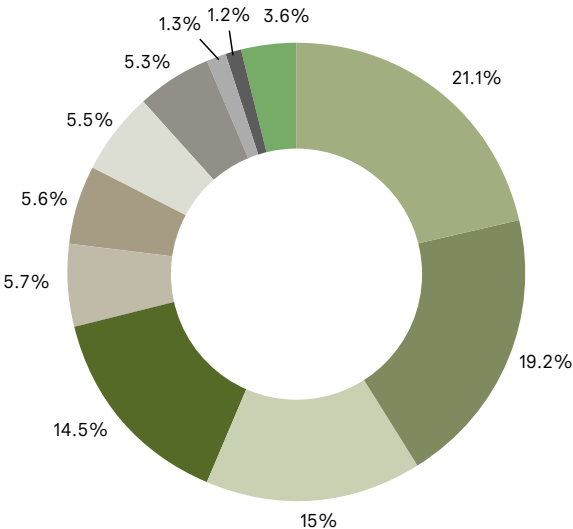
Better Materials

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

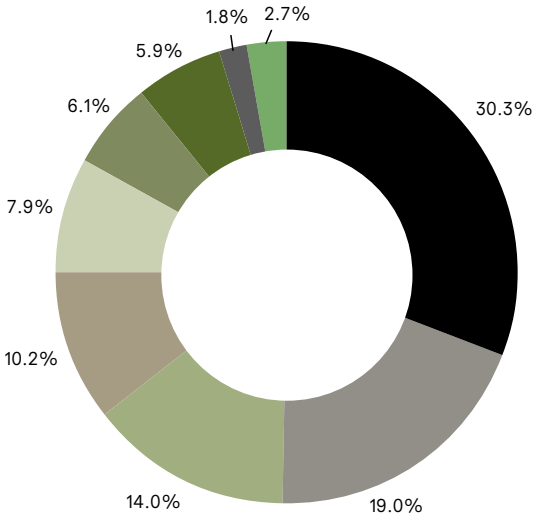
Here’s a breakdown of what we sourced plus our other emissions so far in 2023:



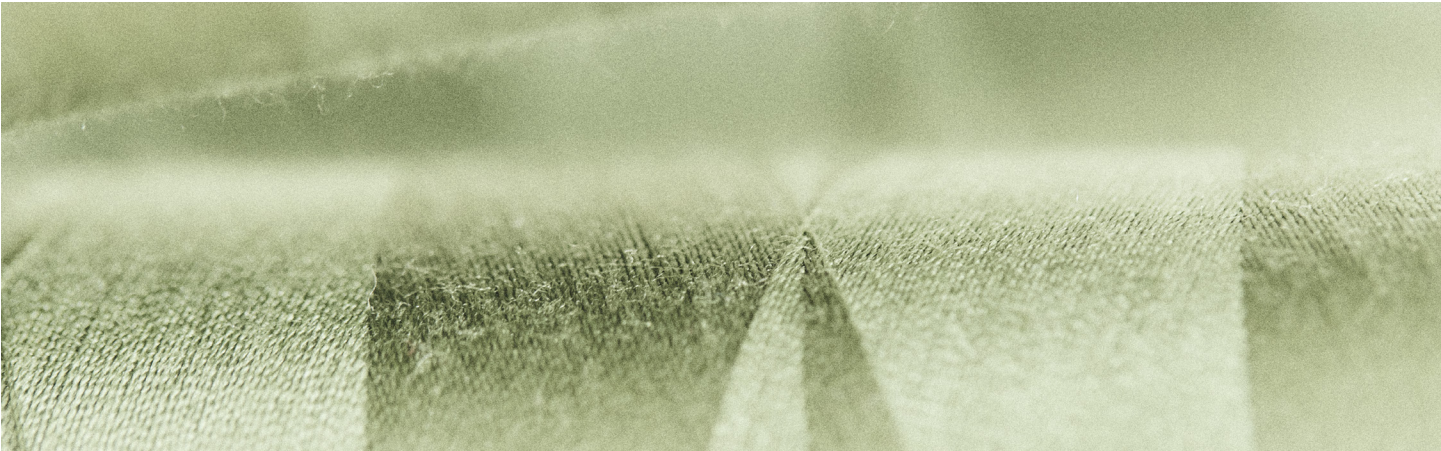
Material sourcing



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. Right now, we’re just shy of our target because of silk. You love it, and so do we, but we’re less into its big carbon footprint. So we’re already implementing alternatives that are way less resource-intensive than the real thing.



92% of our fabrics meet our A/B ratings⁷

A - All Stars 29%

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



B - Better than most 63%

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



C - Could be better <1%

Key fibers: Alpaca, 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, spandex



[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.

Not virgin cashmere

Virgin cashmere has a giant carbon footprint. And even though cashmere represents less than 1% of the material we purchase, it accounts more than 30% of our footprint due to its high carbon intensity. That's not cozy, and we're doing something about it. We started by introducing our 90% recycled cashmere sweaters in 2022. This year, we're taking it a step further. It's made from recycled cashmere and organically grown cotton—so not virgin and the most sustainable yarn we've ever used. This new yarn saves 96% on CO2e compared to a conventional cashmere and cotton blend.

Investing in innovation

We're always thinking about our future, so we've piloted two earlier-stage fiber innovations so far in 2023. Kintra Fibers and Rubi Labs are projects that will help us find the best viscose and polyester alternatives out there while supporting our Climate Positive and Better Materials work. Both projects are still new but already testing fiber and yarns to meet our specific fabric needs.

Kintra Fibers has developed a bio-based and biodegradable polyester⁸, estimated to potentially result in a 95% reduction in GHG emissions, a 30% reduction in water usage, and a 20% reduction in energy consumption compared to traditional polyester.

We think this has a lot of promise for the industry both to break up with fossil fuel fabrics as well as meet climate targets.

Rubi Labs uses biochemical processes to turn CO2 from the waste streams of manufacturing facilities into cellulose, which it then uses to make lyocell yarn for textiles, cutting the need for other waste inputs or deforestation. Kind of the best combo we could imagine—carbon capture and a resource-saving viscose alternative.

Born and raised in CA

We officially sell stuff made from Climate Beneficial™, California-grown cotton sourced via our work with the California Cotton & Climate Coalition—AKA C4. Through this first-of-its-kind coalition, we've teamed up with like-minded brands, farmers, and researchers to collectively demonstrate the positive impact of regenerative farming practices. Like better soil health, biodiversity, water retention, and more prosperous farming communities. Also, by sourcing Climate Beneficial™ cotton directly from the farmers in California's Central Valley, we're sharing the financial risk that can come with regenerative practices, and making it a more accessible path for all farmers. And making some great cotton clothes.

⁸The estimate from Kintra is the result of a preliminary cradle-to-gate LCA conducted by a 3rd party, which compared the production of Kintra resin pellets to PET resin pellets.

Happy sheep

We're still making styles made with NATIVA™ regenerative wool that helps restore the Earth by focusing on soil health and getting rid of chemicals whenever possible. Our latest collection features wool sourced from transitional regenerative farms in Uruguay. Transitional regenerative basically means the farm raises its sheep ethically (like with more space to graze on native plants) and it's on its way to producing wool that helps remove CO2 from the atmosphere. Supporting transitional regenerative farms helps us reduce our carbon footprint while also helping grow and scale the regenerative movement. A very warm and cozy win-win.



Silky stats

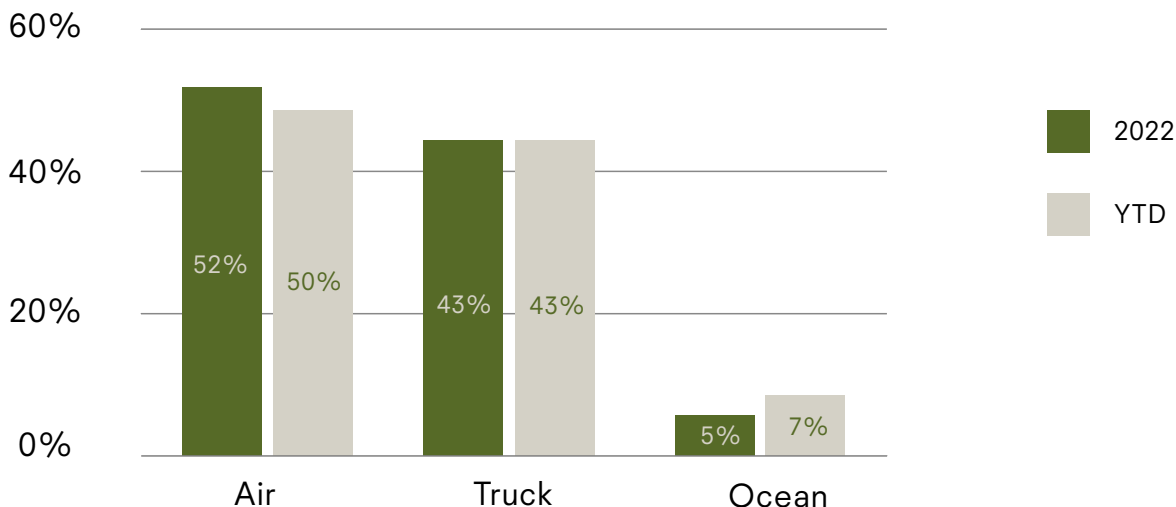
Right now, there's limited impact data for silk. Given silk represents a small proportion of global fiber use (~0.25%), it is not a top priority for most industry efforts. However, it has a disproportionate impact on sourcing for premium and luxury brands. For instance, for Ref in 2022 silk was ~5% of our fiber uptake and nearly 20% of our estimated fiber CO2e footprint. As long as we're still using silk, we want to invest in better data on its impact, while we work on material innovations like our Naia™ Renew fabrics. So we organized a coalition of several other brands like our friends at Eileen Fisher, who are interested in supporting a better lifecycle assessment of silk. We just kicked it off with the help of Textile Exchange, and while it may take some time to do right, we plan to publish the findings publically in 2024 (and aligned with TE's Impact Data Call to Action and other industry databases) to help influence the wider industry.

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. 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. So, 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.

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 identified areas of opportunity for boating evergreen fabrics, replenishment styles, and planned categories like sweaters and denim. We've tested these interventions with some success, but continue to be challenged by our planning calendars since we adjust orders in real time to meet customer demand and cut overproduction. So tradeoffs. But we're still really focused on how we can move everything we need to with the lowest possible footprint.

Inbound transit mix year to date 2023



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.

We just wrapped our first offering of the program with South Pole. Together, we aimed to provide suppliers with the tools and knowledge to source Energy Attribute Certificates (EACs) with competitive aggregate pricing. Suppliers were also encouraged to explore other options like onsite generation and green power trading options.

Here's a recap of their plans:

- 2 suppliers will start sourcing EACs for Reformation's energy share starting in 2024.
- 1 supplier is already sourcing renewable energy via onsite solar installed this year which almost accounts for 30% of the facility's total energy use. They might source EACs to meet further targets.
- 2 vendors aren't ready to source right now but we'll keep working with them on it to see what solutions will make sense in the future.

Up next, we'll be working with Apparel Impact Institute (All) to roll out programming to help us further invest in carbon reduction within our own supply chain.

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 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.

Offsets

We're a Climate Neutral Certified company, which means we partner with the non-profit [Change Climate](#) (formerly known as Climate Neutral) each year to measure our carbon emissions and offset 100% of our footprint. It's like a fancy seal of approval. 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 also to identify areas of progress 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.

Supplier ratings

Green 46%	Yellow 48%	Orange 6%	Red 0%
Authorized for production	Authorized for production	Authorized for production on a probationary basis	Not authorized for production
Facility meets standards.	Facility has some minor/moderate issues. Corrective Action Plan required.	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.	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.

Currently, 3 of our suppliers have a social compliance certification like Fair Trade and SA8000. Certifications aren’t everything, but we’re working closely with our suppliers to increase participation in more social certification programs as an extra way to ensure equitable working conditions for employees throughout our supply chain.

Our factories



Diversity, equity, inclusion & belonging



We want Ref to be a great place to work and a brand that reflects and respects the diversity of our world.

So we're working to improve representation at all levels of the company and increase our team's sense of belonging and engagement each year. It's hard work, constantly evolving, and is not an "HR task." 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 believe in investing in the future so this year we created a new internship program. We kept the class small so we could focus on creating meaningful work experiences, and aimed to hire from underrepresented communities and build a pipeline of talent. We hired 4 interns with 2 (50%) being ethnically diverse.
- Our new DEIB Newsletter "Belong at Ref" launched this quarter. It's all about sharing the latest Talent and DEIB updates, focused learning and education content, as well as spotlighting important moments and stories from our employees. The goal is to increase the sense of belonging and inclusion at Ref.
- We continued integrating DEIB learnings in our corporate, retail, and company-wide meetings. We've launched training topics like "Calling out Bias," "Fostering Inclusion in Remote/Hybrid Environments," and "The Impact of Unconscious Bias on Customers."
- Last quarter, we improved our metrics and data through our talent acquisition application process. These data points include new self-reported demographic data from our applicants, which will allow us to track and report on our inclusion practices at key moments within the application process. In 2024, we'll establish key metrics and KPIs using this new data to ensure that we are enhancing our hiring practices at every moment of the hiring process.
- This quarter marks our first anniversary of "Hire by Design," a certification intended to mitigate recruitment and hiring bias. Before a hiring manager can open a job and begin the recruiting process, they must complete Hire by Design. This certification covers the Talent Acquisition Process, How to Conduct an Effective Interview, and How to Avoid Bias in Talent Recruitment and Retention. We're super proud to say that since the launch of Hire by Design, every hiring manager has completed this certification.

Community engagement & impact

Volunteer time-off

Over the last few months we've made bigger efforts to get Refs to come together and give back to their communities. We offer all full-time and part-time employees 16 hours of volunteer time-off per year to use towards organizations that are important to them. So far this year we've had 238 Refs log volunteer time-off for over 1,000 hours total. In August, our Factory team took a half-day off and did a beach clean-up with the Surfrider Foundation. We also organized two opportunities for our LA-based corporate teams to volunteer at a local composting hub and help clean up nearby beaches.



Company goals

We use an annual sustainability scorecard for each department to create goals that promote sustainability values and culture, business processes, and continuous education.

We completed the 2022-2023 cycle in July and set over **199 goals** company-wide. **100 of these goals** were completed, **70** are in progress, and **29** have not been started yet, but they'll get there.

Goals ranged from testing a silk alternative to reducing our return rate by improving size and fit guides online. This is a really important way to make sure sustainability is truly at the core of our team and our company.

Always learning

We want each of our stores to feel like a genuine reflection of Ref values and our sustainability commitments, so last quarter we launched our first Retail Sustainability Champion program, a 16-week course that provides a foundation of sustainability knowledge for our retail employees. We completed the first cohort of participants in September and used their feedback to mix things up. We'll be working to add sustainability education throughout the retail experience through bite-size sessions in product knowledge and All Hands meetings for all retail associates. The Sustainability team will also host monthly lunch n' learns for any Ref interested in connecting on sustainability. Some of the best ideas at Ref come directly from our store teams, so we're really excited to continue to learn and grow together.



More
good stuff

Clean Chemistry

84% 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%	89%	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	Bulgaria	India	Pakistan	Indonesia	Portugal
53%	25%	10%	7%	4%	1%	<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.

The background of the entire page is a warm, orange-brown gradient. Overlaid on this gradient are several large, translucent, overlapping circles of varying sizes and positions, creating a bokeh-like effect.

Okay, that's all for now

[Read our Q2 updates](#)

Reformation