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Impact Report  
2022

**EVERLANE**

# A Letter from our CEO

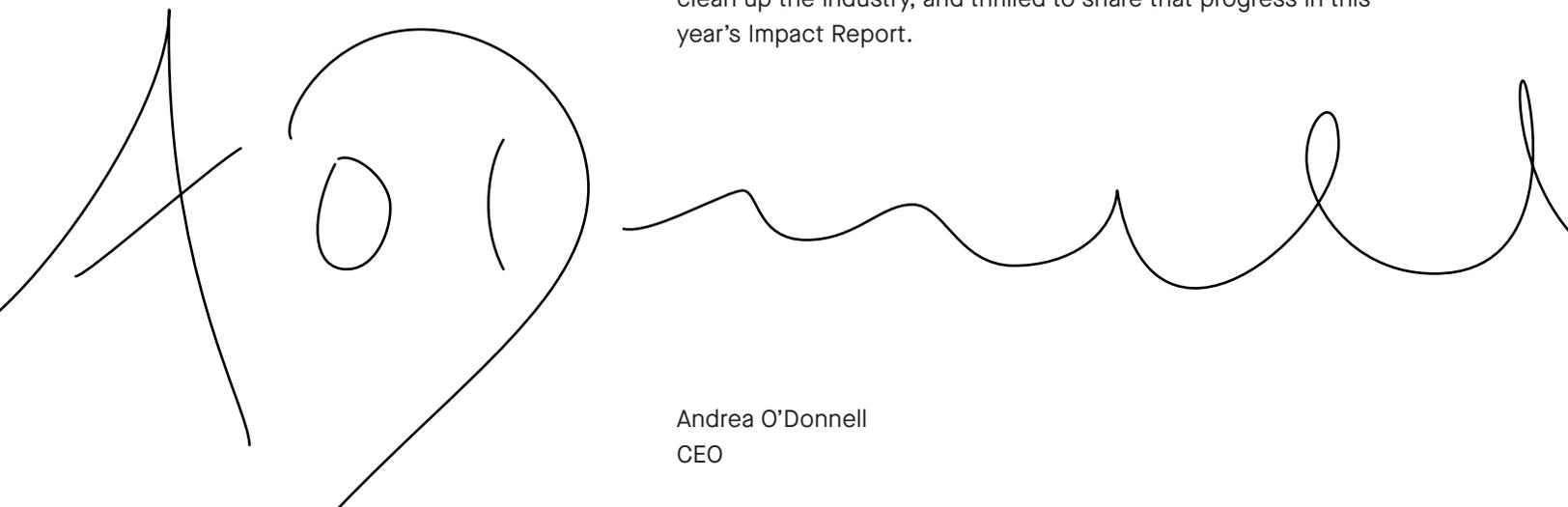
This year's Impact Report launches in the shadow of the recent United Nations' (IPCC) report on climate change, which declared that the earth's temperature will likely exceed 1.5° C by 2030. However, the IPCC also believes that we are equipped with the tools to combat this crisis, but only if we accelerate our efforts.

Greenhouse gas emissions are the largest contributor to global climate change, and the apparel industry accounts for up to 7% of global greenhouse gas emissions. At Everlane, we have been on a journey since 2016 to mitigate our impact on the planet.

We remain committed to our three sustainability pillars: Keep Earth Clean, Keep Earth Cool, and Do Right by People. This translates to investing in materials and processes that reduce the brand's impact on the planet, as well as transparently communicating with customers about our sustainability initiatives. We're incredibly thoughtful about our materials and production partners, striving at every step of the process to reduce waste, minimize natural resource use, and remove harmful content from our products. Currently, over 78% of our products have met at least one of our sustainability criteria, and our goal is to make that number 100% by 2025. This report details the progress we have made in all aspects of the business, from our products to our factories and teams.

As the antithesis of fast fashion, our design ethos encourages consumers to buy less, but buy better. Our products are Purposefully Designed, Beautifully Functional, and Consciously Crafted—so our customers can curate a forever wardrobe of pieces to cherish and then pass on. This is how we believe we can start creating a better future for us all.

I am incredibly proud of what we have achieved in our mission to clean up the industry, and thrilled to share that progress in this year's Impact Report.

A large, stylized handwritten signature in black ink, appearing to read 'Andrea O'Donnell', spans across the bottom of the page. The signature is fluid and cursive, with a large initial 'A' and 'O'.

Andrea O'Donnell  
CEO

# A Letter from our Founder and Executive Chair

I grew up in the Bay Area in the '90s. It was an idyllic time—warm temperate weather, lush orchards, and that golden California sunlight. It felt like paradise.

This past year was a world of difference. We experienced massive variances in temperature and the coldest front in my lifetime. Hail fell from the sky. The streets flooded multiple times. It was quite obvious that this wasn't mother nature—this was human nature.

We have reached the clear point where we don't have to debate about climate change. We have all felt it and many of us feel a desire to make a difference.

I don't believe it's on the consumer to change. It's simply not practical. Instead, it's on companies to provide better alternatives, technology to innovate, and governments to set stronger regulations.

Our team at Everlane has been working with a fervent effort to make an impact. In our second Impact Report, you will see how we've continued to re-source and upgrade almost all of our materials. This includes organic, regenerative, and recycled materials, which resulted in the launch of our lightest sneaker yet—Tread-Bare, at just 4.78 kg CO<sub>2</sub>e. Every detail counts.

The culmination of all our hard work has resulted in a 20% reduction of carbon since our baseline measurement year of 2019. Our goal is a 50% reduction by 2030 and we're almost halfway there. I know we'll make it.

The time to make change is today and every day go-forward. We're proud of the work we're doing and feel a deep sense of urgency to accelerate our reduction. I know we can make a difference. Thank you for supporting us.



Michael Preysman  
Founder and Executive Chair

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# 01 Progress Is A Process

This Past Year

## Our Ambition

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To clean up the industry

## Our Mission

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Empower people  
to live their best lives  
with the least impact  
on the planet

- - Our customers
- Our team members
- Our partners
- Our fulfillment centers
- Our factories
- - Carbon reduction
- Waste minimization
- Resource consumption
- Climate justice
- Biodiversity protection

In 2022, we faced continued supply chain challenges, changing legislation impacting the industry, and a turbulent economic outlook. Through it all, our Everlane Team remained steadfast in our commitment to protect people and the planet. We are proud of our ongoing dedication to using verifiably lower-impact materials and processes, reducing our carbon footprint, supporting social responsibility in our upstream supply chain, and promoting diversity and inclusivity in our workforce.

The social and environmental challenges of our industry are significant, but we are responding with urgency and determination by prioritizing our efforts where we can have the greatest and most efficient impact.

This year's Impact Report highlights those efforts and the progress we've made towards our goals—showcasing a breadth of solutions and the collaboration that made them possible.

# Highlights from 2022

## Keep Earth Clean

# 76%

of our materials met our lower impact "preferred" standards, up from 67% in 2021.

# 75%

of our cotton is now certified organic, recycled, or regenerative, up from 66% in 2021.

# 96%

of our materials containing polyester and nylon are now made from Global Recycled Standard-certified recycled fibers.

# 68%

of our fabrics by volume met our highest standards for cleaner chemistry, up from 57% in 2021.

## Keep Earth Cool

# 20%

absolute reduction of Scope 1-3 emissions, equal to 22% reduction in per-product emissions, compared to our 2019 baseline.

# 100%\*

of renewable electricity sourced for HQ & Retail through RECs.

# 40%\*

of our Tier 1 manufacturing partners are sourcing renewable electricity.

# 4.78

 kg CO<sub>2</sub>e

Designed the Tread-Bare Sneaker with a carbon emission impact of just 4.78 kg CO<sub>2</sub>e – our lightest sneaker yet.

## Do Right By People

# 72%\*

of our Tier 1 manufacturing partners have additional social or environmental certifications that go above and beyond local laws and industry standards.

# 100%\*

of our full-time employees make or exceed the Tier 1 Living Wage benchmark (set by Living Wage for U.S., Inc.).

# 60%

of new hires in our organization identified as BIPOC, up from 49% in 2021.

# \$1.47M

donated to the ACLU to date through our 100% Human & 100% My Body campaigns.

\*New indicators measured in 2022

# From 2011 to Today

A history of our progress towards fashioning a better future.

## 2011

Everlane launched with **1,500 T-shirts** made of Supima® cotton from Swisstex. The shirts were made in Los Angeles, CA, with a starting waitlist of 80k people.

## 2012

Just one year later, we launched **Mongolian cashmere sweaters**, silk shirts, and oxford button-downs—our biggest sales day yet! 23 days later, we shut down our site for our first disruptive Black Friday.

## 2013

We launched our first **“Transparent Factory”** site—paving the path as the first brand to share the story, images, and details behind our products and factories.

## 2014

We launched our first piece of footwear: **The Modern Loafer**, made in Italy. In November, we established our first Black Friday Fund, financing solar panels at our Hangzhou factory in China.

## 2015

We surpassed 50 team members and **started our Transparent City tours** (First Stop: Transparent LA). That summer, we created our limited edition Chef Totes, in partnership with Edible Schoolyard, to raise \$50k for children's food education.

## 2016

Created our Choose What You Pay collection, hosting an in-person event in Brooklyn, NY. That fall, as the cost of cashmere came down (if you can believe it at that time!) we **launched our premium \$100 Cashmere**, a first for the industry at that price point.

## 2017

Some of our most significant launches happened this year: our **World's Cleanest Denim**, our **best-selling Wide-Leg Crop**, and our **inaugural Day Family collection** (starting with the Day Glove). We also opened our **first physical store** on Prince Street in NYC!

## 2018

We publicly **pledged our “No New Plastic” Commitment** and opened our 2nd store in our hometown of San Francisco. We also launched our first Body collection and the first iteration of our Day Tote.

## 2019

We introduced our sneaker brand, Tread, and completed our first independent life-cycle assessment (LCA) to measure the carbon footprint of the sneakers and offset all their emissions. We **launched a Climate Collection in partnership with the New York Times** where for each product sold, nine public school students received access to a NYT subscription. This year, we also **earned GOTS Certification and became a bluesign® Partner**.

## 2020

We **announced our Organic Cotton Commitment** and started measuring our carbon footprint. We established a formal DEI strategy and developed core competencies for our HQ employees to support upward mobility planning.

## 2021

We launched our Forever Sneaker, our lowest impact shoe yet. We joined leading industry initiatives like the Textile Exchange and SAC and were **approved for our science-based targets for reducing emissions** through the SBTi. We also **opened our 8th and 9th stores**, donating proceeds from opening days to local social and environmental NGOs.

## 2022

We made significant progress against our preferred materials goals while reducing greenhouse gas emissions by 20% (since 2019). We **became an EPA Green Power Partner**, and added three new certification schemes to our brand (Organic Content Standard, Responsible Wool & Alpaca Standards). We launched the “100% My Body” campaign with proceeds supporting the ACLU, and also **opened our 10th and 11th stores**.



# 02 Our Strategy

How We Approach Sustainability

# Our Approach

Every product we make requires the hard work of multiple hands from around the globe. It also takes resources from the planet and generates three outputs:

- A product that you love
- Greenhouse gas emissions
- Waste

## Our Three Pillars

Our approach is to make every product as responsibly made with the least impact as possible, and we aim to take accountability for all our outputs—the good and the bad. We use a simple framework to guide our environmental and social efforts: Keep Earth Clean, Keep Earth Cool, and Do Right by People.

This is not work we can do alone—collaboration, measured outcomes, and shared accountability are our keys to success. We aligned our pillars and key priorities to the United Nations’ Sustainable Development Goals (SDGs),

and we partnered with leading organizations to help us set rigorous and quantifiable goals and to verify our progress.

## The Global Goals for Sustainable Development

There are seventeen priorities under the SDGs. We can’t achieve all of them at once, so we need to focus. In line with our three pillars, we are prioritizing SDGs for which we feel we can make the most meaningful contributions:

- SDG 5 Gender Equality
- SDG 6 Clean Water & Sanitation
- SDG 8 Decent Work & Economic Growth
- SDG 12 Responsible Consumption & Production
- SDG 13 Climate Action

### SDGs THROUGH OUR SUSTAINABILITY PILLARS

We aligned our sustainability pillars and key priorities to the U.N. SDGs, prioritizing those for which we can make the most meaningful contributions.

**5 GENDER EQUALITY**



**6 CLEAN WATER AND SANITATION**



**8 DECENT WORK AND ECONOMIC GROWTH**



**12 RESPONSIBLE CONSUMPTION AND PRODUCTION**



**13 CLIMATE ACTION**



**1 NO POVERTY**



**2 ZERO HUNGER**



**3 GOOD HEALTH AND WELL-BEING**



**4 QUALITY EDUCATION**



**7 AFFORDABLE AND CLEAN ENERGY**



**10 REDUCED INEQUALITIES**



**9 INDUSTRY, INNOVATION AND INFRASTRUCTURE**



**11 SUSTAINABLE CITIES AND COMMUNITIES**



**14 LIFE BELOW WATER**



**15 LIFE ON LAND**



**16 PEACE, JUSTICE AND STRONG INSTITUTIONS**



**17 PARTNERSHIPS FOR THE GOALS**



# Keep Earth Clean



Our Keep Earth Clean SDG Goals

## It's No Secret...

The fashion industry has a reputation for extractive, polluting practices. From intensive water use, to chemicals in fabric processing, and end-of-life product waste, the fashion industry has an unsustainably large ecological footprint.

At Everlane, we can't ignore our impacts, so we're committed to being part of an industry transformation to regenerative, cooperative, and circular systems that honor the inherent value of our communities and the environment.

With our Keep Earth Clean pillar, we are prioritizing fewer inputs and cleaner outputs in our processes. We are focusing these efforts across our business and investing in systems to better measure and understand the impacts—from the fields where our raw materials are grown to the final touches added in the production process.

### OUR PRIORITIES

#### MINIMIZE WASTE AND POLLUTION

Increase recycled content in our designs and partner with facilities that are reducing textile waste and treating wastewater.

#### REDUCE NATURAL RESOURCE CONSUMPTION

Prioritize materials and processes that inherently use less water and energy to create; adopt energy efficiency measures and water recycling processes across our factory base.

#### PRIORITIZE SAFER CHEMISTRY

Safer chemical inputs yield safer chemical outputs and protect workers and downstream ecosystems in the process.

# Keep Earth Cool



Our Keep Earth Cool SDG Goals

## The Science Is Clear

Humans are emitting far too much carbon into the atmosphere, destabilizing the earth's climate. The impacts associated with our rapidly changing climate are too often thought of as future problems, but we are already experiencing the effects today.

The increasing concentration of carbon dioxide and other greenhouse gasses is contributing to biodiversity loss, threatening water stress and food insecurity, and increasing severe weather events. In April 2022, the Intergovernmental Panel on Climate Change (IPCC) issued its most urgent call for every person on Planet Earth to play their part in limiting warming. At Everlane, we take this seriously.

Our goal is to shrink Everlane's carbon footprint in line with the Paris Agreement's 1.5°C warming pathway. To track and accomplish this goal, in 2021 we committed to science-based climate targets relative to our 2019 baseline.

### OUR SCIENCE BASED TARGETS

#### SCOPE 3 EMISSIONS

55% lower carbon emissions per product by 2030.

#### SCOPE 1 & 2 EMISSIONS

46% lower absolute emissions in our stores and HQ by 2030.

#### NET-ZERO EMISSIONS

Achieve net-zero emissions by 2050 (or sooner).

Working with our suppliers and partners at Pure Strategies, Watershed, and Higg, we've identified specific carbon interventions ranging from our raw materials selection to the manufacturing and transportation of our products. It will be a challenge for us to meet these targets, but we know it's the right thing to do.

# Do Right by People

5 GENDER EQUALITY



8 DECENT WORK AND ECONOMIC GROWTH



Our Do Right By People SDG Goals

## People Matter

From Day 1, we committed to conscientious business practices that honor and uplift all rights for all people. This means that from our corporate employees to every factory worker, we aim to enhance livelihoods so our people can meet their basic needs and local standard of living. This idea sounds somewhat simplistic, but given the complexity of the global textiles industry, it is quite an undertaking. We wholeheartedly believe it is one worth pursuing.

We are working to enhance worker livelihood, achieve gender equality, promote fair living wages across our value chain, and support community impacts at the intersection of social and environmental needs. Across our internal operations and external supply chain partners, we are building programs to do right by our people.

### OUR PRIORITIES

#### FAIR WAGES

Partner with third parties to perform pay audits and benchmarks; work towards achieving living wages.

#### GENDER EQUALITY

Promote gender equality and empowerment through equal opportunities and equal pay.

#### EQUITY AND INCLUSIVITY

Foster an inclusive work environment through standardized DEI policies and internal trainings.

#### COMMUNITY ENGAGEMENT

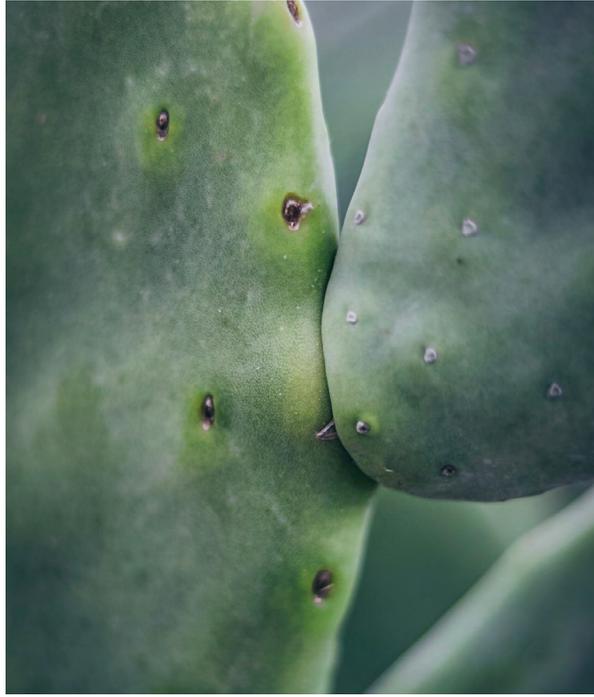
Partner with external organizations to fund and participate in social and environmental efforts in our communities.



# 03 Materials Matter

Material Footprint

We design timeless staples to pass down, not toss out—so everyone can curate the most beautiful wardrobe with the least impact on the planet. That’s why we carefully consider every material we use with the intention of reducing waste, minimizing natural resource use, and removing harmful chemicals and plastics that potentially endanger people and ecosystems. With a focus on high quality and lower environmental impacts—as well as established traceability and transparency—we’ve defined our “preferred” fibers and fabrics that are certified recycled, organic, renewable, or responsibly sourced by third-party standards, and prioritize these for use in our products.



### Key Partners

- Textile Exchange
- Pure Strategies
- bluesign®
- CanopyStyle
- Arche Advisors
- Open Supply Hub
- Seaman Paper
- Happy Returns
- Geodis
- Trex
- Watershed
- Material Standards: GOTS, GRS, OCS, RWS, RAS, CanopyStyle Hot Button Report, FSC, LWG

## Preferred Materials: Our Approach & Progress

The materials we source play a leading role in the overall impact of our products, contributing roughly 60% of a product's environmental footprint. As such, our goal is fairly straightforward: minimize these impacts by sourcing and designing with certified recycled, organic, renewable, and responsible sources—with the aim to have 100% of our products meet at least one of these criteria by 2025.

We continue to make significant investments in and progress towards our preferred material commitments. To achieve this, we have developed preferred fiber and material standards, taking a measured approach to understanding various impacts across indicators such as greenhouse gas emissions, energy and water consumption, toxicity, and traceability. We use a variety of tools to

validate these impacts, from life cycle assessments (LCAs), to third-party certifications and standards, to industry tools and lab testing.

Our approach to materials begins with our traceability and transparency efforts. We establish direct sourcing relationships with our mills and material suppliers, which gives us significant insights and control over the performance, quality, and durability of the fabrics we use, as well as the chance to collect primary data to better understand the impacts that contribute to our materials and product. **Our ultimate goal in traceability is to gain full supply chain transparency back to the initial growers or producers—mapping our complete supply chain in the process.**

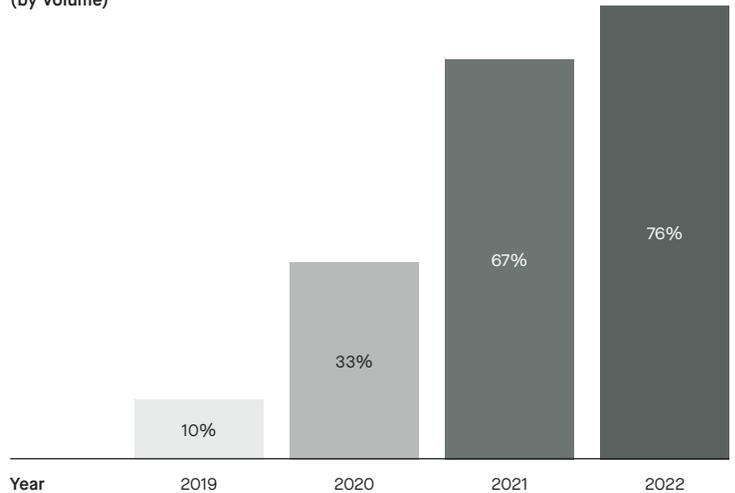
We continue to rely on third-party certifications and standards to verify that we're getting things right, but the work doesn't stop there. At the same time, we recognize the limitations that these systems present. Certifications can play an important role in the verification and validation of content claims and impacts; however, they must be part of a greater due diligence process. We are committed to building

long-term relationships with growers and producers, building our supply chain from end to end, and using transparency as the key driver to build relationships and traceability.

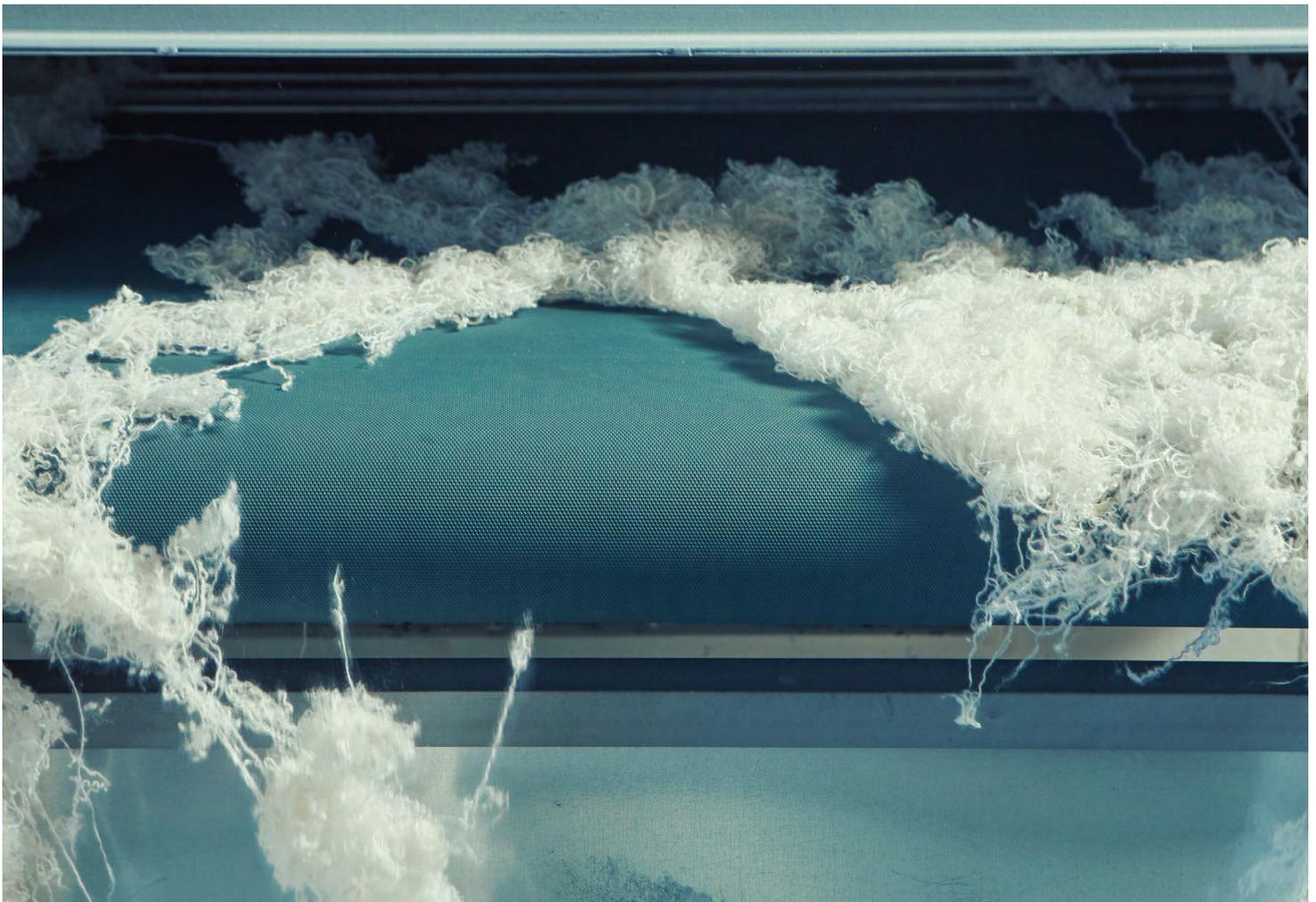
In 2022, we made significant progress toward achieving our preferred fiber and material goals while increasing transparency across our value chain. We added three important material certifications, the Organic Content Standard (OCS), the Responsible Wool Standard (RWS), and the Responsible Alpaca Standard (RAS), to our existing Global Organic Textile Standard (GOTS) brand certification, allowing us to make verified on-product content claims and establish even greater levels of vetted traceability and transparency across these fibers. We established a formal forestry policy in partnership with CanopyStyle to guide our man-made cellulosic sourcing, and we introduced our first regenerative material into our collection in the form of a fully traceable regenerative cotton. We also partnered with the Open Supply Hub, disclosing Everlane's Tier 1 and Tier 2 suppliers on their public-facing supply chain mapping platform.

### Preferred Material\* Uptake as Percent of Total Volume (2019-2022)

Percent of Total (by Volume)



\*Preferred materials include certified recycled, regenerative, organic, responsible, and/or FSC-certified fibers.



# Here's the Loop on the Numbers

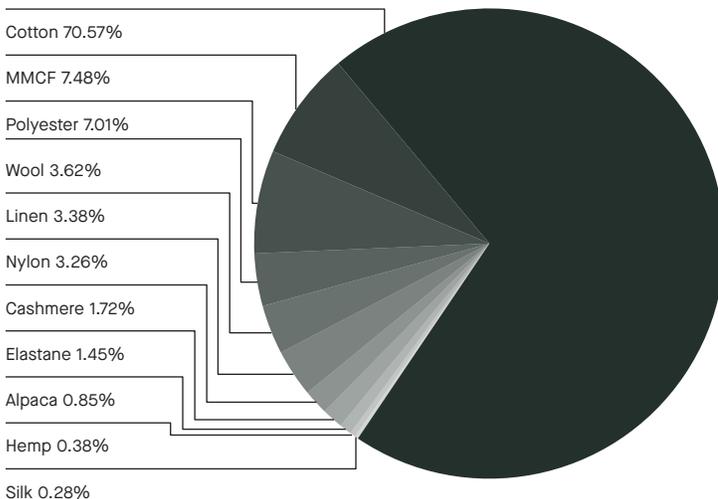
Cotton continues to be our primary fiber by a fairly large margin, accounting for 71% of our total fiber use (by volume) in 2022. To a smaller extent, we used man-made cellulosic fibers, synthetic textiles like recycled polyester and recycled nylon, bast fibers like linen and hemp, and animal-derived materials like wool, cashmere, leather, and silk.

We calculate our fiber consumption by the volume of fibers used in our products throughout the year, while our leather and leather alternatives are calculated by the area of square meters consumed in our products throughout the year. **All of this quantification is important because materials matter—to the quality and longevity of our product, our bottom line, our carbon footprint, and other environmental metrics.** Our choice of materials and how we process and manufacture them account for over 60% of our total carbon emissions annually, as well as 52-55% of COGS.

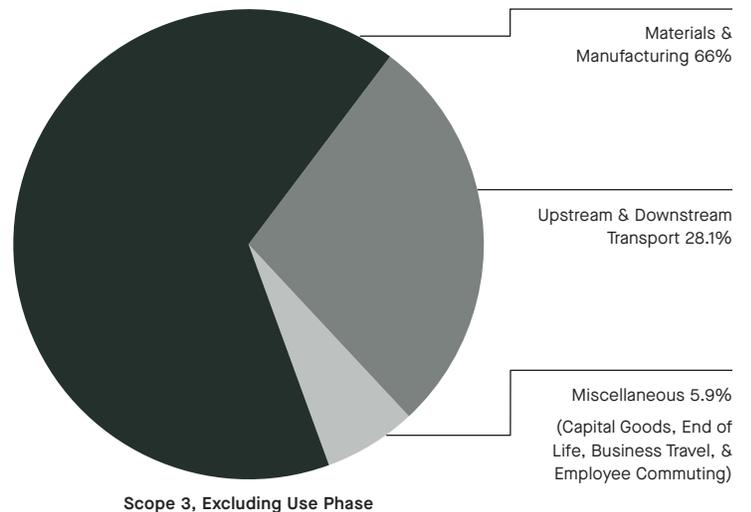


↑ Display of our ECONYL® regenerated yarn, made from nylon waste like fishing nets, fabric scraps, carpet flooring, and industrial plastic.

## Materials by Volume (2022)



## Carbon Footprint Comparison by Stage (2022)



“We take a thoughtful due-diligence approach, applying both qualitative and quantitative analysis, when designing and developing our products. We take into account details about hand feel, craftsmanship, quality, and stitching—melding them with quantitative analysis around details like emissions impacts, water consumption, and performance testing, so that we craft high quality, beautiful designs that also support our sustainability goals.”

—Katina Boutis, Director of Sustainability

# Preferred Materials Commitments

We define preferred fibers and materials as those that support improved environmental and/or social sustainability outcomes, compared to their conventional counterparts.

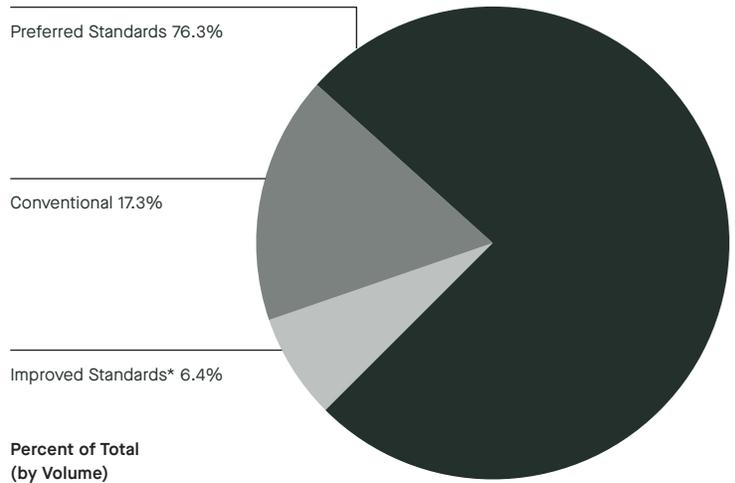
We use a number of quantitative and qualitative measures to inform our preferred fiber and material strategy. These criteria serve as guidelines to highlight the nuances and complexities of raw material sourcing in support of our broader sustainability goals (Keep Earth Clean, Keep Earth Cool, and Do Right by People). Our preferred fibers and materials are built around the below objectively or scientifically verified criteria:

- Having greater environmental sustainability attributes or lower environmental impacts
- Having improved social sustainability attributes, for people or animals
- A robust chain of custody system in place to track or trace the material from origin
- A recognized industry standard, certification, or testing protocol in place

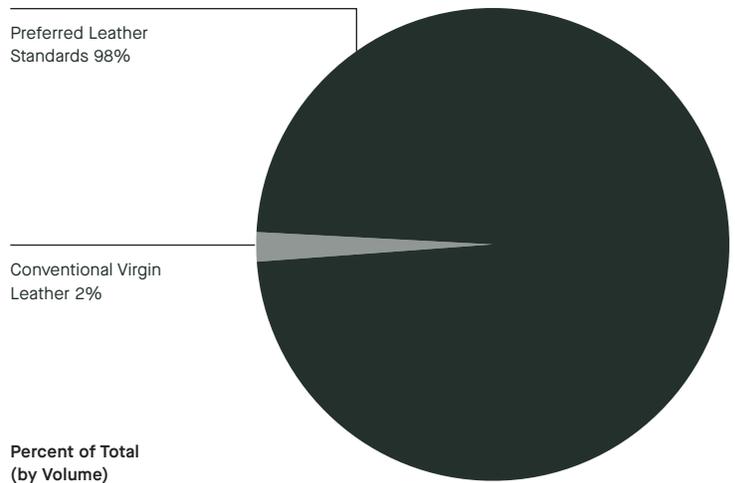
In 2022, we made significant progress towards achieving our preferred fiber goals by increasing our uptake to **76%** of our total fiber consumption. Each of these fibers meet our preferred criteria for improved environmental or social sustainability attributes, are supported by chain of custody systems for traceability, and are verified through third-party standards. In addition, **98%** of the leather that went into our product met our preferred sources: LWG Gold or Silver certified tanneries, GRS-certified recycled, or innovative bio-based alternatives.

By 2025, our aim is for 100% of the fibers and materials we source for apparel, footwear, and accessories to meet our improved or preferred standards.

Material Standard by Percent (2022)



Leather Standard by Percent (2022)



\*This is a new classification of materials we introduced in 2022, and includes materials that have some improved qualities like traceability and transparency, but otherwise do not have quantifiably lower impacts. We are using this classification as a stepping stone as we aim to transition all of our materials to "Preferred Standards" in the coming years.

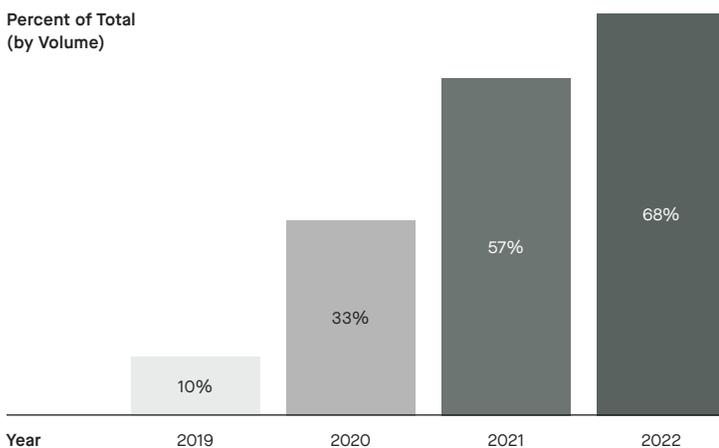


We have also demonstrated progress towards our cleaner chemistry goals by focusing on toxin reduction at the fiber and material level (through the adoption of our preferred fibers) and by adopting safer chemistry practices at our dyehouses and tanneries.

In 2022, **68%** of our apparel and accessory fabrics (by volume) met our cleaner chemistry standards, meeting certification for bluesign®, GOTS, GRS, or Canopy Dark Green Shirt standards.

In the following sections we will take you through our key materials, preferred commitments, and our progress towards achieving them.

### Cleaner Chemistry Progress (2019–2022)



### Benchmarking Success

For the second time in 2022, we disclosed our raw material footprint to the Textile Exchange’s Corporate Fiber & Material Benchmark, reporting against our 2021 production year. We are pleased to have achieved a performance level of “Leading”, a step up from the level of “Maturing” we received in our first reporting year, indicating that we are pioneering industry transformation for material strategy and execution against it. According to our [company scorecard](#), we are outpacing our sector benchmarks in all section results. We will continue to use and leverage the Corporate Fiber & Material Benchmark reporting framework annually as a way to benchmark our strategies and progress surrounding preferred materials adoption.



↑ The making of our ReCashmere recycled cashmere material at our partner mill in Italy, Millefilli. Post-consumer cashmere garments are sorted by color, cut into smaller pieces, & combed back into a raw fiber stage where the material is respun into new yarns.

“Raw materials are so closely intertwined with sustainability, and on the Raw Materials Team we have a lot of power to either help or hinder the progress we are making as an organization, based on the fibers and fabrics we develop. We require every new seasonal fabric we source to have some sustainability attributes or preferred fiber content and a lot of the work I have been doing this past year has been focused on making these improvements without increasing cost for the customer.”

—Hayley Jones, Materials R&D Lead

# 01 Cotton

Cotton is our most used material, and one of our customer favorites, but sourcing cotton comes with a wide range of challenges. Worldwide, conventional cotton farming uses concerning amounts of toxic pesticides. These chemicals are harmful, stripping the land of nutrients, contaminating waterways, and endangering the people who grow it. We need to identify alternatives to these conventional methods to deliver on our sustainability goals.

## PAST APPROACH & CHALLENGES

In 2020, we set a commitment to transition all of our cotton use to certified organic sources by 2023. Certified organic methods are better for farmers, local communities, and for the planet. Instead of toxic pesticides, organic farming practices use crop rotation and cover crops to create rich, life-supporting soil. In conventional cotton farming, pesticides have a bad habit of poisoning local waterways, which endangers the people and wildlife that rely on those sources.

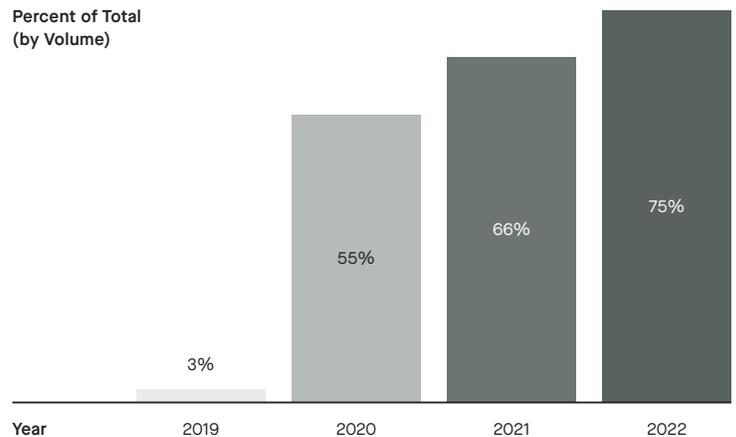
Since 2019, we have made significant progress towards achieving this goal. In 2022, **75%** of our cotton came from certified organic sources.

Unfortunately, the availability of organic cotton remains a significant roadblock—organic cotton still makes up only ~1% of the global cotton production each year, making the sourcing of certified organic cotton a major obstacle. This, paired with supply chain constraints from the COVID-19 pandemic and its continued aftermath, price speculation, and growing global demand, means that we have experienced difficulties securing the necessary volumes of organic cotton we need, because not enough of it exists today.

In addition to the challenges of availability, we also face limitations in currently available certification systems, which rely primarily on paper documentation and annual audits to verify claims. With this, we recognize the need to establish direct sourcing relationships with farmers and growers, which would support further traceability, transparency, and integrity in our cotton supply chains.

The challenges with traceability and verification are ongoing obstacles in the complex and often opaque web of cotton supply chains. These challenges are exacerbated by the reports and risks of human rights abuses in the Xinjiang

## Organic Cotton Uptake as Percent of Total Cotton Volume (2019–2022)



Uyghur Autonomous Region (XUAR), and the lack of reliability with the industry's current certification schemes around identifying fraud.

### NOTE ON XUAR

We do not source finished garments or fabrics from suppliers located in the XUAR, and we conduct due diligence measures to understand any further risk exposure in our upstream supply chain. Our use of Supima®, GOTS, and OCS-certified cotton allows us to confirm addresses and CoC of goods, and ensures traceability by means of transaction certifications or blockchain platforms. The forced labor crisis in the XUAR exemplifies the need to understand exactly where and how the raw ingredients in our products are grown. Everlane condemns and prohibits forced labor or human rights abuses within our supply chain and only sources materials and operates in manufacturing facilities that ensure fair and humane practices. If cotton or other raw materials are found to originate from this region, our suppliers must support efforts to find alternative raw material sources and remediation measures or risk the end of our business relationship. In 2021, we signed onto the [Coalition to End Uyghur Forced Labour's Call to Action](#), committing our efforts to traceability and due diligence practices.



We have been a GOTS-certified brand since 2019 and became OCS-certified in 2022

## FUTURE OUTLOOK

These challenges have required us to take a second look at our cotton supply chain, and pushed us to reevaluate our current strategy against our business needs and sustainability goals. Our new cotton commitment reflects a portfolio approach that allows us to diversify our sources while maintaining our larger commitments to greenhouse gas reduction, waste minimization, and transparency. As we move forward, we are looking to expand our cotton fiber portfolio to include even more options for farm-traceable, responsibly sourced, regenerative, and recycled cotton options.

### ORGANIC & IN-CONVERSION ORGANIC

Organic cotton will continue to be an important fiber used in our production. A big part of this vision will include supporting in-conversion organic cotton, which directly supports the transition of farmers and cotton crops during the years it takes to convert a conventional farm to one that is certified organic. Supporting farmers during their conversion to organic helps to increase and ensure future organic cotton supply. In 2022, we added the Organic Content Standard (OCS) to our brand-level certifications to allow us to source and communicate in-conversion organic cotton more effectively in future years.

### RECYCLED COTTON

In line with our other fiber commitments, we will work towards increasing our uptake of recycled cotton as an alternative to virgin sources. Recycled cotton presents an excellent opportunity to lower our carbon footprint (by as much as 71% compared to conventional!), minimize waste by using materials that already exist, and support a circular economy.

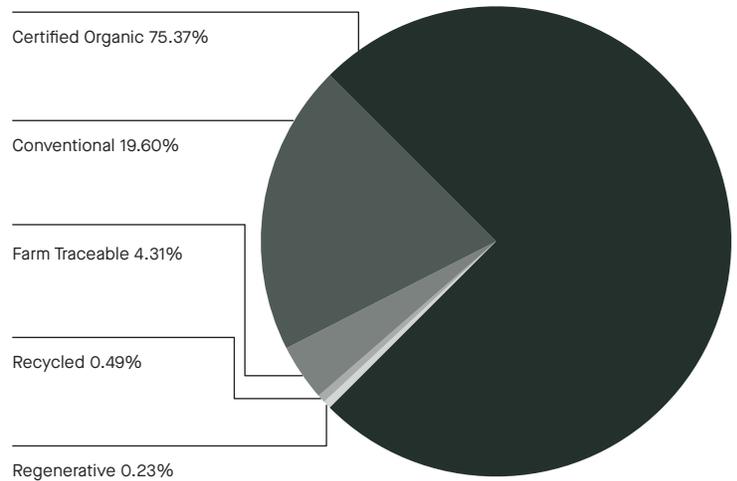
### REGENERATIVE AGRICULTURE

An important build on our existing approach will include farming practices that restore soil health, contribute to carbon sequestration, and support thriving ecosystems and biodiversity. Over the next few years, we will increase the use of regenerative fibers and explore the development of in-transition regenerative farming practices to gain even greater environmental benefits and support farmers on the ground.

### TRANSPARENCY & TRACEABILITY

We remain committed to full traceability and transparency of our raw material supply chain, and continue to invest in due diligence practices that go above and beyond the limitations of our certification systems. At a minimum, we will build transparent cotton supply chains that establish clear traceability to the farm level.

## Cotton Types by Volume (2022)



## Regenerative Agriculture

A key part of our approach to responsible sourcing and preferred fibers includes farming practices that restore soil health and support carbon sequestration and biodiversity. Conventional farming practices for materials like cotton are chemically intensive and strip the land of key nutrients that are needed to support life in and above the soil, contribute to the destruction of wildlife, and disrupt natural carbon sinks.

When done properly, regenerative agriculture practices through cover cropping, crop rotation, and low/no-till practices (among other things!) can restore land, biodiversity, and help draw carbon from the atmosphere and into the soil. A regenerative approach can also support social impacts for farmers too.

Regenerative farming is growing in our industry, and we must continue to analyze any potential benefits through measured outcomes without overstating the promise that these practices can deliver. Since 2021 we have been working with the Rodale Institute and other leaders in the space to better understand the ecological benefits of regenerative farming, supporting the transition to regenerative practices and measuring its environmental outcomes in the process. In the coming years, you will start to see us introduce regenerative materials in our cotton, wool, and other materials through traceable supply chains and measured impacts.

## 02 No New Plastic

Plastics are a pervasive problem, both in our daily lives and in the fashion supply chain. They are derived from non-renewable resources, pollute the atmosphere and waterways, leach toxins and microplastics, and take decades to break down in landfill. We have removed 90% of our virgin plastics, but our work is not yet finished.

### OUR APPROACH

In 2018 we set out to tackle the plastics problem in our product and supply chain, and committed to removing 100% of virgin plastics from our product and packaging by

2021. At the time, our use of virgin plastic was concentrated in three primary areas: fabric in our apparel, structural components in our footwear, accessories, and trims, and low-density polyethylene bags (aka LDPE polybags) that packaged every product leaving the factories. Over the past 3 years, we've made great progress by accomplishing 90% of our goal, but our work is not yet finished.

### UPDATE ON THE LAST 10%

The short answer is—we're still working on it. We have been challenged to find 100% recycled versions of two critical plastic materials (trims and elastane), and struggle to meet strength and durability requirements in some 100% recycled polymer yarns.



← Post-consumer plastic bottles are cleaned, sorted, broken down into small flakes, and melted into pellets, before being filtered and spun into polyester threads that we use in our ReTrack clothing, ReNew Transit bags, and other recycled polyester products.



# 96%

## Apparel Fabric

96% of our apparel materials containing polyester and nylon were made from GRS-certified recycled fibers. That material is made from recycled plastic bottles, fishing nets, fabric excess from cutting patterns, and other items otherwise destined for the waste stream.



# 45%

## Footwear Components

45% of our plastic footwear components (think structural components like heel boxes, toe lifts, and sneaker laces), are now made from recycled materials.



# 100%

## Packaging

100% of our protective polybags are made from either 100% recycled LDPE plastic or FSC-certified paper.

In some cases, introducing too much recycled content to things like buttons and some yarns can inhibit the performance and longevity of these materials. While we believe in taking a circular approach to design and increasing recycled content wherever possible, we also want to avoid designing products that will not be durable in the long run.

For elastane, the issues are more complex. There is currently no good way to recycle elastane—it gums up recycling machines and is seen as a contaminant in most mechanical recycling processes, at least the ones available at scale today. This makes finding feedstock for recycled elastane a stretch goal (pun intended). We continue to partner with innovative elastane manufacturers and introduced a partly recycled elastane in some of our styles last year, but we still have a long way to go to achieve parity in performance and availability.

In many ways, achieving the last 10% has proven to be the hardest yet, but we are committed to finding solutions as we continue to work towards a world with no new plastic.

# 03 Man-Made Cellulosic Fibers

Man-made cellulosic fibers, or MMCFs, were our fastest-growing fiber category in the past year. While there are many types of MMCFs, they are all comprised of the same essential building block: wood pulp from trees.

## OUR APPROACH

MMCFs are generally considered a regenerated fiber source because they are derived from the dissolved pulp (cellulose) of trees, and include material distinctions such as viscose, rayon, lyocell, and modal. To transform wood into a usable material for the fashion industry, wood is dissolved into a pulp using a chemical solvent process to extract its cellulose, and spun into various yarn qualities from there.

There are inherent risks to the conventional way of sourcing and manufacturing MMCFs, namely the source of the trees being harvested (too often from ancient and endangered forests, impacting the species and people that call them home), and the chemical and water-intensive practices used in the manufacturing process (impacting the human health of people working in these plants as well as local communities)—we want to set ourselves, our materials, and our products apart from that.

In 2022, we worked with CanopyStyle to set and commit to a responsible sourcing policy for our MMCFs, which now guides our sourcing strategy for this fiber group. In line with our CanopyStyle policy, we have committed to protecting ancient and endangered forests and promoting responsible,

closed-loop water and chemistry practices in our supply chain. Our strategy is threefold:

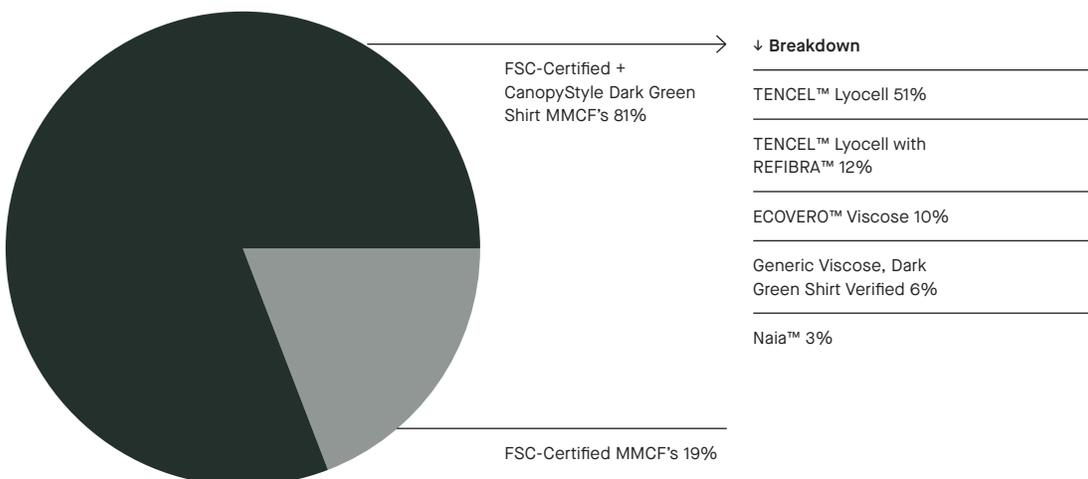
01 Source only Forestry Stewardship Council (FSC) or Programme for the Endorsement of Forest Certification (PEFC) certified origin MMCFs, categorized as low-risk sources of forest products.

02 By 2025, source 100% of MMCFs from processors and manufacturers that achieve CanopyStyle Dark Green Shirt ratings on the annual Canopy Hot Button Audits/Reports. These suppliers often meet Zero Discharge of Hazardous Chemicals (ZDHC) standards for responsible, closed-loop processes that recover and reuse the solvent and water used in the MMCF creation process.

03 Increasingly adopt next-generation solutions for MMCFs, incorporating pre- and post-consumer textile waste as a feedstock to complement or replace the cellulose needed from wood pulp.

In 2022, **100%** of our MMCFs came from FSC-certified sources and **81%** were sourced from producers that were rated as a Dark Green Shirt by CanopyStyle’s Hot Button Audits. We also built on our previous success introducing TENCEL™ Lyocell with REFIBRA™ technology, which uses upcycled cotton scraps as a partial source for its cellulose, increasing the proportion of that fiber to **12%** of our total MMCF uptake.

## Man-Made Cellulosic Fiber Attributes by Percent (2022)



## 04 Animal Fibers and Materials

Although animal fibers and materials made up about 6% of our total sourcing volume last year, we seek to prioritize the ethical treatment of all animals in our supply chain and are committed to understanding and reducing the climate-related impacts they pose.

### OUR APPROACH

We are committed to animal welfare, traceability in sourcing, and responsible land management practices, aligned with our 2030 carbon-reduction strategy. It is our goal that all animals live and thrive under responsible husbandry practices. In partnership with Arche Advisors, we built an animal welfare policy that closely follows the internationally accepted 12 Provisions of Animal Welfare Quality standards. We require our suppliers to support these provisions and perform periodic animal welfare audits against them.

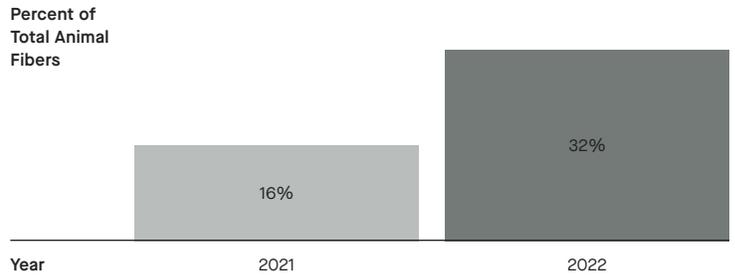
In addition to auditing for animal welfare standards, our third-party auditing assessment also evaluates fiber traceability and land management practices. Our audits ensure that traceability of materials can be established, from farm to finished product, and that responsible land management practices are followed to safeguard against land degradation and desertification.

In 2022, we significantly increased our proportion of preferred animal fibers, through responsibly sourced and recycled versions, to 76%.

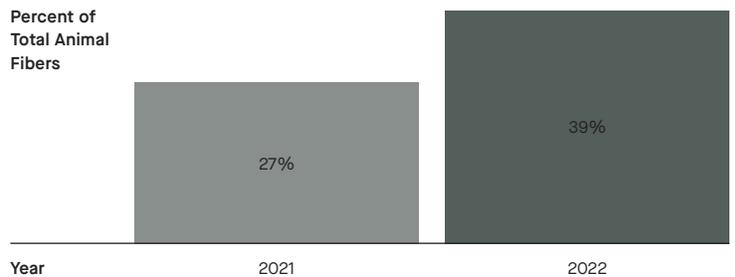
We know from our carbon footprint analyses and many third-party LCAs that virgin animal fibers are some of the highest emitting materials in our matrix, largely due to land-use impacts at the farm level. But our animal fibers are also some of the most luxurious and high-quality materials we use, and are important to our customer and business. To further mitigate risks to both animal welfare and climate change, we prioritize the use of certified recycled animal fibers and materials, such as recycled cashmere, recycled down, recycled wool, and recycled leather.

Where virgin fibers and materials must be sourced for quality or availability purposes, we favor suppliers and materials that support industry standards for animal welfare

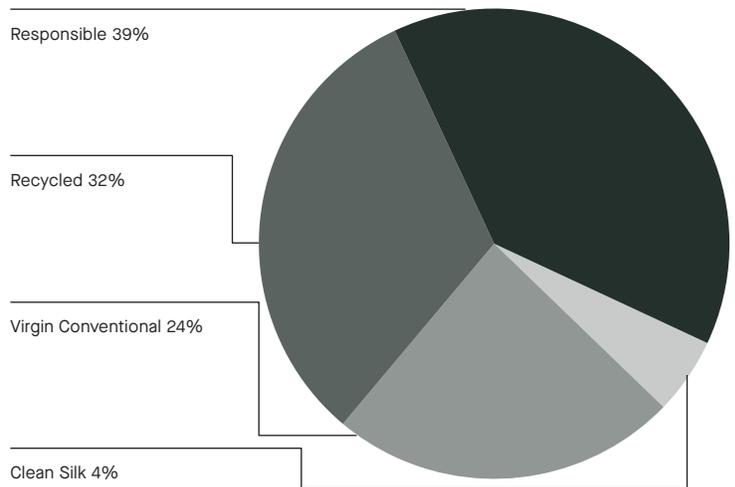
### Recycled Animal Fiber Uptake (2021–2022)



### Responsible Animal Fiber Uptake (2021–2022)



### Animal Fibers by Percent (2022)



and traceability through chain of custody measures.

These industry standards include the Responsible Wool Standard (RWS), Responsible Alpaca Standard (RAS), and the Leather Working Group (LWG).

We aim to source 100% of our animal fibers from certified recycled, responsible, or regenerative sources by 2025.



In 2022 we became a RWS & RAS certified brand.

# 12 Provisions of Animal Welfare Quality

- 
- 01 Animals should not suffer from prolonged hunger, i.e. they should have a sufficient and (species) appropriate diet.
  - 02 Animals should not suffer from prolonged thirst, i.e. they should have a sufficient and accessible water supply.
  - 03 Animals should have comfort around resting.
  - 04 Animals should have thermal comfort, i.e. they should neither be too hot nor too cold.
  - 05 Animals should have enough space to be able to move around freely.
  - 06 Animals should be free of physical injuries.
  - 07 Animals should be free of disease, i.e. farmers should maintain high standards of hygiene and care.
  - 08 Animals should not suffer pain induced by inappropriate management, handling, slaughter, or surgical procedures (i.e. castration, dehorning).
  - 09 Animals should be able to express normal, non-harmful, social behaviors, i.e. grooming.
  - 10 Animals should be able to express other normal behaviors, i.e. it should be possible to express species-species natural behaviors such as foraging.
  - 11 Animals should be handled well in all situations, i.e. handlers should promote good human-animal relationships.
  - 12 Negative emotions such as fear, distress, frustration or apathy should be avoided, whereas positive emotions such as security or contentment should be promoted.

LEATHER

While our overarching goal is to focus on finding and implementing lower impact versions of all materials we use, we have identified some materials as having multiple hotspots. Leather is one such material, which, when produced conventionally, is associated with a disproportionately high carbon footprint, high chemical use, animal welfare, worker safety concerns, and traceability challenges.

Virgin leather supply chains and their production systems are opaque and complex, and the emissions factors are high—but material alternatives are not yet commercially available, and rely heavily on virgin plastics. Despite accounting for less than 2% of our material use, we are placing special focus on our impacts associated with leather. We identified two paths forward for our leather-based materials and products: cleaning up the systems we already work in and investing in and testing lower-impact alternatives.

**PATH 01      CLEANING UP THE SYSTEMS WE ALREADY WORK IN**

Virgin leather is associated with high emissions factors (or the amount of CO<sub>2</sub>e associated with a given material, based on LCA data). The high emissions factors associated with leather are primarily attributed to cattle raising and land use practices at the farms. Leather also comes with a high chemical footprint and health and safety concerns for the people and local environments that tan and process it. Unfortunately, the highly complex nature of current leather supply chains makes traceability and visibility into specific processes a challenge. We started to map our leather supply chain but have some hard work ahead.

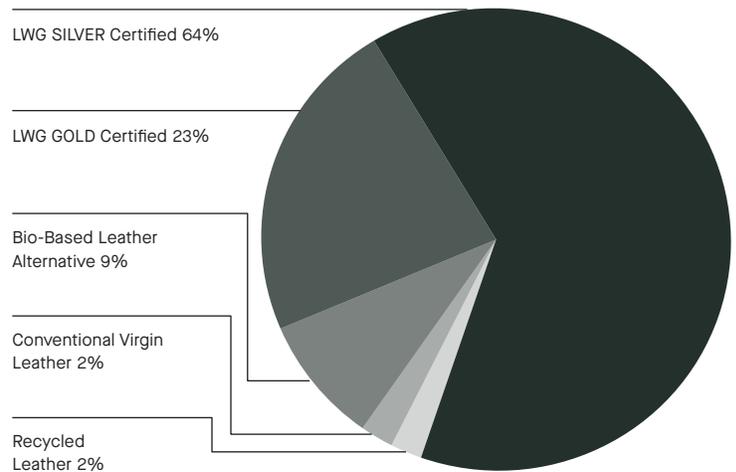
A key aspect of our leather sourcing strategy moving forward is to grow the adoption of regenerative agricultural practices through direct-farm sourcing models. This sourcing model will go a long way towards establishing traceability, achieving animal welfare standards, sequestering carbon, and improving soil quality through responsible animal husbandry practices. In 2022, we accelerated our work with Leather Working Group (LWG) Silver and Gold-certified tanneries, and aim to reach 100% for all virgin leather sources by 2025.

Leather Working Group Standards

The tanning stage of leather processing is considered to be the most significant cause of pollution within the leather supply chain—releasing toxins directly into local waterways and communities, and posing significant human health risks to tannery workers. The Leather Working Group (LWG) was started in 2005 to address these issues and provide greater transparency and accountability in the tanning process.

Today LWG Audit Standards cover energy and water usage, safe chemical practices, worker health and safety, wastewater management, and material traceability. Gold and Silver ratings are reserved for tanneries demonstrating best practices and that meet the highest performance standards through LWG audits. Currently, LWG-certified leathers make up less than 30% of all leathers globally. In 2022, **98%** of our virgin leather was sourced through facilities certified to LWG Silver and Gold standards.

Leather Type by Percent (2022)



**PATH 02 INVESTING IN AND TESTING LOWER-IMPACT ALTERNATIVES**

We are actively exploring innovative alternatives to virgin leather that provide comparable performance, look, and feel to virgin leather. We evaluate the merits of these alternatives through a number of impact indicators, including material composition, emissions factors, water consumption, and chemistry. These alternatives are not without their own challenges, however, and many still use virgin plastic content to achieve the performance of virgin leather. Others raise questions about scalability. Even still, we feel this is a path worth pursuing. We are partnering with some of the leading innovators working to design out both animal-derived leather and virgin plastics from materials, and challenging them to do better with each round of R&D.

As part of this, we are exploring a number of innovative materials that lower our environmental impacts while offering the same level of quality, durability, and design that we are known for. In the past year, we have provided two bio-based leather alternatives that offer significant environmental savings while maintaining the same quality, functionality, and durability: Desserto® Cactus Leather and BioFabbrica Bio-Text™.

↓ Desserto® Cactus Leather made from nopal cactus.



“Since working at Everlane I have started paying more attention to materials and the processes that go into apparel development. The education I’ve received on alternative materials, like the cactus we use for our bio-based “leather,” and our water and waste reduction efforts have been eye-opening. I am seeing these initiatives more now from other companies, and I like to think that Everlane had a hand in helping guide this impactful change.”

—Anna Peterson, Senior Product Manager

## 05 Packaging

Our commitment to using the lowest-impact materials doesn't just stop once our garments and accessories are created. The packaging that protects these items in their journeys to our customers and on their return (if needed) is just as important as the raw material inputs themselves. From shipping cartons and mailers to polybags and tissue paper, we source recycled and responsibly-sourced that protect our products without adding a heavy footprint.

### OUR PACKAGING MATERIALS

In 2019, we successfully removed all virgin plastics from our packaging, exclusively using 100% recycled LDPE plastic polybags and 100% FSC-certified recycled paper shipping mailers and containers in line with our [Canopy policy](#). While this brought us one step closer to our 100% virgin plastic-free supply chain goals, we knew that we needed to do more work to completely remove plastic from our packaging, recycled or not. Plastics after all never *really* go away, and LDPE plastics, while made of recycled materials, are not curbside recyclable in most municipal waste streams in the U.S. today. That means that while polybags serve the incredible purpose of keeping our clothes safe and protected from the elements while in transit, the majority of these bags go to landfill and are not recycled again.

So, in 2022, we began our transition to transition a majority of our polybags to [Seaman Paper Vela™](#) paper bags, an FSC-certified glassine paper alternative to traditional plastic and recycled plastic polybags. Vela™ bags serve the same purpose as typical polybags, but also come with tangible added benefits: they are curbside recyclable, naturally biodegradable, and made from wood pulp sourced from FSC-certified responsibly managed forests. We have transitioned more than 75% of our recycled LDPE plastic polybags to Vela™ paper bags. Our goal is to transition 100% of our small and medium-sized LDPE recycled polybags to Vela™ by the end of 2023\*.



\*Our large polybags (for large coats and outerwear) will continue to be created out of recycled LDPE in the near future, as Seaman is currently unable to produce this size at scale for us.

### Packaging Footprint (2022)

Packaging Type	Percent of Total Packaging Weight	Source Material
Cartons	27%	100% post-consumer waste paper
Mailers	56%	100% recycled paper, up to 60% from post-consumer sources
Recycled LDPE Polybags	4%	100% post-consumer recycled LDPE
Vela Paper Polybags	12%	100% FSC-certified glassine paper
Paper Dunnage	1%	100% recycled kraft paper, up to 50% from post-consumer sources



←  
One of our shoeboxes made from 100% post-consumer recycled kraft paper.

## OUR SHIPPING WAREHOUSE

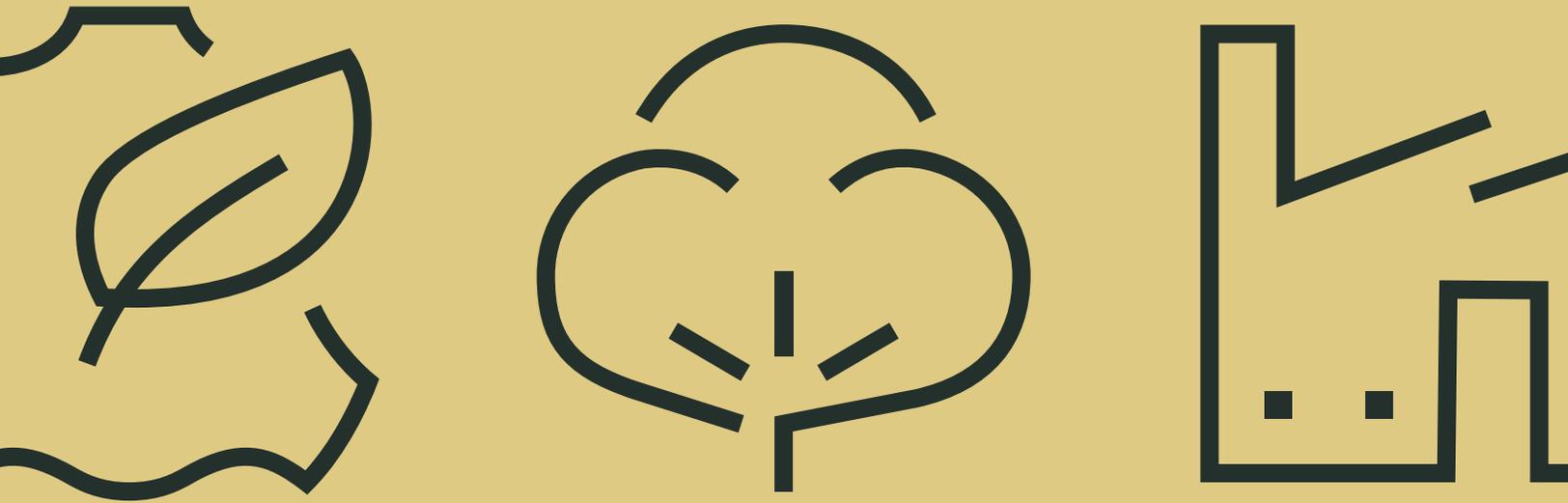
We partner with a zero-waste distribution center, Geodis, for our warehousing and fulfillment needs. All of our online orders are shipped directly to our customers around the world from this warehouse. Everlane occupies approximately 43% of their facility in Kutztown, PA, with the remaining space housing other retailers and brands. As a zero-waste facility, Geodis diverts 90% or more of its waste from landfills through reuse, recycling, and composting programs. To accomplish this, Geodis partners with Trex, a company that turns hard-to-recycle LDPE waste into decking material. This means that all waste polybags that are not sent to customers are diverted from landfill and get a second or third life as long-lasting composite materials.

In 2022, Geodis recycled 442.73 tons of cardboard packaging and 40.27 tons of LDPE polybags. (This data is aggregated across all Geodis clients, including Everlane.)

## RETURNS PACKAGING

As a predominately e-commerce company, we know that packaging waste through customer returns also presents a large waste problem. To help reduce the packaging waste associated with returns, in 2022 we continued our returns partnership with Happy Returns. This third-party service allows U.S. customers to drop off their online returns at more than 6,000+ Happy Returns bars around the country, where partner retailers collect and consolidate them into large reusable cartons, reducing the need for return packaging or printed shipping labels (as well as shipping emissions). The reusable shipping cartons are then ultimately collected from our warehouse and sent back to retailers to be reused! Each cardboard-free return reduces greenhouse gas emissions by 0.12 pounds per item returned.

# Sustainability Icons



In the Fall of 2022, we launched our Cleaner Fashion icons to help customers more easily locate products containing our preferred fibers and materials—ones that are certified recycled, organic, or responsible by third-party standards. The icons not only serve as a visual guide to help break down complex sustainability product qualities for customers in a digestible way but also allow them to easily shop by the values that are most important to them.

The path to ideating, creating, and ultimately launching these icons was a two-year process, involving just about every team at Everlane, from our creative and design teams to our engineering and data gurus. Our design, raw materials, product, and sourcing teams took the first step when they created our products with circularity, factory social

requirements, and preferred materials in mind. From there, our sustainability team began an analysis of our current product matrix and alignment on logic for what would be considered for each icon. Our creative team then took the reins, crafting and designing the look and feel of each icon, paying close attention to how they could visually represent the ethos of each one. Next, our engineers came up with a way to automatically generate icons for each product and remove the need for us to apply them manually on the website. Lastly, our site merchandising and copy teams worked in tandem to write the descriptions and launch them on the site. The entire process was a perfect representation of how every member of our greater team is integral to our larger sustainability goals and strategy.

**78%** of the products we offered in 2022 were associated with at least one icon and our goal is to get to 100% by 2025.



**Organic Cotton**

Styles marked with this icon contain at least 50% cotton that is certified organic via the Global Organic Textile Standard (GOTS) or Organic Content Standard (OCS).



**Cleaner Cotton**

Because of organic cotton's scarcity (it's less than 1% of the global cotton supply!), we began exploring other innovative alternatives to conventional cotton. Styles marked with this icon contain at least 50% regenerative organic cotton, regenerative organic cotton, in-conversion organic cotton, or recycled cotton—all of which are in greater supply and still have reduced chemical, water-use, and emissions impact on the planet, compared to conventional cotton.



**Renewed Materials**

Styles marked with this icon utilize at least 50% certified recycled content.



**Reduced Water Use**

Styles marked with this icon use innovative water-saving production techniques, including water reduction, water recycling and reuse, and wastewater capture and treatment.



**Cleaner Chemistry**

Styles marked with this icon incorporate either bluesign®, GOTS, or GRS restricted-substance standards, all of which maintain restricted substance lists (RSLs) of harmful chemicals that are not permitted in the processing of our garments.



**Cleaner Leather**

Styles marked with this icon are sourced from a tannery rated Gold or Silver by the Leather Working Group (LWG)—the highest ratings a tannery can receive for demonstrating best practices in environmental compliance and performance capabilities.



**Bio-Based "Leather"**

Styles marked with this icon are made with innovative next-gen materials from bio-based alternatives like cactus, mushrooms, and biofabricated plant oils, which combine the quality of traditional leather craftsmanship with a lower environmental footprint, compared to virgin animal leather.



**Animal Welfare**

Certified by the Responsible Wool Standard (RWS) and Responsible Alpaca Standard (RAS) respectively, the wool or alpaca in styles marked with this icon is sourced from a farm that follows the 12 Provisions of Animal Welfare Quality to ensure all animals are treated humanely.



**Responsible Forestry**

Sourced from FSC or PEFC-certified forests, styles marked with this icon utilize man-made cellulosic fibers which are rated GREEN or higher by Canopy's Hot Button Report. This means they surpassed audit standards for forest conservation techniques, chemical, air, and emissions management, and traceability and transparent sourcing.



**Ever-Better Factory**

In addition to meeting baseline standards for social accountability, wages, benefits, and health and safety, styles marked with this icon are produced at a factory that goes above and beyond to prioritize environmental management systems and reduce its impact on the planet.



# 04 Social Responsibility

Factories

We search the globe to find factories that embrace a holistic approach to social and environmental responsibility. In addition to meeting baseline standards for accountability, wages, benefits, health, and safety, we seek out and prioritize facilities that offer worker well-being programs that go above and beyond industry standards and local laws. These complimentary programs can include child care, health examinations, meals, and job training. We strive to ensure that each individual involved in the Everlane value chain is equipped with the tools and resources they need to thrive.

# 2022 Everlane Supply Chain



## Brazil

**Product category**  
Footwear

**Country-level risks\***  
Unauthorized subcontracting, freedom of association, environmental permits



## Italy

**Product category**  
Footwear, accessories

**Country-level risks**  
Migrant labor, building safety, chemical related issues



## Peru

**Product category**  
Knit tops

**Country-level risks**  
Domestic migrant labor, freedom of association, working hours



## Spain

**Product category**  
Footwear

**Country-level risks**  
Migrant labor, forced labor, health and safety policies



## Indonesia

**Product category**  
Knit tops

**Country-level risks**  
Health and safety policies, building safety, environmental permits



## China/Hong Kong

**Product category**  
Sweaters, knit tops, woven tops

**Country-level risks**  
Domestic migrant labor, transparency, business integrity



## Sri Lanka

**Product category**  
Knit tops, bottoms, dresses

**Country-level risks**  
Working hours, emergency evacuation, hygiene and sanitation



## Thailand

**Product category**  
Bottoms

**Country-level risks**  
Freedom of association, migrant labor



## USA

**Product category**  
Denim

**Country-level risks**  
Freedom of association, policy, environmental management



## Vietnam

**Product category**  
Knit tops, bottoms, outerwear

**Country-level risks**  
Domestic migrant labor, working hours, occupational safety



## Cambodia

**Product category**  
Accessories, sweaters

**Country-level risks**  
Building safety, health and safety policies, machine safety



## Bangladesh

**Product category**  
Woven products, sweaters

**Country-level risks**  
Working hours, building safety, machine safety

\*Country-level risks defined by ELEVATE, our third-party social compliance auditing firm.



Key Partners

- ELEVATE
- Arche Advisors
- Intertek
- Transparency Pledge
- SAC
- AAFA
- Coalition to End Forced Labour

48 & 11

48 Tier 1 Factory Partners  
in 11 Countries

72%

of partner Tier 1 Factories  
have additional social or  
environmental certifications  
that go above and beyond local  
laws and industry standards

19

of our Tier 1 Factory partners  
currently utilize renewable  
energy sources at their facilities

13

languages spoken

62,900+

workers in our Tier 1 supply chain

Our Approach

Our guiding light at Everlane is our mission statement: to help people live their best lives with the least impact on the planet.

When carrying out this mission, it is vital that we partner with factories around the world that hold these same values and are committed to helping us make this mission a reality. This means only partnering with vendors who meet our strict standards for social accountability to ensure that those working in the factory are fairly compensated, fairly managed, and have a safe working environment. Moreover, we strive to partner with factories that go above and beyond to prioritize environmental management systems to reduce their impact on the planet. Our ultimate goal is for all of the people involved in the Everlane supply chain to have what they need to thrive in the present day and the future while ensuring that the byproducts of the beautiful garments they are helping create are not wreaking havoc on their surrounding communities and environments.

In order to truly understand the impact that Everlane’s production has on the people working within our global supply chain, we aim to have complete visibility into each and every supplier that is part of our product creation—from the farm to the finished garment factory. While we are not 100% of the way there yet (this is a difficult accomplishment for a company of our size that does not own factories, source directly from farms, and is a relatively small player in the global retail landscape), we are certainly making meaningful progress.



“I’ve learned so much about putting sustainability into action since joining Everlane. One approach that stands out to me is how we support our vendor partners to meet our sustainability standards. If potential vendors want to do better and align with our mission, we’ll partner with them to build up to that.”

—Lisa Yarrow, Customer Experience Manager

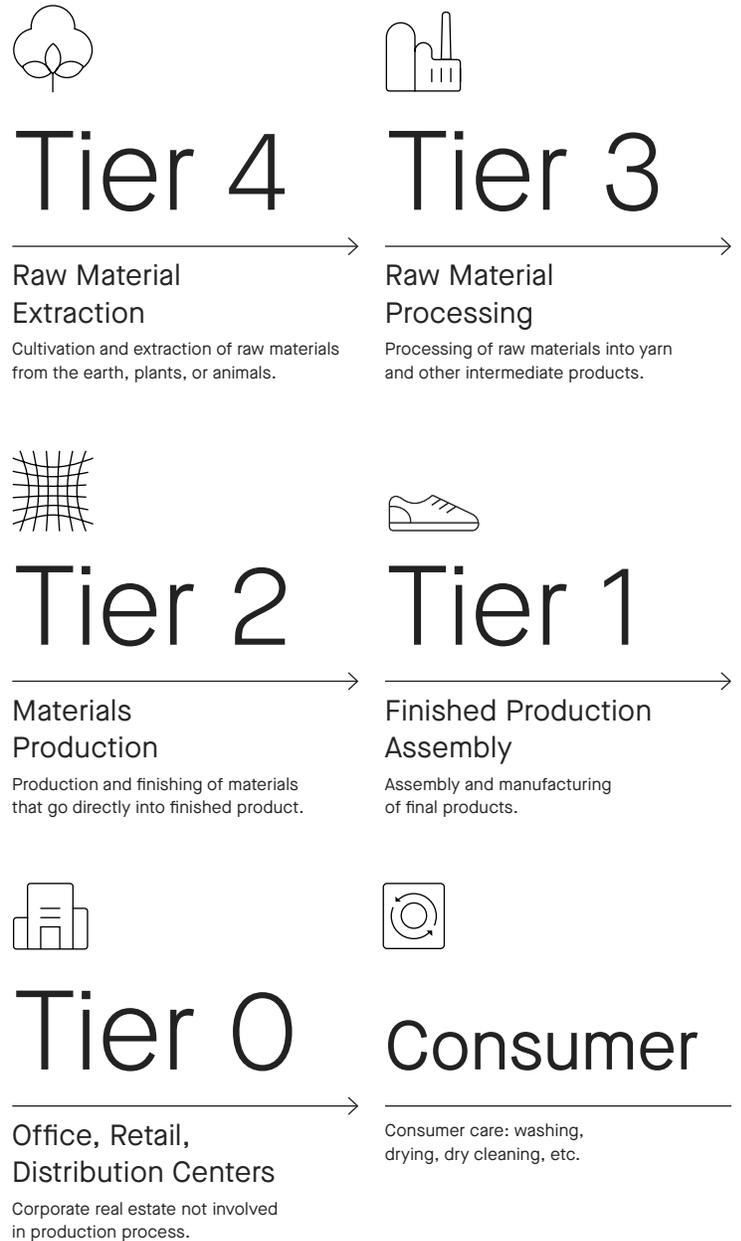
# Our Global Supply Chain

Everlane’s global supply chain is spread over 11 countries across 3 continents and supports more than 69,000 workers. We strive for complete supply chain transparency, tracing our production process from the farm to the final product. This approach allows us to pinpoint areas where we can improve and ensure fair and equitable treatment for all workers involved.

## Supply Chain Visibility

We have robust visibility into our Tier 1 & 2 suppliers, but this visibility gets more complex as we move further up our supply chain. The overall lack of transparency in the apparel supply chain when it comes to traceable materials primarily stems from the fact that multiple facilities and farms can contribute to the production of a single fabric. This, combined with low-tech manual tracking programs and no singular tracking system, makes it incredibly difficult to fully trace a garment back to its raw material. This complexity, however, does not excuse us from needing to do more. From legislative requirements to stakeholder expectations, our industry is under increased pressure to understand the entirety of our impacts—from seed to factory. Supply chain mapping is a tool we use to help us improve our understanding of impacts and opportunities to fulfill our mission and stay true to our values.

## The Apparel and Footwear Value Chain



↑ We define the links in our supply chain through a tiered system, as visualized in the diagram above.

## Our Supply Chain Visibility & Challenges

Supply Chain Tier	Description	Visibility Level	Challenges	Improvement Efforts & Future Goals
Tier 1	Garment production (i.e. stitching, assembly)	100%	We do not own these facilities. We can influence and incentivize best practices but do not have direct control over actions or outcomes.	Continue to rely on 3rd parties to complete due diligence on social compliance and certifications for environmental improvements, focusing on continuous improvement.
Tier 2	Material production (i.e. fabric mill)	100%	We do not own these facilities, and our buying power and influence is greatly reduced due to the size of our business.	Narrow the number of suppliers and focus resources on impact initiatives and incentives with key suppliers.
Tier 3	Raw material processing (i.e. yarn mills)	80%+ visibility; currently undergoing Tier 3 supply chain mapping exercise for complete traceability, with expected completion in 2023.	Very complex supply chain with multiple facilities and farms contributing to the production of a single fabric. This makes it difficult to know which facilities produce fabric that we ultimately buy downstream.	Complete mapping exercise and increase our utilization of fibers with traceability programs like Supima® Cotton, GOTS organic cotton, and Lenzing Fibers. These programs allow for full mapping of each garment containing these materials.
Tier 4	Raw material extraction (i.e. cultivation and extraction of raw materials)	65%+ farm-level visibility (i.e. organic cotton producers, wool farms, etc.)	We currently have very few direct relationships with raw materials suppliers. Traceability and mapping can be cumbersome and technically difficult if no tools exist.	Gain full supply chain traceability and transparency while building direct relationships with growers and producers.

↓ Our partner factory in Jiangmen, Springdale Fashions, specializes in woven garments.



## The Three Steps of Our Auditing Process



## Building a Socially Responsible Supply Chain: Our Auditing and Management Process

We seek and prioritize supply chain relationships based on transparency, trust, and common goals for worker well-being and environmental management. Our auditing process consists of three stages, the first of which begins even before we decide to partner with a new factory: Initial Risk Assessment, Annual Verification, and Continuous Improvement.

### INITIAL RISK ASSESSMENT

Our sourcing and product development teams work closely with our raw materials and design teams to understand the intention of each product collection we create. From there, they are able to match a product with a finished good supplier in our supply chain who can accomplish the design and intricacy of that particular garment. Much goes into this decision, including the quality of garments produced there in the past, pricing and lead time, and the environmental and social responsibility of the factory. If the decision is made to produce a garment at a new facility to benefit one of these factors, our risk assessment process begins.

When we are first introduced to a factory, we evaluate the potential partnership with our Everlane Risk Assessment. Our risk assessment evaluates the labor conditions, wages, training, environmental programs, onboarding communication, previous audits, and management of any prior violations at the prospective factory to ensure that they are aligned with Everlane's Code of Conduct expectations. Everlane also utilizes ELEVATE's EiQ risk assessment data and analytics tool when assessing new and existing vendors. Their data aggregates outcomes from various public and proprietary indices, including but not limited to: the Global Slavery Index, Workers Rights Index, and Human Development Index as well as ELEVATE indices around migrant workers, wages, and freedom of association. Our robust risk assessment program allows us to determine if a prospective factory meets our social and environmental responsibility standards and whether we can move forward with a partnership.

## ANNUAL VERIFICATION

It is our goal to have the resources needed to be able to audit 100% of the suppliers in our supply chain, from Tier 1 to Tier 4. However, at this time, we focus our in-person audits on 100% of our Tier 1 suppliers who directly handle the manufacturing of our finished goods. Our Tier 2 and Tier 3 suppliers are reviewed and screened during our initial risk assessment and reference audits are required and reviewed before we proceed with onboarding.

In the majority of cases, we assess our Tier 1 factory partners' risks annually which allows us to determine audit cadence. If a Tier 1 factory scores positively on our risk assessment, we may accept an equivalency audit and assessment in lieu of completing our own in-person audit to start. In cases where we accept equivalency reports, factories will automatically be audited in person the following year.

When a factory does score low on our initial assessment, however, we always require an in-person assessment and audit. These assessments allow us to identify corrective actions and reward factories that demonstrate ongoing improvement in social responsibility or that go above and beyond in programs that support worker well-being. We utilize ELEVATE—an LRQA company—as a global market leader in Environmental, Social and Governance (ESG), sustainability, and supply chain services, to complete third-party social compliance audits across our supply chains. When a partner scores lower than our expectations, we evaluate the factory's opportunity and openness for corrective action before taking steps to exit the relationship.

We also partner with ELEVATE to complete Worker Sentiment Surveys at our Tier 1 partner factories. Workers anonymously comment on topics such as harassment, discrimination, access to grievance mechanisms, management communication, wage fairness, and working hours satisfaction. Depending on the results of both the survey and audit, factories may receive additional capacity-building training to address issues. Our goal is to track the year-over-year improvement of these survey results.

### WORKER SENTIMENT SURVEYS

Worker sentiment surveys are an integral part of assessing employee attitudes and perceptions toward their workplace environment. This process involves collecting and analyzing data from a sample of workers to gain insights into their views on their jobs, colleagues, and the factory's culture and leadership.

To ensure anonymity and impartiality, we include the survey with our audits conducted by ELEVATE. During the audit visit, auditors randomly select a sample of employees to

participate in the survey. The survey session is conducted in a secluded environment without any management supervision or CCTV. The results are not shared directly with the site but are anonymized and shared directly with our Sustainability Team after data analysis.

The survey questions are carefully crafted to elicit honest and accurate responses from workers, and are provided in the language spoken by workers. These questions cover a broad range of topics, including job satisfaction, work-life balance, communication, leadership, workplace safety, diversity, and inclusion. The questions are designed to be neutral and non-leading, ensuring unbiased responses.

After the survey is complete, the data is analyzed to identify trends and patterns in worker sentiment. The results of the survey are used to identify areas where improvements can be made to enhance employee satisfaction, engagement, and productivity.

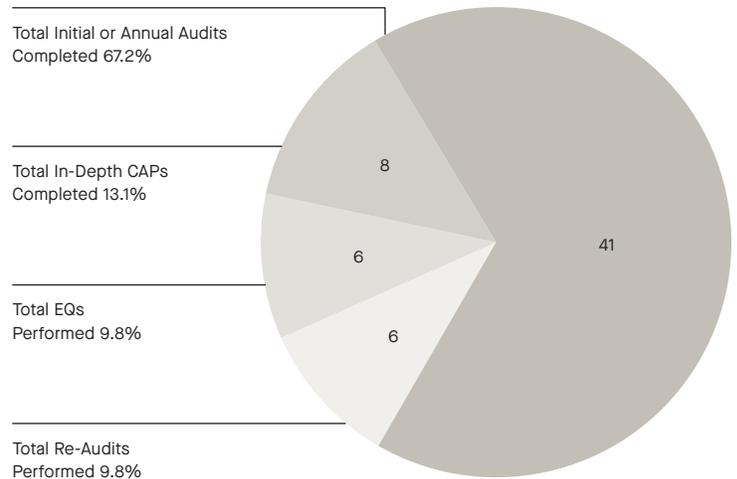
## CONTINUOUS IMPROVEMENT

To us, progress is a process and we acknowledge that achieving enduring transformation requires the commitment of both brands and suppliers. Everlane partners with our audit firm to provide Capacity Building Training for our factories. The training covers an in-depth review of audit results, root cause analysis of each finding, guidance on creating a Corrective Action Plan (CAP), and expectations for remediation within a reasonable completion timeline. A CAP is created after each audit or equivalency report is completed and suppliers are expected to provide documentation (written or visual) that each finding is resolved before Everlane continues production in the facility. These CAPs are integral to working together with our suppliers on improvements and helping to understand the root cause of violations in order to fix them moving forward. In some cases, once the CAP is closed we will also perform a re-audit of facilities that performed below our requirements on their initial or annual audit. By doing this, we can confirm and track the progress a factory makes over time and can continue to support its growth and improvement.

## Tier 1 Factory Performance (2022)

After conducting third-party audits or equivalency reports on our suppliers, we receive a comprehensive report outlining the findings in relation to the established standard. The report covers various aspects of performance and includes an overall score. We take these scores, which reflect both the quantity and severity of noncompliance findings as well as suggested corrective actions, and place them in a color-coded score system. We understand that not all factories will reach the highest levels of compliance at all times, so we prioritize root cause analysis, corrective actions, and continuous improvement to achieve our ultimate goal: 100% of our partners receiving a yellow or green rating year after year. As of 2022, we are 82% of the way to reaching this target.

## Social Compliance Overview (2022)



## Factory Audit Scores by Percent (2022)

### Green

Strong Performance

49% of business by unit volume  
49% of factories in this category

These are top-performing facilities for social compliance programs and adherence to local law. Any non-compliance findings are minor; Everlane may require corrective actions but they are not always mandatory.

### Yellow

Good Performance, Room for Improvement

38% of business by unit volume  
33% of factories in this category

These facilities have a clear dedication to social compliance and are committed to continuous improvement. Findings are rated as moderate to minor—some examples include unmarked safety supplies or providing incorrect social insurance. CAPs are required to be completed by the factory and are reviewed for approval by the Everlane Sustainability Team.

### Orange

Needs Support with Capacity Building & Root Cause Analysis

12% of business by unit volume  
14% of factories in this category

These facilities are working hard to develop more robust management systems and protocols to improve social compliance. Noncompliance findings are predominately moderate and can include health & safety or local labor infractions. CAPs must be completed by the factory in partnership with one of our third-party auditing firms, which have in-country teams and can physically meet with the suppliers to advise on improvements. Completed CAPs are reviewed for approval by the Everlane Sustainability Team before we continue production. When the factory is audited the following year, we expect that the improvements implemented through the CAP will allow the factory to improve their color rating.

### Red

Requires Probation, Must Demonstrate Progress in Re-Audit

1% of business by unit volume  
4% of factories in this category

These factories need large support in their management practices and implementation of their social compliance programs. Noncompliance findings can include those in the critical category but are not zero-tolerance offenses. Examples can include non-transparent record keeping or monetary fines. If a factory receives even one major finding, they automatically fall into this category. An in-country team from one of our third-party auditing firms will work closely with the factory to carry out extensive corrective action plans, deploy management training, and e-learning tools to support education and capacity building for social compliance. Factories that perform in this category are put on probation and must show improvement in their re-audit for a continued relationship with Everlane.



↑ Crafting leather goods in our partner factory in Italy.

## PERFORMANCE CHALLENGES IN 2022

Although we are now three years into a post-COVID era, many industries are still feeling its effects and the global apparel industry is certainly not immune. Staffing shortages, tighter budgets, and reduced travel for quality checks have all resulted in a greater number of violations and significant findings in our auditing program this year.

In 2022, 4% of our factories received a red score on their annual audit—a larger and more concerning number than we have ever seen before. The majority of findings for these locations were in health & safety, hours of work, and monitoring & documentation. We conducted in-depth CAP programs and management training with each facility to work towards improving this score to meet our strict standards. Once each CAP was completed, we re-audited the facilities through our third-party auditing firm to see what improvements had been made. Of the facilities that fell into this category, only one made improvements after training and was able to improve its ranking. We will continue to work with this facility in the coming year to make additional improvements and changes before proceeding with production. After careful consideration, we will exit the remaining facilities that did not improve their scores following intense training and re-auditing, and we will cease all manufacturing with them as of 2023. If these partners are

able to demonstrate tangible corrections to findings and proven improvements, we may consider beginning production with them again in the future.

## Performance Outcomes

Although we acknowledge that there is no flawless audit scheme, we firmly believe that social compliance audits are crucial to aiding our supplier community, instilling accountability and transparency, and fostering continuous improvement. A vital starting point is gathering data to spot trends, identify risks, and compare our performance to the industry.

Our auditing system categorizes noncompliance findings into four categories—critical, major, moderate, and mild—to gather social compliance data. All findings are important, but this bucketed system helps us standardize and monitor corrective action plan (CAP) remediation programs throughout our supply chain and prioritize the areas that need it most.

In 2022, health and safety (54%) and hours of work (18%) were the most common noncompliance categories among our Tier 1 factories. These are consistently common issues in the industry, but since the COVID pandemic in 2020, we have seen these findings increase exponentially due to continuing strained and understaffed workforces.

Once we identify noncompliance issues in a factory, we work with the facilities to create an agreed-upon CAP. This CAP is either conducted by our own internal team or in partnership with local ELEVATE auditors, depending on the severity. We keep detailed records to monitor progress and determine if additional support is needed, even after the CAP period has closed.

**HEALTH & SAFETY**

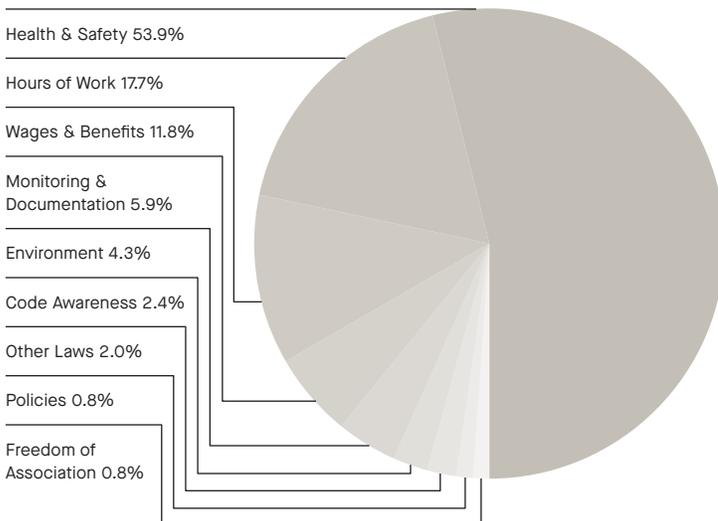
Health and safety violations are consistently the highest percentage category of finding we see in our audit reports. Examples of minor findings include pathways partially blocked by goods, posters of protocols and safety procedures missing from required locations, and incorrect needle guard positioning. Moderate and major categories include infractions such as safety code violations, emergency preparedness, and safety lighting. Although many of the minor findings are easily addressed within days after being confirmed by the auditor, Everlane prioritizes the resolution of major and moderate violations by concentrating on the effectiveness of its management systems. Our team

conducts a thorough CAP process to guarantee that any noncompliance findings are promptly addressed. Additionally, we partner with factory management to conduct root-cause analyses on noncompliance cases and develop internal protocols to prevent future violations.

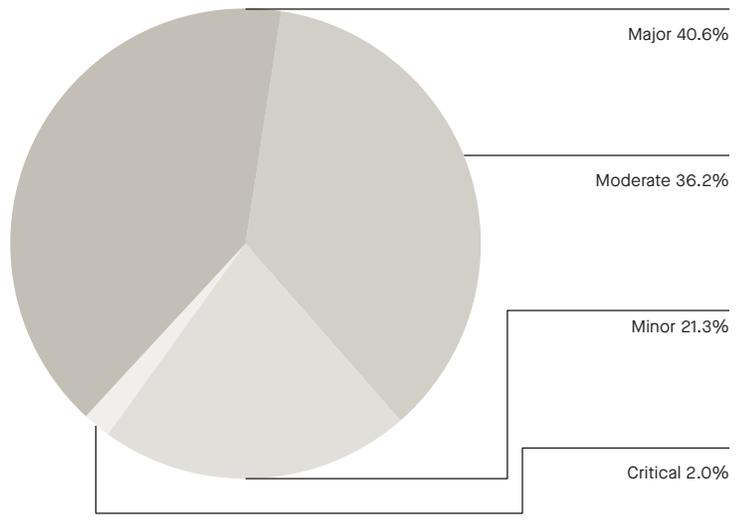
**HOURS OF WORK**

Everlane is a relatively small company in the greater apparel industry and we typically make up only a small fraction of our partner factories' production volumes. This, combined with the fact that we do not own our factories, unfortunately means that we generally have little leverage when it comes to making drastic changes in staffed working hours—but that doesn't stop us from making the biggest difference we can. When hours of work findings are found in a factory's audit report, we set up meetings with the supplier to address their current tracking and staffing systems to understand why excessive overtime is occurring and how time can be better managed to reduce this moving forward. We also focus on ensuring that all overtime working hours are completed at will and that workers can leave the factory floor at any time of their choosing. We verify this through factory auditing and in-person employee interviews as well as anonymous worker sentiment surveys. In addition, we provide capacity-building training around working hours to both management and workers, which aims to improve productivity management and worker awareness of their rights to overtime and rest days.

Noncompliance Findings by Category (2022)



Severity of Noncompliance Findings (2022)



# Exploring Equivalency (EQ) Reports

Audit fatigue is a significant issue for factory manufacturers who must undergo multiple audits each year to satisfy the varying standards and expectations of their different clients. Everlane does not own our factories and as such, our suppliers are subject to not only our in-person audits, but also those of the other brands that work with them. Because of this, our partners have expressed the toll that constant audits take on their stress, their output capacities, and their general day-to-day workflow. While we want to work with our suppliers in a way that they are not being overloaded with audits, we also need to ensure that our high social standards are met, which are generally best evaluated through in-person audits.

However, for our lower-risk partners, in 2022 we introduced the idea of accepting facility audit reports from recent audits that have been conducted by a brand other than Everlane. In order to accept these reference audits in lieu of our standard annual in-person audit, the reference must meet a multitude of requirements and may only be submitted from a verified third-party audit firm through an accepted audit scheme.

If we do accept a reference audit, we work with our partners at ELEVATE to perform equivalency mapping and populate audit findings, audit grading, and other required information into an equivalency or “EQ” report. This report allows us to directly compare it to the ERSA 2.0 protocol that is conducted during our standard audits and review it on the same grading scale while providing data-driven comparability. We use this EQ report and the associated score to determine if we will require our own in-person audit or if we will accept this reference audit as a substitute for the given year. Regardless of whether we complete an in-person audit or accept the reference, the suppliers are always required to complete a Corrective Action Plan (CAP) in order to address any findings from the report and show improvements in these areas.

The practice of accepting equivalency reports is new for Everlane and is not something we had explored prior to 2022. These reports are one way we are partnering with our suppliers to ensure they are maintaining our standards while also reducing the pressure and reduced production output that occurs when all of their clients schedule separate

audits throughout the year. That being said, we will only be performing EQ reports for manufacturing partners that have a demonstrated history of top-tier performance in social and environmental areas in their previous audits. Any facility that has a history of inconsistent audit scoring or low performance will be audited yearly in person and an EQ report will not be accepted. We will continue to monitor this practice in 2023 to ensure that the utilization of EQ reports still upholds our strict social and environmental compliance standards.

## ELEVATE

Because our team is limited by travel (we live on the other side of the world from many of our partner factories) we rely on third-party auditing firms to complete our audits for us. ELEVATE has 30 offices around the world, with a team of 850+ industry experts supporting clients in more than 100 countries as a trusted due diligence partner. The ELEVATE teams are trained to effectively evaluate our factories against our strict standards, are accustomed to the local cultures, and speak the same native language as our partner factory workers.

# Spotlight on Profits Fund— Our Clean Silk Partner

## BUILDING A RESPONSIBLE SUPPLY CHAIN THROUGH STRONG PARTNERSHIPS

Conventional silk production is generally associated with a heavy environmental impact, involving high toxic chemical and pesticide use, with a heavy water footprint. Profits Fund Global Holding Company, located in China, is a state-of-the-art, energy-efficient silk farming, milling, and manufacturing company that is changing the game in sustainable silk production. We started working with Profits Fund in 2018 when we were searching for a new silk supplier who shared our same commitment to both social and environmental initiatives—something that can be difficult to find in the conventional silk market. Ultimately, as a result of our partnership, we launched our Clean Silk line, a collection of silk garments free of harmful chemicals and which use less energy throughout the production process, compared to conventional silk.

## A NEW APPROACH TO RESPONSIBLE SILK PRODUCTION

Profits Fund's sericulture operations begin with their three organic and regenerative silk farms in Huoyan Village, Fengyan Village, and Tianping Village in Sichuan. These farms grow and maintain the mulberry trees where silk worms live and produce the cocoons needed to create silk's raw material. The farms also have a goal of agricultural integration, growing much more than the agricultural trees needed for silk. Organic fruits, vegetables, and medicinal herbs are interplanted with the silk mulberry trees and edible fungi are grown on the mulberry shoots, all with the eventual goal of creating an ecological organic food market. Currently, the produce from intercrops is sold to farmers in the local villages for their daily use.

Once the silk cocoon harvesting is complete, production moves to Profits Fund's GOTS-certified reeling and weaving facility where the extracted silk threads are transformed into raw silk and fabric. Once the fabric is weaved, the silk moves to its own bluesign®-certified dyehouse in Suzhou that was established in 1996, where it is dyed using safe chemical protocols outlines by bluesign®.

Lastly, the dyed finished fabric is then moved back to Sichuan and into their LEED Silver, GOTS, and OCS-certified finished goods manufacturing facility. This factory was built

from the ground up for energy efficiency. That means some of the biggest energy-wasting culprits—like AC, machinery, and lighting—were redesigned to reduce energy consumption. By using water-cooled air-conditioning units and enormous, slow-moving fans, they are able to consume 60% less energy while keeping the facility comfortable for the workers. With independent-motor sewing machines that draw no power when they're not stitching, the stitching lines are also 60% more efficient. And, with huge windows and LED dome lights automatically adapting to the amount of natural light available, they have reduced energy consumption from lighting by 40%. A photovoltaic solar panel system power even up to 45% of the energy throughout the factory and their rainwater collection system drastically reduces the impact of water usage in the region where the factory resides.

## EMPLOYEES ARE ALWAYS TOP OF MIND

The employees of Profits Funds facilities stay for free onsite in their own dormitories, which have an incredible array of recreational areas that are solely dedicated to worker use. An outdoor badminton court, ping-pong area, and basketball courts are just a few of the sport facilities that can be found on the campus. The worker canteen and convenience store are both open daily, and every employee is provided with free meals made onsite from locally sourced produce.

## 100% VERTICAL SERICULTURE SUPPLY CHAIN

Profits Fund’s vision of a 100% vertical sericulture system was born in the 1990s and while they own all of the facilities involved in their silk production, there is still one final construction project to tackle before their vision is complete. The last step in the puzzle is to move their dyehouse from Suzhou to Sichuan with the rest of the production facilities, to create a fully integrated system in one static location, reducing the need to transport materials throughout the provinces. This construction is currently underway and is estimated to be completed in 2023.



### Sericulture

Product: Mulberry tree & cocoon production

Sichuan Bombyx Organic Agriculture Technology Co.,Ltd  
 Organic mulberry tree & cocoon certification (EU STANDARD)  
 Solar-powered insect lamps



### Silk Reeling & Weaving

Product: Raw silk & fabric production

Sichuan Bombyx Organic Agriculture Technology Co., Ltd  
 GOTS organic certified  
 Mill Qualification Program (MQP) by Intertek  
 Free meals, dormitories, electric motorbike charging, and insurance for employees  
 Solar-powered street lamps  
 Wastewater recycling system



### Dyeing & Finishing

Product: Dyed fabric

Suzhou Hengda Silk Printing and Dyeing Co.,Ltd.  
 bluesign® approved production processes and methods  
 Verified HIGG FEM Assessment  
 Mill Qualification Program (MQP) by Intertek



### Garment Manufacturing

Product: Finished garment

Nanchong Fashion Foundation Manufacturing Ltd.  
 LEED Silver certified building  
 Verified HIGG FEM Assessment  
 ISO14001, ISO45001, ISO50001, ISO14064-1, & 14064-3 certified  
 GOTS and OCS organic certified  
 Free meals, dormitories, electric motorbike charging, and insurance for employees  
 Photovoltaic solar power (~40-45% of total energy usage)  
 Rainwater collection system

# Integrating Environmental Responsibility

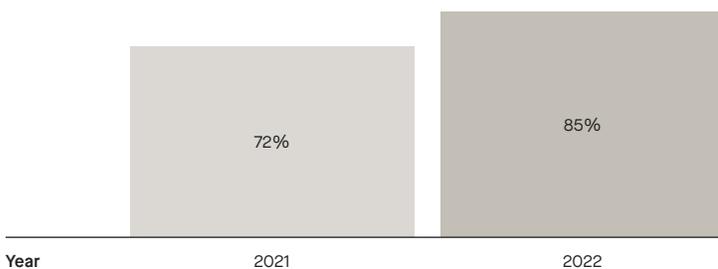
Environmental responsibility is another critical priority of our factory sustainability practices. As we acknowledge the impact of textile production on the planet’s natural resources and labor force, our supply chain strives to safeguard crucial water reserves, mitigate greenhouse gas emissions, and limit the use of hazardous chemicals. Our commitment to these goals is strengthened by partnerships with like-minded organizations and certification bodies that share our vision for reducing our impact on the planet.

## HIGG

This year, we continued our membership with the Sustainable Apparel Coalition (SAC), the organization behind the Higg platform. The Higg Index is an important industry self-assessment suite of tools for the standardized measurement of value chain sustainability. We use the Higg Facility Environmental Module (FEM) to gather essential information on environmental management procedures and their effectiveness at our partner factories, identify risks and opportunities, and provide a path for continuous improvement across various environmental impact areas, including energy, water, wastewater, air emissions, waste, chemicals, and environmental management systems. It presents a helpful opportunity for us to truly measure the environmental performance at our partner factories and identify areas where we can inspire improvements. We are committed to onboarding verified Higg FEM across 100% of our Tier 1 suppliers and 80% of our Tier 2 raw material suppliers (by volume) over the next 4 years.

Tier 1 Supplier Verified HIGG FEM Submissions (2021–2022)

Percentage by total volume of units

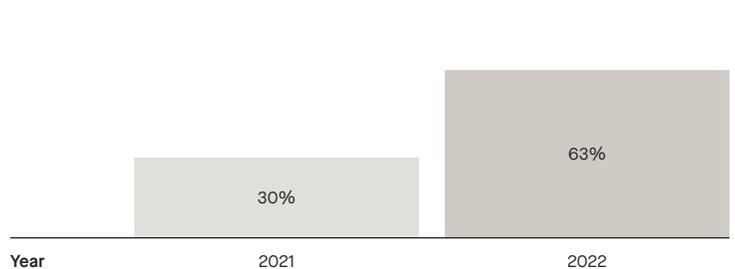


85%

In 2022, 52% of our Tier 1 finished goods suppliers (representing 85% of the total volume of units we produced) completed a verified Higg FEM, providing key performance insights and industry benchmarks for our direct suppliers.

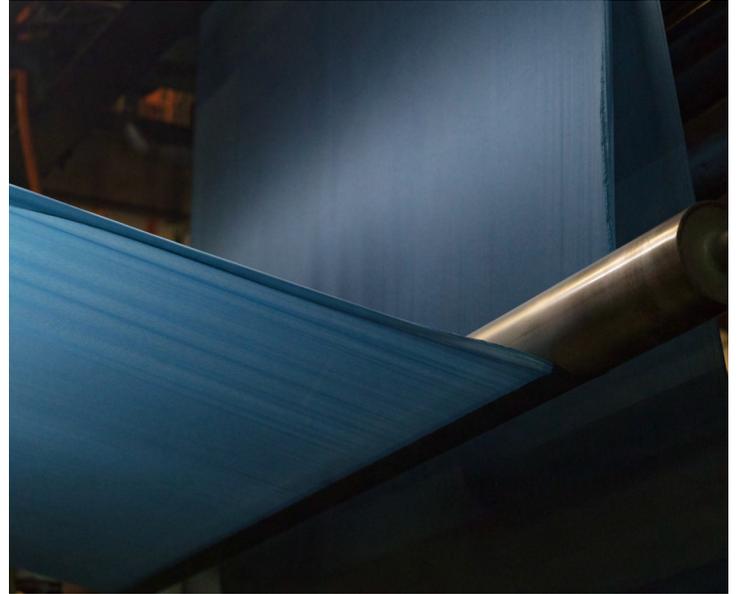
Tier 2 Supplier Verified HIGG FEM Submissions (2021–2022)

Percentage by total volume of units



63%

In addition, 60% of our strategic Tier 2 material suppliers (representing roughly 63% of our total material volume) completed a verified Higg FEM.



## Cleaner Chemistry

The use of chemicals plays a crucial role in the textile supply chain, enabling the coloring of yarns and fabrics, processing of performance materials, and manufacturing of products. However, a significant concern arises from the potential hazards associated with the chemistry employed in the industry, posing risks to workers and their local environments. To address this issue, we have adopted some of the most comprehensive safer chemistry standards within the sector and aim to advance toward better chemical management by setting targets for progress and improvement in the upcoming years. By 2025, we aim for 80% of our materials to hold a cleaner chemistry certification.

### BLUESIGN® AND ZDHC

In 2018, we began working with bluesign®, an organization that has created comprehensive standards to eliminate harmful substances at each step of the supply chain—from the chemical formulas to the processes used to manufacture materials, and finally, the products themselves. We first worked with bluesign® to approve the dyes and finishing chemistry used on our technical outerwear products to ensure the highest level of chemical safety and performance. In 2019, we underwent a bluesign® Brand Assessment and gap analysis, effectively auditing our risks associated with hazardous chemicals and providing a pathway to minimizing these risks in key categories.

In addition to prioritizing bluesign® certified materials, we also look for materials that are certified to other

chemical management standards like the Zero Discharge of Hazardous Chemicals (ZDHC) and their Manufacturing Restricted Substance List (MRSL). The aim of the ZDHC is to minimize the use of harmful chemicals in the fashion industry and facilitate the adoption and spread of sustainable textile chemistry worldwide through a collaborative, multi-party approach. The MRSL created by ZDHC is an inventory of substances prohibited for use in production, beyond the standard chemical limitations imposed exclusively on finished products. This list aims to ensure the welfare of consumers, as well as minimize the potentially harmful effects of hazardous chemicals on production employees, communities, and the ecosystem.

Today at Everlane, we continue to align our testing protocols with bluesign® and ZDHC restricted substance lists and prioritize partnering with Tier 2 facilities that produce bluesign® and ZDHC-certified materials to help mitigate any risk of contamination. Our goal is to adopt the ZDHC MRSL across 80% of strategic Tier 2 and wet processing suppliers by 2025.

### GOTS

The Global Organic Textile Standard (GOTS) is a cotton-specific standard that helps to manage traceability, content claims, social responsibility, and chemical inputs on certified organic products. As a GOTS-certified brand since 2019, we have created clear targets to source and produce certified organic cotton against the GOTS standard,

following the GOTS Restricted Substances List (RSL). The GOTS RSL represents one of the most stringent lists of restricted substances and chain of custody protocols for cotton products, which are audited for effectiveness at least once a year. Certification with GOTS not only helps us reach our organic cotton target goals but also guarantees that the GOTS-certified garments are in line with our cleaner chemistry standards. We also prioritize working with GOTS-certified suppliers in our supply chain, particularly those who help create our cotton goods.

## GRS

We also employ the Global Recycled Standard (GRS) as an additional safer chemistry standard. Along with ensuring accountability and traceability of the recycled inputs in products, through chain of custody documentation, the GRS also enforces rigorous processing regulations to ensure chain of custody, promote social responsibility, environmental protection, and safe handling of chemicals.

## Waste & Wastewater

The apparel industry necessitates substantial amounts of water consumption throughout the large supply chain, encompassing farm-level irrigation, dye houses, wash houses, wet processing of yarn and materials, and the manufacturing of finished goods. This issue is particularly prevalent in areas of high water stress where clean water resources are limited, and water scarcity creates a severe impact on the lives and livelihoods of local communities. Moreover, the increasingly negative effects of climate change are further exacerbating these effects with drought and water scarcity becoming more frequent, leaving vulnerable communities without access to clean drinking water. As such, we understand how important it is to partner with farms, factories, and facilities that have efficiency measures in place to optimize water recycling, reduce consumption, and manage wastewater use. Partnerships with our innovative denim factories like Saitex employ state-of-the-art closed-loop water treatment systems that reuse almost 100% of the water in their denim manufacturing processes which far surpasses industry standards.

We know that simply partnering with top-tier environmentally minded factories is not enough, however. In order to truly understand and ultimately reduce our water use, we need to quantify our water consumption and withdrawal throughout our supply chain and measure our

water footprint in its entirety. In 2023, we are partnering with the University of California Santa Barbara to develop a water footprint methodology that will help us identify materials in our supply chain that are the most water-intensive. We hope that this work will ultimately help us prioritize materials and processes that inherently use less water to create or find alternative processing methods or partners to produce material alternatives with reduced water impacts.



↑ The water used in our denim wash processes is treated through on-site wastewater treatment facilities, and is clean enough to drink.

05

# Reimagining the Fashion Cycle

Product Use & Extended Life

The rise of fast fashion has led to an increase of clothes in landfills. Currently, 86% of fiber used for clothing is incinerated or disposed of. It contributes to harmful dumping grounds in parts of the Global South, to microfiber pollution in our oceans and waterways, and to climate change. At Everlane, we're not big on trends. Instead, we design timeless staples that you can wear forever and then pass down to future generations. It's our way of reimagining the fashion cycle as we work towards a zero-waste future.



## Key Partners

- Debrand
- Happy Returns
- California Product Stewardship Council
- Statewide Textile Recovery Advisory Committee
- Resale Partners
- Recycling & Downcycling Innovators

# Our Approach

The fashion industry struggles to find viable solutions to break the toxic cycle of overconsumption, and our systems are not yet set up to support circularity at scale. This, however, doesn't mean that Everlane can sit tight and wait. Our attempt to chart a new course starts with our product design intent.

As a mission-driven brand focused on sustainability, it is crucial that our sustainability goals are tied closely to the products we create, which starts with design. Our design tenets support our sustainability goals by focusing on quality and longevity. We create timeless yet beautiful designs, source and use high-quality lower-impact materials, and produce well-made garments in some of the best factories in the world.

## Product Design Intent

Inspired by the ease of American fashion and the brand's Californian roots, we create timeless staples for a forever wardrobe. Combining intelligent choices and elevated style with high quality, low maintenance materials that have a minimal impact on the environment, our design tenets are built in opposition to the fast-fashion model, focusing on products

that are Purposefully Designed, Beautifully Functional, and Consciously Crafted. We want people to buy less, but buy better, so our customers can enjoy a long life with their Everlane products—and even have a second (or third!) life beyond their initial purchase. To do this we focus on sourcing premium materials with a lower environmental impact, pay particular attention to construction details, intentionally think about how people can care for their items to increase longevity, and put our products through rigorous quality and performance testing. We are pleased to see Everlane garments and footwear resold on some of the most popular resale sites and actively encourage our customers to take part in the secondhand, sharing/swapping, and circular economies.

## QUALITY STANDARDS

To help ensure our products are engineered to withstand the test of time and have a long life in your closet, we employ high standards in performance and quality management. Throughout the development and production process we use third-party auditors, inspectors, and testing labs to review the quality, performance, and compliance of 100% of the styles we create. We use ANSI/ASQ sampling methods and ASTM, AATCC, and ISO testing standards to help ensure that the products we create are well made and built to last.

# Our Design Pillars

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01  
Purposefully Designed

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02  
Beautifully Functional

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03  
Consciously Crafted

“All our pieces are purposefully designed with consideration for the timelessness of each style and how it will come to life in people’s wardrobes. Simplicity and comfort are at the essence of American style, which Everlane reflects while also offering a lighter environmental impact.”

—Mathilde Mader, Chief Creative Officer



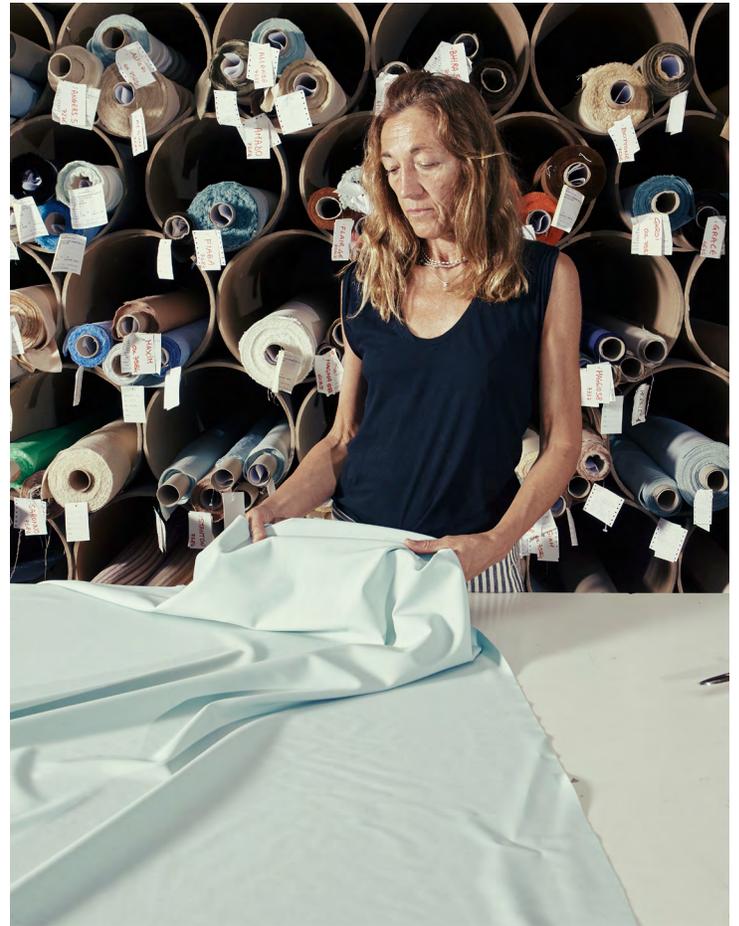
## Purposefully Designed, Beautifully Functional, Consciously Crafted

### PRODUCT CARE & CLEANING

Washing and drying your clothes can contribute to high environmental impacts due to the energy, water, and detergents used in the cleaning process. In our own greenhouse gas calculations, consumer impacts attributed to care and cleaning can contribute **~22%** of an apparel product's total impact! To help minimize these impacts, we carefully consider the materials we select and the construction of our garments to lessen the need for dry cleaning. In 2022, **97%** of the total apparel styles we produced could be hand or machine washed and hang-dried, which will reduce the amount of energy and water required to clean and care for these products.

### EXCESS FABRICS & YARNS

Supply chain disruptions and sales shortfalls dating back to the start of the global pandemic in 2020 resulted in an excess of fabric and yarn inventory in subsequent years. Rather than destroy (as some companies do) or sell off our excess fabrics and yarns, we challenged our design and development teams to use what we have before sourcing anything new. In some cases, our excess raw materials are not in alignment with some of our preferred material standards, but we believe utilizing our existing materials and yarns is the most responsible thing to do, before creating new materials. Some of our product line from 2021 and 2022 incorporated these excess raw materials we had previously sourced, but we are already re-developing replacements using preferred standards for future material orders.



↑ Our ReWool yarn is spun from the fibers of recycled cashmere sweaters at our partner mills in Italy. The color process is circular, chemical-free, and dye-free: since pre-and post-consumer garments come already dyed from their former life, different fibers and shades of colors are mixed together in specific ratios to create new colors, developing recipes of no-dye colors that are archived and reproduced over time.

DAMAGED GOODS & UNSOLD ITEMS

We see our biggest and most immediate challenges stemming from our returned and damaged garments—finding opportunities to extend the life of these products and materials will remain a high priority in the coming years as we continue to build our circularity strategy.

Minimizing the volume of returns and unsold products requires a delicate balance of product planning and forecasting, logistical maneuvering, and quality control measures. This is not a perfect science, and, despite our best efforts and intentions, we often find ourselves with slightly off-spec garments and worn returns. This product, often termed “seconds,” can not be sold as first quality. We must find responsible solutions to extend the life of these products and the natural resources that went into making them.

We try our best to reduce the rate of returns through a rigorous product testing process and through fit clinics, where we invite our community to test the fit and functionality of our product. Despite these efforts, we still experience average return rates of 22%—a fact of the industry we continue to grapple with. The biggest challenge arises when a customer returns a product in a worn condition that we cannot resell to a new consumer. We are conscious of the textile waste generated by these seconds, and we actively work with a variety of partners to divert this product away from landfills and into a number of reclamation alternatives.

From 2021-2022 we addressed a backlog of damaged seconds—over 112,000 units across apparel, footwear, and accessories to be exact—that we had accumulated at our warehouse since 2019. We worked with our circularity partner, Debrand, on a two-year-long pilot project to assess and sort our damaged product, and divert all of the collected items from landfill.

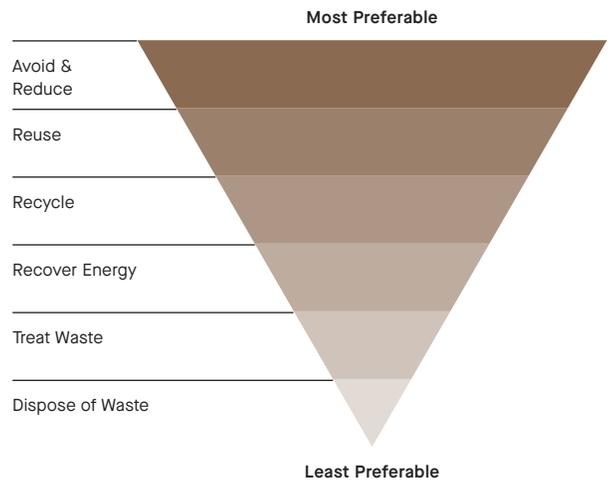
We used the waste management hierarchy framework to perform in-depth analysis on all of our damaged product, aiming to reuse, recycle, downcycle, or recover any resources from these products. Our learnings through this pilot have been extremely valuable, helping us revamp our returns quality control process to minimize the number of seconds being damaged out of sellable inventory, and ensure that our damaged seconds never end up in landfill.

78% of our damaged returns, though slightly blemished or off-spec, still have a lot of life left in them. Our goal is to extend that life cycle as long as possible through resale and donation channels. Whenever a product is too damaged to be reused or reworn, we must find alternatives to landfill and disposal. While there are some innovative textile-to-textile recycling opportunities, they are extremely selective in fiber content and have not yet reached scale. Damaged footwear and blended content fabrics continue to be our biggest challenge, as neither have simple solutions for recycling today.

Our Progress Within the Waste Hierarchy (2022)

Waste Hierarchy Categories	Everlane Efforts	% of Product	Key Learnings
Avoid & Reduce	Avoid “Seconds” via Improved QC Processes	≤ 5% of Returns	We were able to avoid waste by tightening our QC process and incorporating light refurbishment. These efforts lowered our damaged/seconds rate by half.
Reuse	Resale	49%	78% of our damaged seconds are perfectly usable, despite their cosmetic blemishes. We are able to extend the life of these lightly worn products by selling them through resale partners or donating them to people in need.
Reuse	Donation	29%	
Recycle	Recycle	1%	Textile to textile recycling is still challenged in technical capabilities and in scaled solutions. We are piloting some work with innovative textile recyclers, but solutions are still nascent.
Recycle	Downcycle	16%	Products that are not eligible for textile to textile recycling trials are downcycled, with their materials repurposed into insulation, upholstery, and carpet padding.
Recover Energy	Waste-to-Energy	5%	Products that are not eligible for downcycling solutions are put through a waste-to-energy process, whereby products are combusted in specialized plants and converted to electricity. This is our last-option we employ, and primarily consists of damaged footwear.

US EPA Waste Hierarchy



# The Tread-Bare Sneaker



Our lowest carbon footprint sneaker to date at just  
4.78 CO<sub>2</sub>e.



In 2021, we launched the Forever Sneaker, our first footwear product designed with intentionally sourced parts that could eventually be separated and recycled. It also boasted the lowest carbon impact we had ever accomplished—7 kg CO<sub>2</sub>e. While we continue to be proud of this design, we knew we needed to push even further to reduce our impacts.

Enter: Tread-Bare, a shoe with an elevated design, but low environmental impact at 4.78 kg CO<sub>2</sub>e.

Our design and product teams worked for over a year to source materials with the smallest impact on the environment, utilizing a 100% recycled cotton upper, natural rubber sole from the milk of Hevea trees, and recycled plastic trims. The result was a shoe with a uniquely simple design achieving our lowest carbon footprint to date at just 4.78 CO<sub>2</sub>e (making it lighter than a single cheeseburger and a reusable water bottle).

To calculate the footprint of the shoe, we worked with our partners at [Watershed](#) to quantify the cradle-to-grave emissions associated with the manufacturing process, from raw material production to shoe assembly, transportation, and disposal. Our calculations reflected the total greenhouse gas emissions (including carbon dioxide, methane, nitrous oxide, and other greenhouse gasses) associated with the production of each pair of shoes. Other greenhouse gasses were converted to carbon dioxide equivalents in accordance with global warming potential values provided in the Fifth Assessment Report (AR5) by the Intergovernmental Panel on Climate Change (IPCC). You can read more about what steps we took for calculation in our published methodology [here](#).

Intentionality didn't just stop at the shoe design, however. The Tread-Bare packaging was created with 100% post-consumer recycled kraft paper and recycled tissue paper. To reflect our belief that progress is a process, the packaging design features handwritten elements (inspired by the notes on Everlane's very own shipping containers) and visual representations of a journey.

Our lightest shoe yet (in both carbon impact and physical weight), Tread-Bare acts as a tangible representation of our progress towards circularity and designing with a lower environmental impact. We will continue to iterate on this even further in the coming years as our whole team looks to design products that speak to our mission to clean up the fashion industry—one shoe at a time.

## Future Goals: The Path to Circularity

To support our path to circularity we are most focused on extending the life of our product. In the upcoming year, we plan to engage with our customers even more on how to care for their Everlane garments and footwear to extend product longevity. Building on our success with the Forever Sneaker (our first fully-circular product, launched in 2021), we will continue to explore creating for circularity, incorporating repair and designing for disassembly and recycling wherever possible. We also want to encourage our customers to participate in the resale market and sharing/swapping efforts, ensuring that Everlane products never end up in landfills.

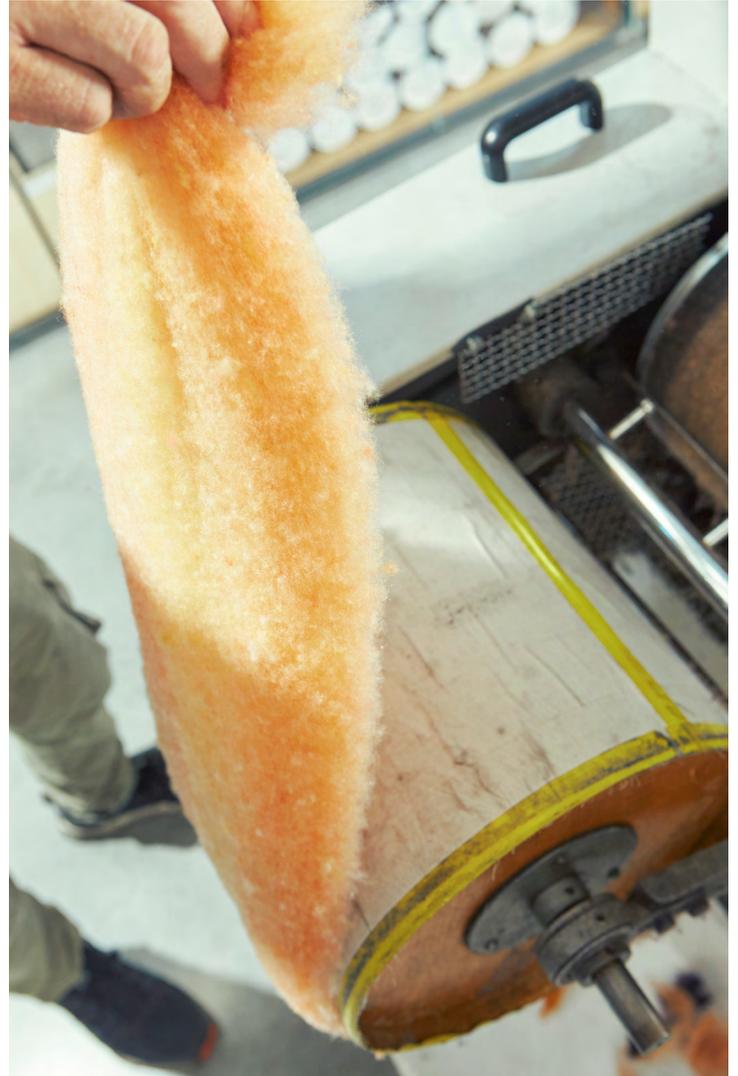
At the same time, we know that upcycling, recycling, and the use of recycled materials are pillars of a circular economy for the apparel industry—all things we've made commitments around. However, we face prohibitive challenges in the availability and scale of sortation solutions and innovative recycling technologies. Similarly, we must contend with the downgraded quality of many recycled materials, which makes using and reusing recycled materials a challenge to overcome.

The truth is, our industry is not yet equipped for the complexities of a truly circular economy. Product is not regularly designed for ease of recycling, and we face significant challenges with collection, sortation, reverse logistics, and viability of textile recycling innovations. We would like to see a world where textile collection and recycling are as readily available as collection and recycling solutions for aluminum or glass.

That is why, in 2022, we joined the California Statewide Textile Recovery Advisory Committee, part of the California Product Stewardship Council. Our seat on this advisory committee is allowing us to take part in important advocacy efforts in our home state.

As we look to increase the amount of recycled content in our product designs and design for longevity (in line with our Keep Earth Clean and Keep Earth Cool goals),

we are committed to supporting innovators in this space and advocating for policies that support the change we know is needed.





# 06 2030 SBTs & Net-Zero Goals

Climate Impacts and Mitigation Efforts

The science is clear—threats to our planet from global climate change are some of the biggest issues of our time. The latest IPCC Synthesis Report warns that we are on pace to surpass a significant level of warming by the early 2030s, surpassing the 1.5°C limit (or 2.7°F for those of us on the imperial system) set forth in the Paris Climate Agreement. Every bit of warming makes the consequences more severe, and the faster we reduce emissions, the more we can help mitigate these harmful effects.

We are committed to measuring and understanding our impacts on climate change and minimizing the emissions created as a result of our business model. We do this by calculating our annual carbon footprint and aligning our greenhouse gas reduction efforts to what the scientists tell us is most pertinent—mitigating emissions to keep within 1.5°C of global warming.



### Key Partners

- Watershed
- Science-Based Targets Initiative
- Business Ambition for 1.5°C
- Pure Strategies
- SAC
- Native
- Supply Chain Partners

← Aerial view of our Clean Silk partner factory Nanchong Fashion Foundation Manufacturing Ltd.

# Our Approach

In 2021, we set bold climate reduction targets, aligned with and approved by the Science Based Targets Initiative (SBTi), to reduce our greenhouse gas emissions by more than 50% per-product by 2030, and achieve Net-Zero emissions by or before 2050. Since 2019, we have been measuring our annual Scope 1-3 greenhouse gas emissions, strategizing interventions for reduction and mitigation, and reporting on our progress.

## Everlane Science Based Targets

### Scope 1 & 2

46% Absolute GHG Reduction by 2030  
 2019 Baseline: 151 MT CO<sub>2</sub>e

### Scope 3

55% GHG Reduction Per-Unit by 2030  
 2019 Baseline: 71,479 MT CO<sub>2</sub>e

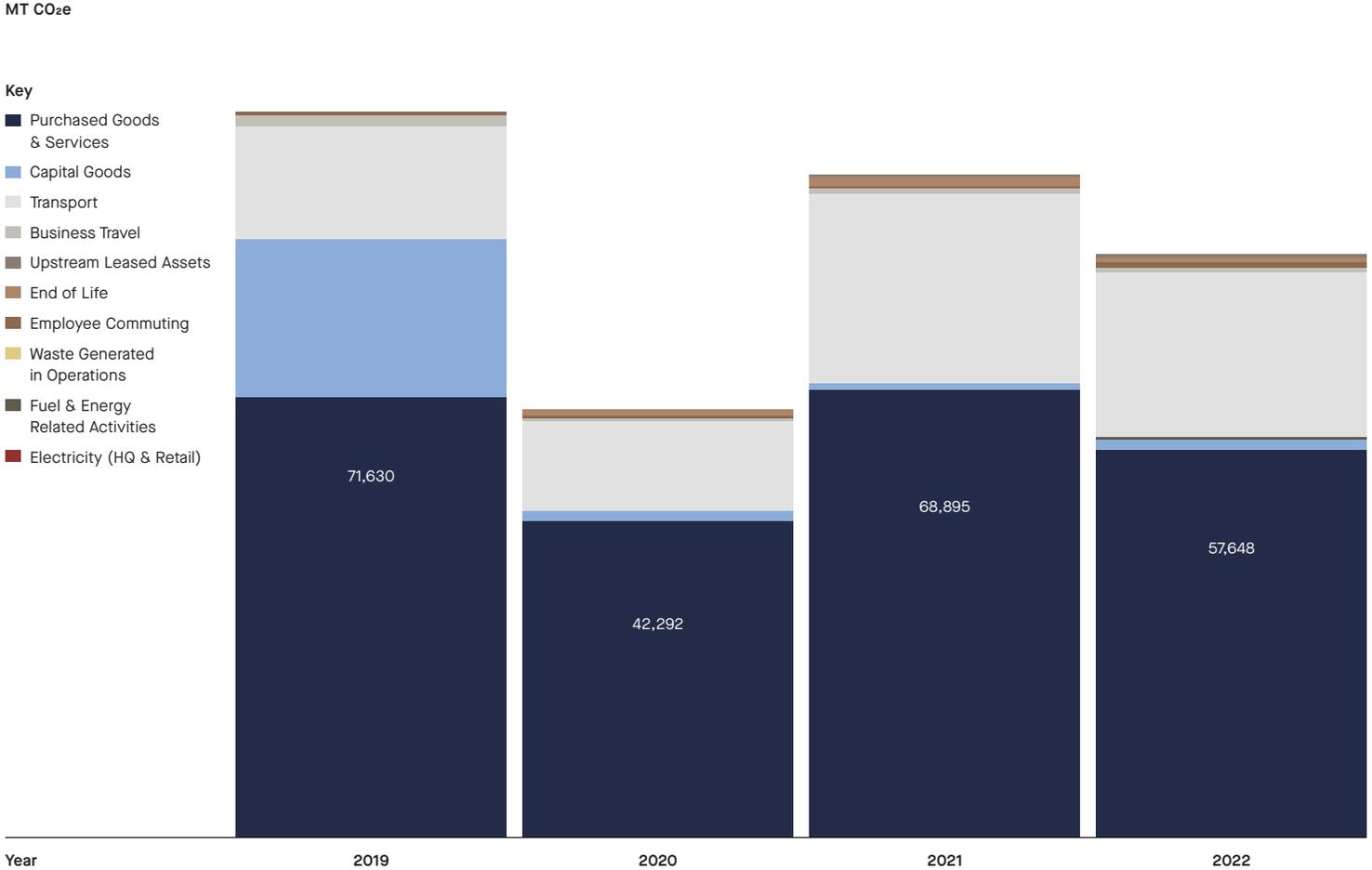
### Net-Zero

Achieve Net-Zero emissions by 2050

Baseline Year: 2019 | Baseline GHG: 71,629 MT CO<sub>2</sub>e\*  
 \*this measurement excludes use phase

## Annual Emissions (MT CO<sub>2e</sub>)

(excluding customer use phase)



See Appendix 4 for more details.

## Our Progress

Since 2019, we have been measuring our Scope 1-3 greenhouse gas emissions impacts annually, following the Greenhouse Gas Protocol’s guidance for carbon accounting. Through our strategic emissions interventions and annual measurements, we are demonstrating meaningful progress towards achieving our ambitious 2030 Science Based Targets (SBTs)—in 2022, our Scope 1-3 absolute emissions measured **20%** lower than our 2019 baseline.

The decrease in our scope emissions was primarily due to reduction efforts made to our Scope 3 impacts, attributed to deliberate changes made to our material and sourcing decisions, transportation routes, and overall production of fewer (but better!) styles as reflected in our product design intent.

Despite the absolute reductions we demonstrated in 2022, our per-product emissions footprint grew from 2021 to 2022. This is attributed to a few different factors: changes to product assortment mix, which focused more on woven products than knits; overall increase in average product weight, which yielded more material consumption per product; and changes to our carbon calculation methodology based on new and improving research.

While we recognize that our greenhouse gas reduction journey will not be a linear one, we are committed to reducing our per-product emissions in tandem with our overall emissions reductions. In the upcoming years, we are taking an in-depth look at reducing the amount of waste created in the process of manufacturing apparel, focus on product integrity and longevity, and will continue to incentivize our upstream suppliers to adopt efficiencies and invest in renewables.

Although we achieved an absolute emissions reduction overall, we saw an increase in our Scope 1 & 2 emissions from 2021 to 2022. This is attributed to two new store openings and the full operation of our creative studio in Los Angeles. We are actively exploring ways to reduce our Scope 1 & 2 emissions through efficiency improvements

in our offices and stores to minimize energy and electricity use, and have started the process of purchasing high-quality Green-E certified RECs to offset our Scope 2 emissions from purchased electricity.

In 2022, we partnered with [Watershed](#) and [PosiGen](#) to purchase high-quality RECs to offset the totality of our Scope 2 emissions generated from purchased electricity. PosiGen is a solar renewable provider based in Louisiana, and was born in the wake of Hurricane Katrina's devastation with a mission to achieve "Solar Power for All." In practice, PosiGen supplies solar panels to families in low-income communities, guaranteeing they will save money on utility bills by switching to solar power and guaranteeing high-quality RECs with additionality impacts for companies like ours.

### GHG Emissions Per Product (Scope 3 SBT Target)

Product Carbon Footprint	2019	2020	2021	2022
Scope 3 GHG Emissions (MT CO <sub>2e</sub> )	71,479	42,171	68,713	57,350
Weighted Average GHG Emissions Per Unit (kg CO <sub>2e</sub> )	18.42	11.16	13.16	14.36
Intensity Reduction from 2019 Baseline	—	39%	29%	22%

### GHG Emissions by Scope (2019-2022)

GHG Emissions (MT CO <sub>2e</sub> )	2019	2020	2021	2022
Scope 1	55	39	46	50
Scope 2*	96	82	136	248
Scope 3	71,479	42,171	68,713	57,350
<b>Total</b>	<b>71,630</b>	<b>42,292</b>	<b>68,895</b>	<b>57,648</b>

\*Measurements before any RECs are accounted for

### Carbon Offsets\* Supported in 2022

Offset Type	MT CO <sub>2e</sub> Offset	Project Supported
Scope 2 Electricity RECs RECs purchased to offset Scope 2 emissions from purchased electricity.	248	<a href="#">PosiGen Solar RECs</a>
Customer Freight Offsets Offsets purchased for customer opt-in at check-out.	2,024	Projects through <a href="#">Native</a> , such as the <a href="#">Northern Great Plains Regenerative Grazing Project</a> and the <a href="#">Medford Spring Grassland Conservation Project</a>

\*We support a small number of carbon removal offsets that help to build resilience in local ecosystems and drive meaningful change in carbon sequestration. For more on our approach to offsets, please see page 48 of our [2021 Impact Report](#).

# Emissions Changes & Key Takeaways (2021–2022)

While we strive to implement progressive reduction tactics and demonstrate annual progress, we recognize that our progress will not necessarily be linear. There are many factors that contribute to our annual performance and measurement, and some years will be better than others. Our goal is to use data to inform our tactics and help identify new areas of opportunity in our path to achieve our 2030 SBTs.

Category	Operational and Directional Change YoY	Impact & Takeaways
Raw Materials	Increased lower impact, preferred materials across all product categories (organic cotton, recycled inputs, lower impact MMCFs, etc.).	↓ 18% decrease in per-product emissions attributed to lower impact raw material choices from 2021 to 2022. Continue to adopt lower-impact raw materials in accordance with our preferred material strategy.
Raw Materials	Increased recycled content broadly but focused on our highest-emitting animal fibers (cashmere & wool).	↓ 60% decrease in per-product emissions for chief cashmere & wool products from 2021 to 2022, attributed to recycled animal fiber choices. Continue to increase recycled content in our products as much as possible, without sacrificing the quality, durability, or longevity of our styles.
Logistics	Increased transition of shipping from air to sea—primarily focused on finished goods (Tier 1 manufacturers) to our distribution center, but increasingly for raw materials as well.	↓ 31.5% decrease in per-product emissions from 2021 to 2022 attributed to lower impact logistics choices—driven primarily by a 41% decrease in air transport emissions in 2022. Continue to prioritize lower-impact shipping methods (sea, ground) for finished goods. Focus on sourcing raw materials and/or product manufacturing closer to the source, to minimize upstream transit impacts. When transportation of raw materials is necessary, prioritize lower-impact shipping methods.
Manufacturing	Partner with and incentivize upstream suppliers that prioritize efficiency in operations, lowering energy / electricity use, and prioritize adoption of renewables.	↓ 40% of our Tier 1 suppliers used a mix of renewable electricity (either generated on-site or through purchased RECs) in their operations. Continue to incentivize adoption of renewables, and verified participation in Higg FEM to drive measurement and progress across Tier 1 & 2 suppliers. Increasingly incorporate primary data from suppliers and Higg FEM to our greenhouse gas measurement year over year.
Product Assortment	Increase in percent of woven product vs. knit product and materials.	↑ In 2022, woven fabrics/products made up 66% of our product assortment, compared to 51% in 2021. Woven fabrics are ~35% more emissions-intensive than knit fabrics in their manufacturing impacts. This contributed to some of the per-product increases we measured from 2021 to 2022. We will take this as a learning, and continue to pay close attention to our design strategy and product assortment—always focusing on product quality and longevity of our styles.
Product Assortment	Increase in the average weight of materials and products.	↑ The average weight of products was 12.2% higher in 2022 compared to 2021, meaning that more raw materials were used per product. This contributed to some of the per-product increases measured from 2021 to 2022. Develop strategic goals to minimize material waste in product manufacturing while prioritizing product integrity and longevity.
Updates to GHG Measurement Methodology*	Incorporate the latest scientific evidence for measuring greenhouse gas emissions impacts, improving granularity and specificity.	↑ To improve the integrity and specificity of our GHG measurement, our team at Watershed performs methodology reviews 2x a year and updates our measurements accordingly. Some methodology updates are required for continued Greenhouse Gas Protocol (GHGP) alignment, while others are recommendations from GHGP, SBTi, 3rd party auditors, or best practices adopted by corporate leaders. Across the board, methodology updates are built to “help companies prepare a GHG inventory that represents a true and fair account of their emissions”, accounting for: changes in the world, changes in science, and availability of improved methodologies per GHGP guidance.
Scope 2 RECs	Purchase of high-quality RECs for Scope 2 emissions.	↓ Purchasing high-quality RECs to offset our Scope 2 impacts is one way that we can support the adoption of renewables in the US. Continue to minimize emissions attributed to Scope 1 & 2, and purchase high-quality RECs to offset Scope 2.

\*For more details and reasoning about our methodology changes, please see [Appendix 5](#).



## EPA Green Power Partner

This year the EPA recognized Everlane as one of the nation's leading green power users. We are officially an [EPA Green Power Partner](#) and a 100% Green Power user, sourcing 100% percent of our electricity use. We accomplished this through our partnership with Watershed (our carbon calculator) and PosiGen (a solar developer based in Louisiana). PosiGen was born in the wake of Hurricane Katrina's devastation with a mission to achieve "Solar Power For All." In practice, PosiGen supplies solar panels to families in low-income communities, guaranteeing they will save money on utility bills by switching to solar power. Read more about our renewable energy use and the EPA GPP [here](#).

“A huge focus for my categories this year has been to bring materials closer to Everlane’s factories. Bringing fabrics in-region has reduced transportation emissions. The shortened overall lead times help avoid early books and allow our teams to make mindful decisions upfront, so we’re not canceling orders and incurring liability down the line.”

—Alyssa Trujillo, Materials R&D Lead - Sweaters & Knits



# Our Reduction Plan: 3, 2, 1, Net-Zero

Our Science Based Targets and Net-Zero goals help define our carbon reduction efforts based on what part of our business they are connected to. To achieve our reduction targets we are focusing our efforts where we can have the greatest impacts most quickly. The details in this chart outline some of the interventions we are focusing on to reach our goals.

Scope Definition	Importance	Goal*	Interventions
<p><b>Scope 3</b></p> <p><b>Our Value Chain &amp; Product</b> Scope 3 emissions are indirect emissions that occur in our value chain, and are calculated both upstream and downstream of our operations.</p>	<p>Scope 3 makes up more than 99% of our company's greenhouse gas (GHG) emissions—predominately through the production of our raw materials and the manufacturing of our products, but also includes transportation, warehousing and distribution, employee commuting, customer use and end-of-life emissions.</p>	<p>Reduce Per-Product Emissions by 55% by 2030</p>	<p><b>Raw Materials</b></p> <ul style="list-style-type: none"> <li>– Increase the use of low-impact material alternatives, increasing recycled, organic, and renewable content.</li> <li>– Partner with farmers in our supply chain to support and adopt regenerative agriculture practices.</li> </ul> <p><b>Manufacturing</b></p> <ul style="list-style-type: none"> <li>– Engage suppliers in Higg FEM adoption to measure, benchmark, and achieve emissions reductions.</li> <li>– Identify high-GHG processes and partner with suppliers to implement lower-emissions techniques.</li> <li>– Encourage and incentivize suppliers to adopt efficiency measures in their operations and convert to renewable electricity.</li> </ul> <p><b>Product Design</b></p> <ul style="list-style-type: none"> <li>– Design for product longevity, repairability, and low-impact care.</li> <li>– Optimize material yields and minimize waste in production.</li> <li>– Prioritize lower-impact production processes.</li> </ul> <p><b>Transportation</b></p> <ul style="list-style-type: none"> <li>– Reduce air shipments of fabric and products.</li> <li>– Encourage and incentivize customers to use ground shipments for purchases and returns.</li> </ul>
<p><b>Scope 1 &amp; 2</b></p> <p><b>Our Stores &amp; Offices</b> Scope 1 emissions are direct emissions generated from owned or controlled sources (like heating our stores and offices with a boiler).</p> <p>Scope 2 emissions are indirect emissions generated by purchased electricity from the grid.</p>	<p>Although Scope 1 &amp; 2 emissions account for less than 1% of our overall footprint, we can make meaningful changes to reduce emissions in our built environment.</p> <p>Even as we open more stores or expand office spaces, we must reduce our total scope 1 &amp; 2 emissions to be 46% below our 2019 baseline level.</p>	<p>Reduce Absolute Emissions by 46% by 2030</p>	<ul style="list-style-type: none"> <li>– Increase energy/electricity efficiency and reduction measures in our built environments.</li> <li>– Screen future store and office locations for energy/electricity efficiency and design builds with best practices for minimal energy and electricity usage.</li> <li>– Purchase high quality renewable electricity credits (RECs) that demonstrate additionality, and consider power purchase agreements (PPAs) where applicable.</li> </ul>
<p><b>Net-Zero</b></p> <p><b>Our Long-Term Goal for Climate Mitigation</b> Net-Zero is our commitment to neutralize any unabated emissions once our SBTs are achieved. Per SBTi Net-Zero Standards, 90% of GHG reductions must be met before offsetting can be measured against net-zero goals.</p>	<p>Reducing our GHG emissions to achieve our SBTs is our first priority, but achieving net-zero emissions is how we will neutralize the emissions we cannot eliminate.</p> <p>We are committed to the Business Ambition for 1.5°C program—a UN partnership that sets ambitious net-zero targets that go beyond the SBT requirements.</p>	<p>Achieve Net-Zero Emissions by or before 2050</p>	<ul style="list-style-type: none"> <li>– Greatly reduce our scope 1–3 emissions (past our 2030 SBT goals) through direct interventions, value chain influence, and incentivization.</li> <li>– Offset unavoidable emissions through high quality carbon removal and sequestration offset projects with the help of our partners, such as Native.</li> </ul>

\*All goals are measured against our 2019 baseline.

“By living consciously in tune with the health of our planet, we can learn how to be more responsible with how we interact with our resources on a micro and macro scale. I allow sustainability to guide my work by continuously educating myself and others about the fashion industry, and how we can improve it from a business and consumer standpoint.”

—Valentina Pagliari, Retail Floor Leader - Abbot Kinney Store

07

# Everlane for Everybody

Community and Collaboration

At Everlane, we consider our people and teams our most valuable assets. In fact, the statement “I came to Everlane for the mission and I stayed for the people” is the most common answer to the question: Why do you love working here? Every individual is integral to the success of the business, from those who are directly involved in making our product to those who answer questions from our customers before and after purchases. We strive to create a culture where everyone not only feels a sense of belonging but a real sense of pride and ownership in their company. For us, that type of culture starts with how we work—with each other and with our broader community.

# Our Values

Behind every decision, product, and outcome at Everlane is a team of people working to make our mission come alive. We aim to advance social and environmental change across our workplace and communities and every day, we are guided by four key values:



## Key Partners

- Converge Firm
- Sequoia Benefits Group
- Butterfly

Inspire  
Environmental  
Change

Always Be  
Thoughtful

Deliver  
the Best

Be Actively  
Inclusive

## Actively Inclusive: Our People (Representation & Hiring)

We believe that our success as a company is directly linked to the diverse makeup of our employees. That’s why we aim to create an inclusive environment that cherishes and acknowledges those differences. We work hard to cultivate a culture that embraces and learns from the varied perspectives and experiences shared among our team and community. Our People Team dedicates its energy to the attraction, nurturing, and empowerment of all our team members—with a particular focus on supporting Black, Indigenous, and People of Color (BIPOC) and historically underrepresented communities.

### Everlane Workplace Gender Data (2022)

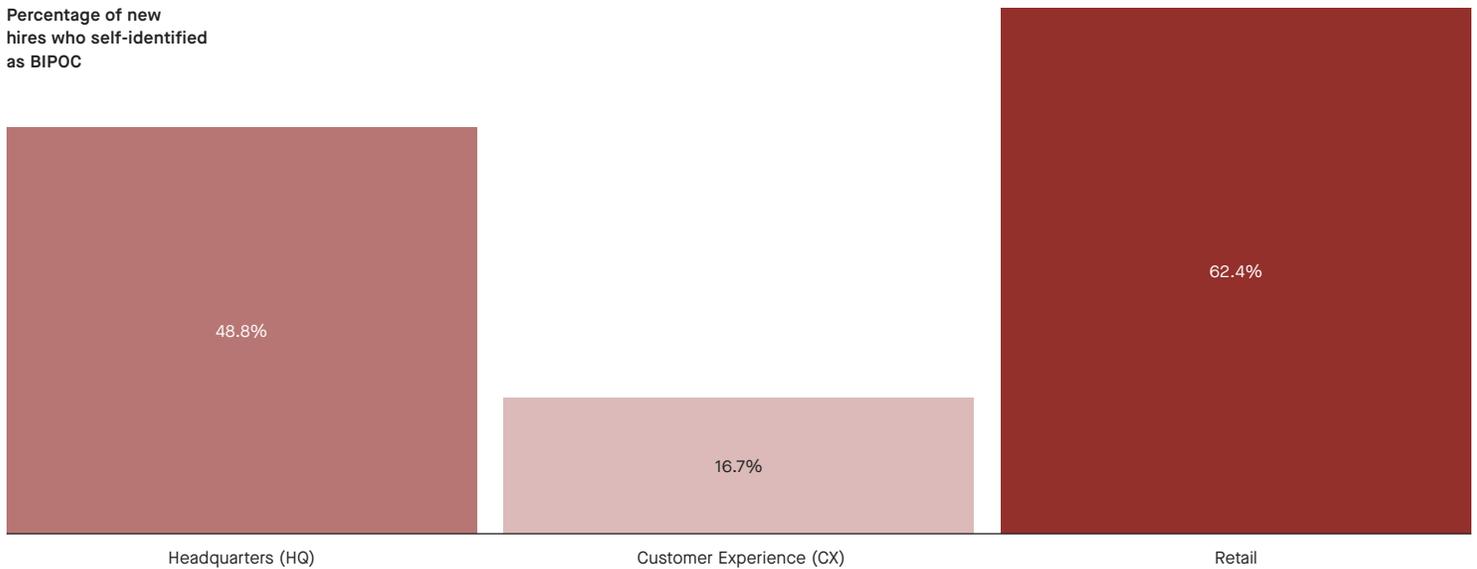
	Male	Female	Other Identified or Unspecified
Executive (C-Suite)	37.5%	62.5%	0%
HQ	28.1%	71.9%	0%
CX	34.6%	65.4%	0%
Retail	19.3%	78.6%	2.1%
Board	33.3%	66.7%	0%

### Everlane Workplace Identity Data (2022)

	Black	Other POC (includes 2 or more races)	White	Other or Unspecified
Executive (C-Suite)	0%	22.2%	77.8%	0%
HQ	6.2%	42.4%	51.4%	0%
CX	11.5%	38.5%	50%	0%
Retail	12.6%	49.7%	35.5%	2.2%
Board	0%	25%	75%	0%

### Hiring Representation (2022)

Percentage of new hires who self-identified as BIPOC



**WORKFORCE REPRESENTATION**

In 2022, our workforce\* identified as 76% (+3.3% from last year) Women, 10.9% (+1.7% YoY) Black, and 46.7% other POC (+4% from last year).

**REPRESENTATION IN HIRING**

We have worked hard to build our hiring practices with the primary objective of attracting a diverse pipeline of applicants for our open positions and continuously increasing representation.

We use inclusive language in our job descriptions, have eliminated minimum education requirements, partner with organizations in underrepresented communities to find talent, and train hiring managers in practices that eliminate bias and promote inclusivity. Our efforts are having an impact.

In 2022, 60.3% of hires across all teams at Everlane self-identified as BIPOC, an increase of 11.3% from 2021.

\*Board is not included in workforce

# Deliver the Best: Achieving Living Wages and Beyond

## SUPPORTING OUR CREW

### BUTTERFLY

In 2020, we invested in an anonymous survey system that polls our employees monthly to collect feedback on their well-being and satisfaction, as well as feedback on management, impact, transparency, and teamwork. In 2022, we expanded on this system, aligning the survey questions with our overall company values and DEI goals to ensure we were accurately capturing employee satisfaction in alignment with our company mission. The team continues to collect this data and utilize it when making strategic decisions throughout the year.

## CONTINUOUS LEARNING

In our continuous efforts of supporting inclusivity and fostering an inclusive environment, we are always looking to provide spaces where our employees can have free, open dialogues and DEI education. In 2022, we provided various learning opportunities to further our commitment to bold and continuous learning:

### “LEADING THROUGH CHANGE & UNCERTAINTY” TRAINING

As part of a series targeted to upskill our mid-level leadership population, Everlane hosted a training program focused on leading through change and building resilience during uncertain times. These sessions were designed to equip leaders with the mindset and tools necessary to lead themselves and their teams through turbulent times. Sessions were interactive in nature, required for all People Managers, and facilitated by members of our People & Senior Leadership Teams.

### UNCONSCIOUS BIAS TRAINING

Since 2020, we've partnered with Converge Firm, a consulting group that helps organizations design and implement DEI strategies while educating managers and teams on systemic racism, allyship, and inclusive leadership. In 2022, Converge hosted 90-minute workshops for all employees, focusing on interactive reflection exercises and the discovery of how our social relationships can set the stage for implicit bias. In the workshops, Everlane employees worked with Converge to understand the definition of unconscious bias and the cognitive and behavioral dynamics that enable it and examine real-world consequences. Employees practiced implementing bias mitigation tactics by troubleshooting life-like scenarios in groups.

## MINIMUM WAGE AND LIVING WAGE

At Everlane, we believe that every person is entitled to fair and equitable compensation and have strategically aligned our bottom line to ensure that everyone is paid fairly across the organization. A year ago, we initiated a biannual pay audit through a third party, which used collaborative analysis to examine compensation data, instead of relying on titles and job descriptions alone. This analysis factored in multiple individual data points and one of the main outcomes of this project was a standardized level structure across Everlane, allowing for consistent expectations across job functions, and ensuring new hires and current employees are evaluated (and compensated) fairly.

We are proud to say that 100% of employees at Everlane receive payment that is at or above the legal minimum wage for their given location, with a median percentage exceeding the minimum by 121%.

Moreover, 100% of our full-time employees make or exceed the Tier 1 Living Wage benchmark set by Living Wage for U.S., Inc.



**INTERNAL MOBILITY**

While we focus on finding the best external talent to grow our team, we also continue to actively support our current crew in their career growth within the company. Many of our available jobs are posted on an internal job board for our team members looking to grow their skills with the company long-term. And while some positions may also be posted externally, we are committed to internal mobility, so hiring managers are encouraged to look internally before seeking external candidates. Our formal Internal Mobility program creates a direct path for Retail and Customer Experience (CX) team members to explore new careers on our HQ teams.

**Internal Promotions and Lateral Moves (2022)**

HQ & CX team members transitioned to new roles in the past year (promotions & lateral moves)

Retail team members promoted

Retail team members moved from part-time to full-time

24

16

11

**BENEFITS UPDATES**

Last year, the People Team put great effort into benchmarking our benefits programs against industry peers and surveying our employees to better understand needs. Based on this work, significant changes were made in 2022 to increase our offerings across all employees, including a new \$0 deductible healthcare plan for California employees, partnerships with healthcare EAPs to offer free licensed counseling sessions for those interested, automatic 401k enrollment, and increases to both medical FSAs and commuter benefit contributions.

Most significantly, our Parental Leave Policy was updated and we are very proud to present the changes outlined below:

**Parental Leave Policy Updates (2022)**

Parental LOA	New Policy (2022)	Previous Policy (Pre-2022)
Eligibility Requirements	6 months of FT employment from hire date	1 year of FT employment
Total Duration of Leave	16 weeks of paid leave for all parents of new births and/or new adoption	<ul style="list-style-type: none"> <li>- 6 weeks of paid leave for non-birthing parents</li> <li>- 12 weeks of paid leave for the birthing parent</li> <li>- 4 weeks optional unpaid leave</li> </ul>
Usage of Time-Off	Parental leave can be taken intermittently for a minimal duration of one month periods at a time	Paid parental leave must be taken on a continuous basis

“Every single team at Everlane plays a role in solving for our three sustainability pillars: Keep Earth Clean, Keep Earth Cool, and Do Right By People. Our collective commitment is inspiring and I am proud to work alongside such a passionate group of people.”

—Lexie Jost, Director of People Experience

# Always Be Thoughtful: ERG Efforts and Volunteering

## EMPLOYEE RESOURCE GROUPS (ERGS)

Employee Resource Groups (ERGs) at Everlane are comprised of employee groups who come together based on their shared experiences—providing space for employees to connect, share perspectives, and educate the greater organization on their various interests. Our ERGs also play an important role in fostering employee engagement, promoting professional development, and supporting business objectives by cultivating a more diverse and inclusive workplace.

### LATINX

Everlane LatinX ERG is a space to celebrate different backgrounds, get together to tell stories, share experiences, support each other, and organize events and activities around the Spanish-speaking community. They focus their effort on Latin culture, traditions, current events, career opportunities, and business impact. The ERG is open to anyone at Everlane who identifies with the Latinx community and has an interest in its culture and traditions, regardless of background or nationality.

2022 Programming Highlight: For Latinx Heritage Month in 2022, LatinX sponsored a community event at our San Francisco Valencia store to honor the month and celebrate local Latinx businesses. The event culminated with the ERG donating \$3,000 to [La Raza Community Resource Center](#), a bilingual, multi-service, non-profit organization in San Francisco dedicated to meeting the social service, immigration, educational, and leadership development needs of low-income families and individuals.

### EVERBLACK

EverBlack's mission is to provide space to curate and foster networking, professional development, creativity, and connection/connectivity with an emphasis on the celebration and advancement of our Black and marginalized communities. Their goal is to make EverBlack a safe and inclusive space for all identifying members and allies to elevate and support the people, moments, and issues integral to the Black community today. As part of their mission, they foster networking, professional development, and leadership opportunities with an emphasis on the celebration and advancement of the Black community at Everlane.

2022 Programming Highlight: EverBlack hosted a Speaker Series Event with former Nike Marketer, [Bimma Williams](#) who interviews leading and emerging BIPOC

creatives about how they were able to break into the notoriously guarded creative and sneaker industries.

### KIN

Inspired by the belief that we are all cut from the same cloth, Kin reflects our shared connection as a diverse group of individuals while celebrating our group's tapestry of cultures, stories, and experiences in the AAPI community.

2022 Programming Highlight: Kin hosted a San Francisco Chinatown Tour with the Everlane team, led by David Lei, a well-known historian and board member of the [Center for Asian American Media](#). They also hosted Mid-Autumn Festival celebrations, Lunar New Year celebrations, and Diwali celebrations in our San Francisco and LA offices.

## Everlane ERGs (2022)

ERG	Established Date	Member Count
LatinX	2020	30
EverBlack	2020	20
Kin	2022	41

In 2022, 18% of our workforce participated in at least one ERG. By the end of 2023, our goal is to have a minimum of 25% participation.

## EMPLOYEE VOLUNTEER EFFORTS

The people who work at Everlane are staunchly passionate about giving back to their local communities and interacting with incredible organizations that are working towards bettering environments for all communities. In 2022, Everlane sponsored and hosted employee volunteer opportunities with the following organizations:

- Gardening at Mission Dolores Park with San Francisco Recreation and Park Department
- Baker Beach Clean Up with Surfrider Foundation in SF
- Hermosa Beach Clean Up with BeachBound in LA
- Donation Drive for SFSCPA



## Working Beyond Our Walls

At Everlane, our aim is to extend the impact of our influence outside our company's boundaries by promoting positive community transformation. We lend our assistance to like-minded strategic partnerships and organizations committed to fostering social and environmental progress, and we enhance our combined achievements through community participation.

## Philanthropy 2022

We want to invest in organizations that are doing good work to further environmental action and social justice initiatives. Choosing our philanthropic partners is a thoughtful process. We want to feel confident that they share our vision for a better planet and are dedicated to achieving our common mission and objectives.

### LIMITED-EDITION RODALE INSTITUTE COLLECTION: \$6.5K

Following the success of our 2021 Black Friday Fund partnership with the [Rodale Institute](#), we released a limited collection of graphic tees and beanies where 10% of every item purchased was donated to Rodale to help U.S. farmers transition their land to regenerative organic. In total, we donated over \$6.5k from the limited-run styles.

### WORLD OCEANS DAY LIMITED COLLECTION - KUA'ĀINA ULU 'AUAMO: \$1.3K+

We released a limited-edition T-shirt to celebrate World Oceans Day in June 2022, in partnership with [Jasmin Kaur](#), a poet, illustrator, and writer based in Vancouver, BC. Jasmine created an exclusive poem focused on stewardship of the environment, the importance of protecting our planet, and the power we have as a collective to make a difference.

10% of proceeds from T-shirt sales were donated to the environmental non-profit, [Kua'āina Ulu 'Auamo](#). Based out of Hawai'i, Kua'āina Ulu 'Auamo is a community-based organization devoted to protecting and restoring the land and water of Hawai'i. Understanding that the ecosystems of the two are deeply interconnected, Jasmin specifically chose this non-profit for its grassroots and indigenous connections and the impact that the exposure through the sales of the tees could have on their community.

### ACLU X EVERLANE PARTNERSHIP:

\$1.47 MILLION TO DATE, \$56,425 IN 2022

#### 100% HUMAN COLLECTION

Everlane first partnered with the [American Civil Liberties Union \(ACLU\)](#) as a way to bring people together following the 2016 election to advocate for human rights for all. With this partnership, we launched our 100% Human product line. For every 100% Human product sold, we're proud to donate 10% to the ACLU, which has been fighting tirelessly to protect our fundamental freedoms for the past 100 years. To date, we've donated over \$1.4 million from this collection—and we're not stopping anytime soon.

### 100% MY BODY COLLECTION

We believe that everyone has the right to autonomy over their own body, and to make their own decisions about their reproductive health. The ACLU works to ensure that every person can make the best decision for themselves and their family about whether and when to have a child without undue political interference. In 2022, amid the U.S. Supreme Court's decision to overturn *Roe v. Wade*, we created a line of 100% My Body T-shirts to support the people directly impacted by this decision affecting women's reproductive rights. 100% of profits, with a minimum of \$22 per T-shirt were and continue to be donated to ACLU through the sale of these shirts. To date, we have donated more than \$48,000 from this collection.

### DISASTER RELIEF DONATIONS: \$16K

#### RUSSO-UKRAINIAN WAR: USA FOR UNCHR UN REFUGEE AGENCY

Everlane donated \$10,000 to support [UNCHR](#), a UN Refugee Agency on the ground in Ukraine since the beginning of the Russian invasion of Ukraine. They provide urgent humanitarian aid to the over 8 million refugees forced to flee.

#### HURRICANE FIONA RECOVERY IN PUERTO RICO: TALLER SALUD

Everlane donated \$6,000 to [Taller Salud](#), a community-based feminist non-profit established in 1979. They are dedicated to improving women's access to health care, reducing violence within the community, and encouraging economic growth through education and activism. In response to Hurricane Fiona, Taller Salud spearheaded a disaster response and launched a Hurricane Relief Fund which has provided essential goods and drinking water to more than 10,000 families around the island to date.

### CLOTHING DONATIONS

As a clothing brand, we are sometimes left with gently used clothing from samples, prototypes, and photoshoots that we donate to local organizations around our San Francisco headquarters and retail stores throughout the country. In 2022, we donated over 5,300 items with a retail value of \$389,000 to the following organizations:

- [Afghan Coalition](#)
- [Afghan Refugee Relief Fund](#)
- [Edible Schoolyard NYC](#)
- [Free the Need](#)
- [826 Valencia](#)
- [Surfrider Foundation](#)
- [Code Tenderloin](#)
- [San Francisco Safehouse](#)
- [La Raza Community Resource Center](#)

# Black Friday Fund 2022

We created the Black Friday Fund as a way to give back to both our community and our customers. Since we launched it in 2014, **we've raised over 1.5 million dollars to support our partners** and continue our mission to clean up the fashion industry.

This year for Black Friday, we partnered with TreePeople, a 50-year-old, Los Angeles-based organization that inspires millions of people to take action for our planet by planting and caring for trees in underrepresented areas. Each order placed during

our Black Friday fund sale contributed \$1 directly to TreePeople and was used to help plant and maintain trees in the LA neighborhoods of South Gate and Cudahy, which are at the frontlines of shade inequity. With the final \$50,000 donation, TreePeople was able to line entire residential streets with trees in these neighborhoods with little to no canopy coverage. As climate change increases the risk of high heat days across LA by up to 500 percent, this new shade is especially critical in a city where 20% of shade goes to just 1% of people.

## Black Friday Fund Timeline

# 2014

All profits went towards improving our factory in Hangzhou, China (where we made our silk button-downs) by installing solar panels to ensure hot water access in campus dorms.

**Final donation: \$30,000.**

# 2015

All profits went towards a wellness initiative for 80 workers in our LA factory, including doctor visits and a healthy food program.

**Final donation: \$110,650.**

# 2016

All profits went towards the purchase of 8,000 helmets for our HoChi Minh City, Vietnam factory workers, the majority of which previously commuted without proper protection.

**Final donation: \$117,760.**

# 2017

All profits went towards installing three freight farms at our Bien Hoa, Vietnam factory, providing 4,000 workers with two healthy meals per day.

**Final donation: \$300,000.**

# 2018

All profits were donated to the Surfrider Foundation to clean up 20,000 lbs of plastic from beaches.

**Final donation: \$260,000.**

# 2019

All profits were donated to Oceana to fund one year of campaign efforts against single-use plastic in 3 major markets.

**Final donation: \$300,000.**

# 2020

Our first sale where we partnered with Feeding America to help provide 2 million meals to people in need.

**Final donation: \$181,557, providing over 2.1 million meals.**

# 2021

In partnership with the Rodale Institute, we donated \$15 for every order to help convert conventional farmland to regenerative organic.

**Final donation: \$200,000, or 13,333 acres converted.**

# 2022

In partnership with TreePeople, we donated \$1 for every order to help plant and maintain trees in the LA neighborhoods of South Gate and Cudahy, which are at the frontlines of shade inequity.

**Final donation: \$50,000.**

“Increasingly when I’m faced with a problem, I try to zoom out and evaluate whether we need a solution that is more comprehensive than fixing the issue at hand. My ultimate goal is to leave whatever I touch in a more intuitive state than I found it—the business equivalent of “leave no trace” if you will. I hope that in doing so I can contribute to an environment that empowers our team to do their best work and realize our sustainability efforts more confidently.”

—Mallory Guinee, People Operations Specialist

## Inspire Environmental Change: Policy Work and Cross-Functional Team Sustainability Metrics

A focus on responsible manufacturing, sourcing, and sustainability runs through the veins of every employee at Everlane—from those who directly influence our final designs to those who help run our website. Our employees are critical catalysts for accomplishing our sustainability and climate goals and we want to focus on incorporating actionable sustainability measures into each and every job function.

Emphasis on our sustainability goals and mission-oriented business starts from the very first day on the job—our orientation for new hires includes an in-depth training and review on our sustainability roadmap and goals.

On a more tactical level, our Sustainability Team sits within our Supply Chain team—which makes sense, since the majority of our impacts occur in our value chain. As such, the team works daily and closely with the rest of our Supply Chain, Product, Design, and Creative & Marketing teams to align our sustainability strategy with actionable product and business goals. The progress we have demonstrated in preferred material adoption, reduced air shipments, product design intent, transparency of our upstream supply chain, and development of our Cleaner Fashion Icons are all evidence of close proximity and collaboration between these critical teams.

Our goals in 2023 are to expand on the successes we have achieved by incorporating tangible sustainability goals across the company at large, establishing formal targets against our “Keep Earth Clean, Keep Earth Cool, and Do Right by People” strategy. In the coming year we will focus on creating practical resources that highlight specific, high-impact sustainability-driven actions employees can take in their work.

As a mission-driven organization, we believe all jobs at Everlane are inherently sustainability jobs and we will continue to align our functional priorities, initiatives, & targets with our sustainability goals so that each individual can understand their direct and indirect impact on our broader environmental and social mission.

### POLICY ENGAGEMENT & ADVOCACY

2022 was a landmark year for the introduction of policy aimed at enforcing environmental performance and cleaning up the fashion industry’s supply chains.

We recognize the opportunity to meaningfully engage with policy makers and activist organizations to influence and support much-needed systems change. This past year we took action by engaging and supporting key issues through the below efforts:

- **FABRIC Act** addresses the issues of worker vulnerability, wage and hour violations, and offshore manufacturing through three central pillars: a prohibition on piece-rate compensation schemes, record keeping and transparency measures, and incentives to promote reshoring and domestic garment production which bill introducing mandated hourly pay in the garment industry and revitalizing American manufacturing. We co-signed a letter in support of the FABRIC Act in May 2022.
- **California SB 54**, the first state law to mandate source reduction of all single-use plastic packaging and foodware, with specific and time-bound targets to reduce and eliminate single-use plastics that do not comply with recyclability or compostability rules. We publicly supported this bill, which was signed into California state law in June 2022.
- **California SB 260** was proposed to require corporations with gross revenues in excess of \$1 billion doing business in California to annually and publicly disclose their GHG emissions. We supported this bill but it missed moving forward by only one vote. It was reintroduced in early 2023 as California SB 253.
- Co-signed a letter in support of a **California Climate Change Scoping Plan Update** to determine the state’s pathway to carbon neutrality.
- Co-signed a letter in support of the **US Postal Service’s (USPS)** adoption of electric vehicles, with 100% electric vehicle purchases by 2026.
- **New York Fashion Act**. After engaging further with the bill’s authors and numerous stakeholders and NGOs, we officially signed on in support of this bill in November 2022.



↑ Our headquarters office in San Francisco, CA.

## What's Ahead for our Everlane Team

- **Continuous Career Development:** Going above and beyond the new pay transparency legislation in select states to provide individual-level salary range visibility to all team members; as well as training and tools to help individuals understand where they sit in the salary range. Introducing competencies to help explain job levels and career progression, including visibility into other departments for internal mobility opportunities.
- **ERG Framework and Enablement:** Providing frameworks, budgets, and other support needed for the groups to function as effectively as possible.
- **L&D and DEI Curriculum:** Integrating DEI and Learning & Development opportunities throughout the year, available to all employees wishing to further their education.
- **Cross-Functional Sustainability and Climate Metrics:** Incorporating environmental goals into team-wide metrics and KPIs to align our sustainability strategy with the larger brand strategy.



# 08 Closing Thoughts

Our Learnings and Looking Ahead

# Thoughts For The Future

As we look back on all of our progress, we feel proud of the learning, collaboration, and evolution that has taken place over the years. At the same time, we remain committed to doing more work and acknowledge that there is still a long way to go. We understand that our role in cleaning up the fashion industry is a continuous process that requires ongoing dedication and effort. Our commitment to this path is driven not just by a desire to benefit ourselves and our customers, but also by a sense of responsibility to contribute to the greater good of people and the planet. We are eager to continue working with our partners and stakeholders to drive meaningful change and transform the industry.

## Reflections on the past year as we head into the next...

### FOCUS ON MEASURED OUTCOMES

We will continue to prioritize initiatives that drive positive and measurable outcomes for the communities and environments impacted by the creation and use of our product.

### DO MORE WITH LESS

As we navigate limited staffing and resources this year, we will streamline our operations and supply chain while remaining committed to our mission and values.

### COLLABORATION IS KEY

To drive meaningful industry transformation, we must foster greater collaboration among our teams and stakeholders. We believe that diverse perspectives and voices are essential to achieving our collective goals.

### PROGRESS IS A PROCESS

Progress towards our sustainability goals is a journey, and we recognize that some milestones may take time and effort to achieve. As we juggle the complexities of our business and value chain, we will continue to invest in solutions that bring us closer to our goals.

As we confront the systemic challenges facing the fashion industry, we acknowledge the importance of collaboration with multiple stakeholders to drive meaningful change. We are encouraged by the progress we have demonstrated so far, but recognize that our actions alone cannot solve these issues. We are committed to being a part of the solution and inviting others to join us. By working together, we can create a more responsible future for fashion that benefits all.

↓ One of our expert shoe craftsman at our Italian leather goods partner factory.



# 2022 Partnerships

We worked with some incredible partners and industry experts in the past year. We look forward to building on these relationships and adding even more strategic partnerships to our roster in the years to come.

## STRATEGIC PARTNERS

- American Apparel & Footwear Association (AAFA) →
- Arche Advisors →
- Bluesign →
- Business Ambition for 1.5°C →
- Butterfly →
- Ceres →
- California Product Stewardship Council →
- CanopyStyle →
- Coalition to End Uyghur Forced Labour →
- Converge Firm →
- Debrand →
- ELEVATE →
- Fashion Takes Action →
- Flexport.org →
- Geodis
- Happy Returns →
- Higg →
- Intertek →
- Leather Working Group (LWG) →
- Lenzing →
- Native →
- Open Supply Hub →
- PosiGen →
- Project Drawdown →
- Pure Strategies →
- Recology →
- Responsible Business Coalition →
- Seaman Paper →
- Science-Based Targets Initiative →
- Sequoia Benefits Group →
- Statewide Textile Recovery Advisory Committee →
- Sustainable Apparel Coalition (SAC) →
- Textile Exchange →
- Transparency Pledge →
- Trex →
- UN Conscious Fashion & Lifestyle Network →
- Watershed →

## DONATION PARTNERS

- 826 Valencia →
- Afghan Coalition →
- Afghan Refugee Relief Fund →
- American Civil Liberties Union (ACLU) →
- Code Tenderloin →
- Edible Schoolyard NYC →
- Flexport.org →
- Free the Need →
- Got Green Seattle →
- Kua'āina Ulu 'Auamo →
- La Raza Community Resource Center →
- Loveland Foundation →
- Rodale Institute →
- San Francisco Safehouse →
- Surfrider Foundation →
- Taller Salud →
- TreePeople →
- UN Refugee Agency →

# About This Report

This is our Annual Impact Report for 2022. It was published on April 22, 2023 and the data contained in it covers our work during the calendar year, from January 1, 2022 to December 31, 2022. Our report has been designed to provide details on our environmental, social compliance, governance, and HR business practices within the scope of our key pillars: Keep Earth Clean, Keep Earth Cool, and Do Right by People.

Our climate reduction goals are aligned with and approved by the [Science Based Targets Initiative \(SBTi\)](#), to reduce our absolute greenhouse gas emissions by more than 50% per-product by 2030, and achieve Net-Zero emissions by or before 2050.

Everlane is committed to the [United Nations Sustainable Development Goals](#) and uses these goals as a lens for our social and environmental impact initiatives and collaborations with others. Based on our stakeholder engagement efforts, we also believe these areas are

important to our customers, partners, nongovernmental organizations (NGOs), and investors.

## SCOPE OF DATA

The data and statements in this report are related to our most recent calendar year (2022). As we conduct our reporting annually, our Impact Reports are released in the Spring of each year, utilizing data from the preceding year.

## AUTHORSHIP AND SUSTAINABILITY GOVERNANCE

This report was authored by the Sustainability Team at Everlane: Katina Boutis, Director of Sustainability and Michi Fried, Senior Sustainability Associate. The team was officially established in 2021 and focuses on the brand's social impact and environmental responsibility initiatives. They report directly to the Chief Supply Chain Officer, Kimberley Smith, and work cross-functionally with almost every team at the company. Ultimately, the governance and accountability of our mission and sustainability efforts are overseen by our Executive Team and Board.

This report was written with the support and guidance of Pure Strategies in accordance with ESG reporting principles.



# 09

## Appendix:

### Supporting Data & Tables

Here's more detail of our sustainability goals and progress for 2022.

## Materials

Topic Area	Goal	Timeframe	2022 Progress	Comments
Materials	100% of fibers & materials used meet our Improved or Preferred Standards	2025	On Track 76% complete	Preferred Standards refer to materials that have measurably lower environmental impacts or improved social impacts, and are supported by a robust chain of custody system and recognized industry standard or certification.
Materials	100% of virgin leather used meets Leather Working Group Silver or Gold Standards	2025	On Track 97% complete	
Materials	100% of MMCFs used are sourced from FSC certified, responsibly managed forests	2025	Complete	We achieved this goal in 2022, and will continue to ensure compliance as we move forward with more progressive goals for MMCFs.
Materials	100% of MMCFs used are sourced from processors rated "Dark Green Shirt" by Canopy Style	2025	On Track 81% complete	
Materials	100% of polyester & nylon used are certified recycled	2025	On Track 96% complete	
Materials	100% of our animal fibers from certified recycled, responsible, or regenerative sources	2025	On Track 76% complete	All sources must be verified through third party standards and certifications. "Responsible" refers to the standards set forth by the Textile Exchange, specifically the Responsible Wool and Responsible Alpaca Standards, which ensure wellbeing of the animals and responsible land management.
Materials	80% of our materials (by volume) meet our Cleaner Chemistry Standards	2025	On Track 68% complete	Cleaner chemistry standards for materials include: bluesign®, ZDHC, GOTS, and GRS certifications and RSL compliance
Materials— Packaging	100% of virgin plastics removed from all packaging	2021	Complete	We achieved this goal in 2019 and will continue to ensure compliance.
Materials— Packaging	100% of paper-derived materials for packaging are sourced from either recycled or FSC-certified sources	2021	Complete	We achieved this goal in 2019 and will continue to ensure compliance.
Materials— Packaging	100% of small-medium sized product polybags transitioned to FSC-certified, recyclable versions	2025	On Track 75% complete	

## 01 Breakdown of Fiber Uptake by Content (2022 Total Materials by Volume)

	Total Material Uptake (Apparel)	Percent
Preferred Standards	Organic Cotton	53.19%
	Recycled Polyester	6.93%
	FSC + Canopy Dark Green Shirt Certified MMCF	6.09%
	Recycled Nylon	2.88%
	RWS Virgin Wool	2.54%
	FSC Certified MMCF	1.39%
	Recycled Cashmere	1.35%
	Recycled Wool	0.73%
	Hemp	0.38%
	Recycled Cotton	0.35%
	Clean Silk	0.28%
	Regenerative Cotton	0.16%
	Roica™ V550	0.06%
	Recycled Elastane	0.01%
Improved Standards*	Linen	3.38%
	Supima® Traceable Cotton	3.04%
Conventional	Conventional Cotton	13.83%
	Virgin Elastane	1.39%
	Virgin Alpaca	0.85%
	Virgin Cashmere	0.38%
	Virgin Nylon	0.38%
	Virgin Yak	0.21%
	Virgin Wool	0.14%
	Virgin Polyester	0.08%

\*This is a new classification of materials we introduced in 2022, and includes materials that have some improved qualities like traceability and transparency, but otherwise do not have quantifiably lower impacts. We are using this classification as a stepping stone as we aim to transition all of our materials to "Preferred Standards" in the coming years.

## 02 Breakdown of Leather Uptake by Type (2022 Leather Type by Total Volume)

	Total Leather (SQMT)	Percent
Preferred Standards	LWG SILVER Certified	64%
	LWG GOLD Certified	23%
	Bio-Based Leather Alternative	9%
	Recycled Leather	2%
Conventional	Conventional Virgin Leather	2%

## Transparency & Product Integrity

Topic Area	Goal	Timeframe	2022 Progress	Comments
Transparency & Product Integrity	100% of products on our website will qualify for at least one of our "Cleaner Fashion" icons	2025	On Track 78% complete	See the " <a href="#">Cleaner Fashion</a> " page of our website for more details.
Transparency & Product Integrity	100% Tier 3 supply chain traceability & transparency	2023	On Track	
Transparency & Product Integrity	100% Tier 4 supply chain traceability & transparency	2025	On Track	
Transparency & Product Integrity	Uphold the Transparency Pledge by providing transparency into our upstream supply chain partners and practices via our website and Open Supply Hub, providing updated data at least twice a year	Annual	On Track	See our <a href="#">Factory List &amp; Details</a> on our website, and on the <a href="#">OSH</a> .

## Supplier Responsibility

Topic Area	Goal	Timeframe	2022 Progress	Comments
Supplier Responsibility	100% of partner factories achieve Yellow or Green ratings on social compliance audits	2024	On Track 82% complete	
Supplier Responsibility	Support Worker Voice by ensuring there are grievance mechanisms in place at factories, that workers feel safe while at work, and free from retaliation for reporting any grievances	Annual	On Track	100% of factories are responding to our Worker Sentiment Survey, the first step in supporting Worker Voice. We address findings with factory management and worker representatives when applicable.
Supplier Responsibility	100% of Tier 1 factories pay at or above local minimum wage to all workers	Annual	Complete	This is a recurring annual goal. We collect in-depth wage data as part of our annual social compliance audits, and aim to work with suppliers that are investing in their workers by paying above the legal minimum wage.
Supplier Responsibility	Benchmark living wage standards at our top 5 (by volume) Tier 1 suppliers	2024	On Track	We collect in-depth wage data as part of our annual social compliance audits, and are building on this verified data collection to benchmark living wage standards in our highest volume driving Tier 1 factories.
Supplier Responsibility	Verified Higg FEM adoption across 100% of Tier 1 suppliers & 80% of Tier 2 suppliers (by production volume)	2025	On Track 85% of Tier 1 and 63% of Tier 2 completed in 2022	
Supplier Responsibility	Adopt ZDHC MRSL across 80% of strategic Tier 2 and wet processing suppliers	2025	On Track	

## Waste & End-of-Use

Topic Area	Goal	Timeframe	2022 Progress	Comments
Waste & End-of-Use	100% of product damages diverted from landfill using the waste hierarchy to establish next-best use case	Annual	Complete	This is a recurring annual goal, focused on damaged "seconds" generated through customer returns.

# Climate

Topic Area	Goal	Timeframe	2022 Progress	Comments
Climate	Reduce Scope 1 & 2 emissions by 46% (absolute) against 2019 baseline	2030	On Track	We purchased RECs to offset the entirety of our Scope 2 emissions in 2022.
Climate	Reduce Scope 3 emissions by 55% (per product) against 2019 baseline	2030	On Track 22% reduction in 2022	
Climate	Reduce overall Scope 1-3 emissions by more than 50% compared to 2019 baseline	2030	On Track 20% absolute reduction in 2022	
Climate	Purchase high quality RECs for 100% of HQ & Retail electricity year over year	Annual	Complete	This is a recurring annual goal.

## 01 Annual Emissions (MT CO<sub>2</sub>e)

	2019	2020	2021	2022
<b>Scope 1 Direct Emissions</b>				
Natural Gas (HQ & Retail)	55	39	46	50
<b>Scope 2 Indirect Emissions</b>				
Electricity (HQ & Retail)	96	82	136	248
<b>Scope 3 Value Chain Emissions</b>				
Purchased Goods & Services	43,349	31,015	47,594 <sup>1</sup>	38,066
Capital Goods	15,672	1,146	459	986
Fuel & Energy Related Activities	33	24	19	127
Waste Generated in Operations	2	15	2	48
Transport	11,060	8,841	18,655	16,183
Business Travel	1,141	201	609	486
Employee Commuting	213	325	136	591
Customer Use*	9,661	9,897	12,933	9,270
End of Life	9	604	894	669
Upstream Leased Assets	-	-	346	174
<b>Total Scope 1-3</b>	<b>81,291</b>	<b>52,189</b>	<b>81,828</b>	<b>66,908</b>
<b>RECs (Scope 2, converted to CO<sub>2</sub>e)</b>				<b>248</b>
<b>Total Excluding Customer Use (SBTi Reporting)</b>	<b>71,630</b>	<b>42,292</b>	<b>68,895</b>	<b>57,400</b>

\*Not Included in our SBTs, but still calculated.

<sup>1</sup>This data point differs from the data point we reported in our 2021 Impact Report due to the result of a data quality assessment and subsequent recalculation of our 2021 GHG footprint. Our focus is on continuously improving the precision of our footprinting year after year. We accomplish this by incorporating periodic methodology changes and also by performing quality assurance on our data and calculations. Following our 2021 footprint, we performed a quality assessment of our data and calculations and uncovered key details in some GHG categories that should have been calculated differently. Following this assessment, we re-published our footprint to reflect the updated GHG measurement.

## 02 Watershed: Our Carbon Measuring Platform

In 2021, we started working with Watershed, a third-party software platform that allows us to measure, analyze, and report our greenhouse gas impacts. Using Watershed, we are able to quantify our Scope 1-3 emissions across our entire value chain, from the raw materials we source to the energy our customers use to wash their Everlane items. Our partnership with Watershed allows us to measure our carbon footprint using primary data from our own supply chain and LCAs, as well as pull from industry databases like ecoinvent and Higg MSI.

The platform helps us identify hotspots in our operations and supply chain, perform deep analysis on year-over-year impacts, explore the magnitude of various reduction interventions, and understand the direct impacts that business decisions have on our overall footprint. Watershed performed our 2020 through 2022 carbon footprints.

## 03 Greenhouse Gas Methodology Changes

Emissions accounting is an evolving science. New research and guidance for how to properly account for greenhouse gasses is published periodically, which can change the methodologies with which we quantify our emissions impacts. Methodology changes can occur year over year as our general understanding of our greenhouse gas emissions and how they should be accounted for improve over time. Watershed, our carbon accounting partner, provides periodic updates to our carbon footprinting methodology in accordance with growing guidance and regulations, and via recommendations from independent 3rd party methodology verifiers that perform bi-annual reviews of Watershed’s methodology.

Some methodology updates are required for continued Greenhouse Gas Protocol (GHGP) alignment, while others are recommendations from GHGP, SBTi, 3rd party auditors, or best practices adopted by corporate leaders. Across the board, methodology updates are built to help companies prepare a GHG inventory that represents a true and fair account of their emissions, accounting for: changes in the world, changes in science, and the availability of improved methodologies per GHGP guidance.

### WATERSHED APPLIES 3 DIFFERENT TYPES OF METHODOLOGY UPDATES

-  Incorporate the latest science and changes in the world
-  Include all relevant emissions that were previously i) not considered material, ii) not reported by peers, and/or iii) not quantifiable
-  Improve granularity and specificity to enable action

### Detail of Watershed 2022 Methodology Updates—Most Impactful to Everlane’s 2022 Footprint

Methodology Update	Description	GHGP Scopes Impacted	Required* by GHGP?	Required* by SBTi?	If not GHGP required, rationale for including
Added supplier-specific emission factors  Methodology  World	We have updated our supplier-specific emissions factor database with emissions numbers from Carbon Disclosure Project (CDP) for the most recent two releases (2021 & 2022, covering emissions years 2020 & 2021 respectively). Suppliers’ external CDP disclosures are vetted by Watershed proprietary quality standards, and only ingested for application to Watershed customer footprints if they meet a minimum measurement quality bar.	3.1 - PG&S 3.2 - Cap goods 3.4 - Upstream transport 3.9 - Downstream transport	No	No	Consistent with general best practice; better reflects reality, increases actionability and ability to reflect reductions
Updated IEA source for grid-specific electricity emission factors  World	For each country for which we don’t have more granular data, we use the International Energy Agency (IEA) EF from electricity generation to calculate location-based emissions. This change upgrades our IEA EFs to use the 2022 version (2020 data) and to use the most current global warming potentials.	2 - Purchased electricity, heat, and steam 3.8 - Upstream leased assets	Yes	Yes	Required by GHGP
Added well-to-tank emissions for electricity, heating, and transportation  Methodology	Well-to-tank (WTT) emissions are emissions from the production, processing, and delivery of a fuel—all the way from the well where the fuel is produced, to the tank where it is combusted. Watershed already measured WTT emissions for natural gas and transportation and distribution losses for electricity. In this methodology update, we add WTT for electricity, heating, and transportation.	3.3 - FERA 3.4 - Upstream transport 3.6 - Business travel 3.7 - Employee commute 3.8 - Upstream assets 3.9 - Downstream transport	Yes 3.3 and 3.4 only Other GHG scopes optional	Yes	Consistent with science-aligned guidance; Increases actionability and ability to reflect reductions

## Detail of Watershed 2022 Methodology Updates—Most Impactful to Everlane’s 2022 Footprint (Cont.)

Methodology Update	Description	GHGP Scopes Impacted	Required* by GHGP?	Required* by SBTi?	If not GHGP required, rationale for including
<p>Added fuel use and energy intensity by country to work-from-home energy</p> <p> Methodology</p> <p> World</p>	<p>We updated the WFH methodology to use country-specific energy use intensity and heating fuel types for 31 countries. Previously, we were using US energy intensity assumptions and assuming all heating sources were electricity or natural gas. We also updated this to improve the method that instead of assuming all homes include a 150 square foot office that is used 110% of normal due to WFH, homes are different sizes in different countries and the typical total home energy use increases 15% when someone is working from home. This accounts for the fact that the energy increase from working from home includes energy use throughout a home (e.g., kitchen use) and not only designated office space energy.</p>	3.7 - Employee commute	No	No	Better reflects reality, increases actionability and ability to reflect reductions
<p>Updated GWP for refrigerant emissions from AR4 to AR5</p> <p> World</p>	<p>Watershed updated GWP of refrigerants from AR4 to AR5 to reflect the latest climate science. The 100-year GWP from the IPCC Fifth Assessment Report (AR5) is used as the most recently available. We create a set of assumptions that link building square footage to refrigerant emissions (leakage), specific to building type.</p>	<p>1 - Direct emissions</p> <p>3.7 - Employee commute</p> <p>3.8 - Upstream leased assets</p>	No	No	Consistent with general best practice; reflects the latest climate science
<p>Added commute mode and distance by country and state</p> <p> Methodology</p> <p> World</p>	<p>We have added commute mode and distance data by country for 30 countries. Previously, for many countries where commute data is not widely available, we used a conservative commute calculation that assumes all employees drive 24 miles each day. We have also added state-level transportation mixes for the US to capture employees that do not live within a Census metro area.</p>	3.7 - Employee commute	No	No	Better reflects reality, increases actionability and ability to reflect reductions
<p>Updated eGrid emissions factor data to use subregion factors by applicable year</p> <p> Methodology</p>	<p>We use the eGRID subregion EFs to calculate US location-based emissions, and the eGRID state EFs if needed. This change updates our eGRID EFs to align the years the electricity data was based on with the years it is applied in footprints.</p>	<p>2 - Purchased electricity, heat, and steam</p> <p>3.8 - Upstream leased assets</p>	Yes	Yes	Required by GHGP
<p>Updated to use the most recent Green-e emission factors</p> <p> World</p>	<p>For each eGRID subregion, we use the Green-e residual mix EF to calculate US market-based emissions. This change upgrades our Green-e EFs to use the 2022 version (2020 data).</p>	<p>2 - Purchased electricity, heat, and steam</p> <p>3.8 - Upstream leased assets</p>	Yes	Yes	Required by GHGP
<p>Added location specificity to solid waste data</p> <p> Methodology</p>	<p>We are adding more location specificity to our waste data. We previously used UK Government (DEFRA) waste EFs globally; we now use EPA EFs for comparable waste streams in the US, and DEFRA for comparable waste streams globally. For most customers, this only affects waste from employees (i.e., trash and recycling from voices). For organizations with significant non-employee waste streams, this affects consumer waste and end-of-life waste from packaging and products.</p>	<p>3.5 - Waste</p> <p>3.12 - End of life</p>	No	No	Consistent with general best practice; better reflects reality; explicitly recommended by verifier
<p>Added heating fuel mix by country</p> <p> Methodology</p> <p> World</p>	<p>For buildings outside the US, when fuel usage for heating is not known, we apply an average International Energy Agency (IEA) fuel mix for six fuels: district heat, coal, biofuel, oil, natural gas, and other fuels. This change replaces our previous heating assumption, which assumed natural gas for all buildings.</p>	<p>1 - Direct emissions</p> <p>3.7 - Employee commute</p> <p>3.8 - Upstream leased assets</p>	No	No	Consistent with general best practice; better reflects reality; explicitly recommended by verifier
<p>EEIO Inflation adjustments</p> <p> World</p>	<p>The assumption behind spend based carbon accounting is that more spending corresponds to more actual production and consumption which corresponds to more carbon emissions. But if prices rise due to inflation, then same amount of spending will actually generate less carbon. To correct the US EEIO models for inflation we match the model industries to average price level data for specific industries published by the US Bureau of Economic Analysis. We then scale up the base year EEIO outputs up for the average price level change for that industry.</p>	<p>3.1 - PG&amp;S</p> <p>3.2 - Capital goods</p> <p>3.4 - Upstream transport</p> <p>3.6 - Business travel</p> <p>3.8 - Upstream leased assets</p>	Yes	Yes	Required by GHGP

\*Required vs. optional status determined by the GHGP Corporate Standard and SBTi Corporate Manual (primarily section: "Account for Scope 2 emissions" and "Scope 3 data quality")

## People & HR

Topic Area	Goal	Timeframe	2022 Progress	Comments
People & HR	Retention goal of 70% for the entire company	2023	On Track 64% retention in 2022	
People & HR	Fill at least 30% of open roles with internal candidates	2023	On Track	
People & HR	At least 50% of new hires identify as BIPOC	Annual	Complete	This is a recurring annual goal that we achieved in 2022 and will continue to prioritize each year.
People & HR	Individual level pay transparency for 100% of the company	2023	On Track	
People & HR	100% of full-time employees make or exceed the Tier 1 Living Wage Benchmark	Annual	Complete	This is a recurring annual goal that we achieved in 2022. Living Wage benchmark set by <a href="#">Living Wage for U.S., Inc.</a>
People & HR	25% of team members participate in at least one ERG	2023	On Track 18% participation in 2022	

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