



Fashioning A

IMPACT REPORT 2023

Better Future

EVERLANE

A Letter from Our Founder & Executive Chair

One of the greatest learnings as we age is the effect of compounding over time. A little difference each year can make a massive change over a couple decades—both negatively and positively.

This is exemplified in our fight against climate change. A little increase in carbon each year over the past 50 years has created a sea change in our habitats and weather patterns.

To fight this sea change, our philosophy is that businesses must accelerate finding solutions to the climate crisis faster than new problems arise. The result will be slow at first, but eventually will have a massive impact, and one day, may reverse the damage caused.

At Everlane, we continue to work to reduce our carbon and pollution impact as quickly as possible to hold ourselves accountable and inspire others to do the same.

In 2023, we reduced our per-product carbon impact by 24% relative to our baseline. This equates to 38% lower absolute emissions—putting us closer to our goal of net-zero emissions by 2050. We also transitioned 80% of our materials to lower impact alternatives. 82% of our most-used fiber—cotton—is now certified organic, regenerative, recycled, or fully traceable. That's a big change in just a few years.

All this, and more, resulted in the top score in Remake's 2024 Fashion Accountability Report and Glossy's 2023 Sustainable Brand of the Year Award. I'm very proud of our team.

As we celebrate these wins, our priority remains the difference we make each year. If we're successful, by this time next year, 90% of our materials will be preferred with a 5% reduction in carbon. This will compound over the next decade to make a meaningful impact.

We're far from the point where the solutions outpace the problems, but I'm hopeful. We will continue to march forward. Thank you for your continued support in our mission to clean up the industry.

Michael Preysman
Founder & Executive Chair

A large, stylized handwritten signature in black ink, reading "Michael Preysman".

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1. Progress Is A Process

Our ambition is to leave this industry cleaner than we found it in 2011 when we launched our first product. It's been five years since we made our first sustainability commitment and we've made substantial progress.

In 2023, we were named the Sustainable Brand of the Year by Glossy, and recently received the No. 1 score across all brands in Remake's Fashion Accountability Report. We're humbled and grateful for the recognition.

We started our journey by prioritizing the impacts that would drive the greatest improvements the fastest—and we've seen success in taking that approach. But progress isn't linear. The next milestones in our roadmap are more difficult to achieve, with results realized across longer timelines. And even then, we won't always meet our own goals.

As we strive to be radically transparent, we want to share our viewpoint of how 2023 shaped up. We have plenty to be proud of, but there's more work to be done.

Our Climate Commitments Accelerated

Our most successful progress point to date. We have achieved meaningful greenhouse gas reductions since setting our Science Based Targets in 2021—a 24% reduction in per-product emissions, equating to a 38% absolute reduction across Scope 1-3 emissions, relative to our 2019 baseline.

Our Preferred Material Adoption Slowed Down

We made exponential progress in the first 3 years of this commitment but showed a slower rate of improvement (+4%) this past year as we focused

on re-sourcing core fabrics in lower-impact versions while using up our stock of existing materials.

Our Cleaner Chemistry Fell Behind

We are progressing in our manufacturer commitment but fell short of our year-over-year goals (-3%) on the materials front. This is primarily due to supply chain challenges and changes in our product assortment. We are reprioritizing our efforts in this area and working with our partners to ensure we are still on track.

Our Supplier Social Compliance Scores Delivered

98% of our factory partners achieved our highest ratings for social compliance and responsibility in 2023, demonstrating a firm commitment to continuous improvement and long-term partnership. While our factories pay an average of 73% higher than the local minimum hourly wage, the industry as a whole needs to focus on moving towards living wages for workers in our value chain.

We're Making Headway in Endorsing Key Legislation

2023 was a landmark year for climate legislation with California passing the

country's first climate disclosure laws, which we actively supported throughout the CA legislative process, engaging directly with state legislators. We will continue to work with policymakers and activist organizations to influence legislation that will spur progress and accountability.

The wake of critical global issues and challenges we face as an industry is a sobering reminder of the work that still needs to be done.

Our commitment remains steadfast and 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 the planet and the life it supports. We are eager to continue working with our partners and stakeholders to drive meaningful change and transform the industry.

Our customers
Our team members
Our factories
Our fulfillment centers
Our partners

Our Mission

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

Clean chemistry
Biodiversity protection
Waste minimization
Climate justice
Resource consumption
Carbon reduction

Fashioning A Better Future

At Everlane, we're not big on trends. We design timeless staples that you can wear forever and then pass down, instead of toss out. It's our way of fashioning a better future.

Our Strategy

We're all about putting our principles into practice, making fashion more responsible, and weaving a more sustainable future—for your wardrobe and the planet. We are aligning our design ethos and business ambitions with our sustainability goals, building on a foundation of transparency and traceability to achieve our mission. At every step across our supply chain and operations, we're working to

reduce our impact on the environment and enhance worker livelihood, while delivering our customer a product they love and can cherish for a lifetime (and beyond).

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

We're focused on fewer inputs and cleaner outputs—reducing natural resource consumption, minimizing waste and pollution, and prioritizing safer chemistry across our value chain.



Keep Earth Cool

We've committed to climate reduction targets approved by the Science Based Targets Initiative: To reduce our greenhouse gas emissions by more than 50% per-product by 2030, and to achieve Net-Zero emissions by (or before!) 2050.



Do Right By People

We're working to enhance worker livelihood, achieve gender equality, and promote fair living wages. We're also supporting community impacts at the intersection of social and environmental needs through our Black Friday Fund.

Awards & Achievements



Awarded Glossy's 2023 Sustainable Brand of the Year.



Awarded the No. 1 score on Remake's Fashion Accountability Report 2024.



Maintained "Leading Transformational Change" on Textile Exchange's Material Change Index for the 2nd year.

Keep Earth Clean

80%

of our materials met our lower impact "preferred" standards, up from 10% in 2019.

98%

of our polyester and nylon content is certified recycled.

99%

of our virgin leather is sourced from tanneries certified to LWG Gold or Silver standards.

Keep Earth Cool

38%

absolute reduction of Scope 1-3 emissions, equal to a 24% reduction in per-product emissions, relative to our 2019 baseline.

100%

of renewable electricity sourced for HQ & Retail through RECs.

40%

of our Tier 1 manufacturing partners, and 23% of Tier 2, are sourcing renewable electricity.

Do Right By People

\$1.52M

donated to nonprofit and supplier partners to date through our Black Friday Fund.

98%

of our Tier 1 manufacturing partners received our highest scores (Green or Yellow ratings) on their annual audits, up 16% from 2022.

61%

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

2. Keep Earth Clean



From intensive water use, to chemicals in fabric processing, and end-of-life product waste, the apparel sector has an unsustainably large ecological footprint.

With our Keep Earth Clean pillar, we are prioritizing fewer inputs and cleaner outputs in our processes, reducing natural resource consumption, and minimizing waste across our value chain. 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 Keep Earth Clean Priorities



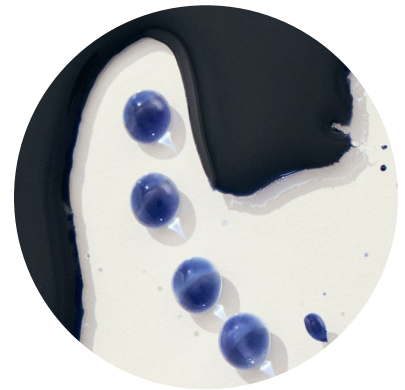
Minimize Waste & Pollution

Increase recycled content in our designs and partner with facilities that are reducing textile waste, treating wastewater, and investing in closed-loop production practices.



Reduce Natural Resource Consumption

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



Prioritize Safer Chemistry

Safer chemical inputs yield safer chemical outputs which protect workers, local environments, and downstream ecosystems in the process.

Materials Matter

The materials we source and the ways we manufacture them continue to play a leading role in the overall impact of our product, contributing roughly 60% of a product's environmental footprint across a wide variety of impact areas.

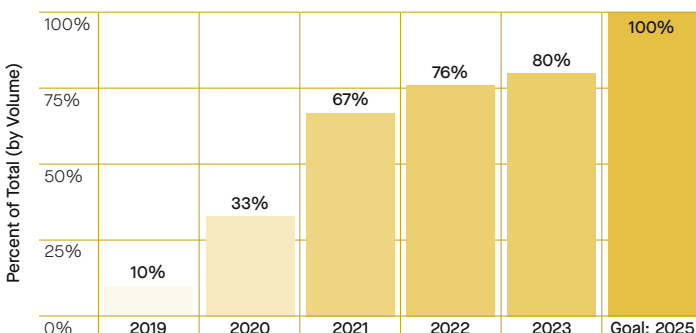
Our focus remains on reducing the impacts of the products we make by prioritizing preferred fibers and materials—those that support improved environmental and/or social sustainability outcomes compared to their conventional counterparts.

Our goal is to source 100% of our materials through certified recycled, organic, renewable, and responsible sources by 2025. We continue to prioritize natural fibers and materials (which make up over 90% of our materials by volume) over synthetics, only using them where there is a clear performance or durability need. In 2023, we made meaningful progress towards achieving our goal, with 80% of materials meeting our preferred standards.

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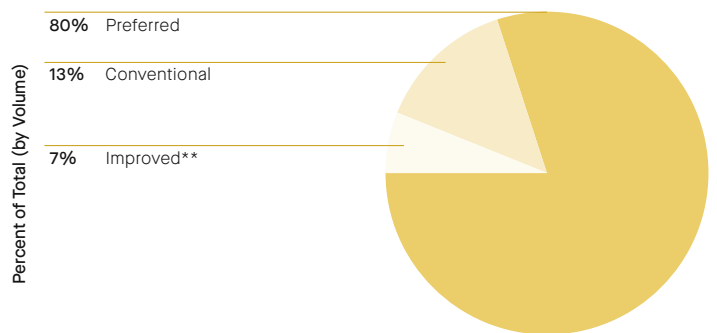


Preferred Material* Uptake



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

Material Standard



**Improved Standards are a newer classification of materials we introduced in 2022 to support our material goals and track our progress. This category includes materials that have some improved qualities like traceability and transparency, but may not have quantifiably lower impacts that we can account for (yet). We are using this classification in the interim as we transition our materials to "Preferred Standards" in the coming years.

Transparency Is In Our Nature

Our approach is built on a foundation of transparency and traceability. We are working to achieve full supply chain transparency, tracing back to the initial growers or producers of our raw materials. To do this, we rely on third-party certifications and standards, as well as blockchain-enabled software solutions to verify the origin and chain of custody of our raw materials. We are also committed to building long-term relationships with growers and producer groups directly, ensuring transparency and accountability across our supply chain.

In 2023, we made significant strides towards our preferred material goals, enhancing transparency in our value chain. We built off of our existing brand-level certifications—Global Organic Textile Standard (GOTS), Organic Content Standard (OCS), Responsible Wool Standard (RWS), and Responsible Alpaca Standard (RAS)—adding the European Flax™ Linen standard, Good Cashmere Standard® (GCS), Good Earth Cotton®, and ZQRX™ wool to our product line. These additional standards enable us to achieve greater levels of supply chain traceability, lower our measurable impacts, and make verified on-product content claims.

We are working to achieve full supply chain transparency, tracing back to the initial growers or producers of our raw materials.

While we were successful in increasing our preferred material uptake in 2023, evolving supply chains and the nature of re-sourcing existing materials to more preferred versions limited our progress. In some cases, our excess raw materials are not in alignment with today's preferred material standards, but we believe using our existing materials and yarns is the most responsible thing to do before creating new ones. Some of our product line from 2023 incorporated these excess raw materials we had previously sourced, and is reflected in our 2023 material updates. We have been hard at work to re-develop replacements using our preferred standards for future material orders, and expect to see even more progress in the upcoming year as we transition to lower impact alternatives in our core fabrics.

Our preferred standards are built around scientifically and objectively verified criteria:



Greater environmental sustainability attributes or lower environmental impacts, as demonstrated by LCA studies.



Improved social sustainability attributes, for people, animals, or communities.



A robust chain of custody system in place to track or trace the material from origin.

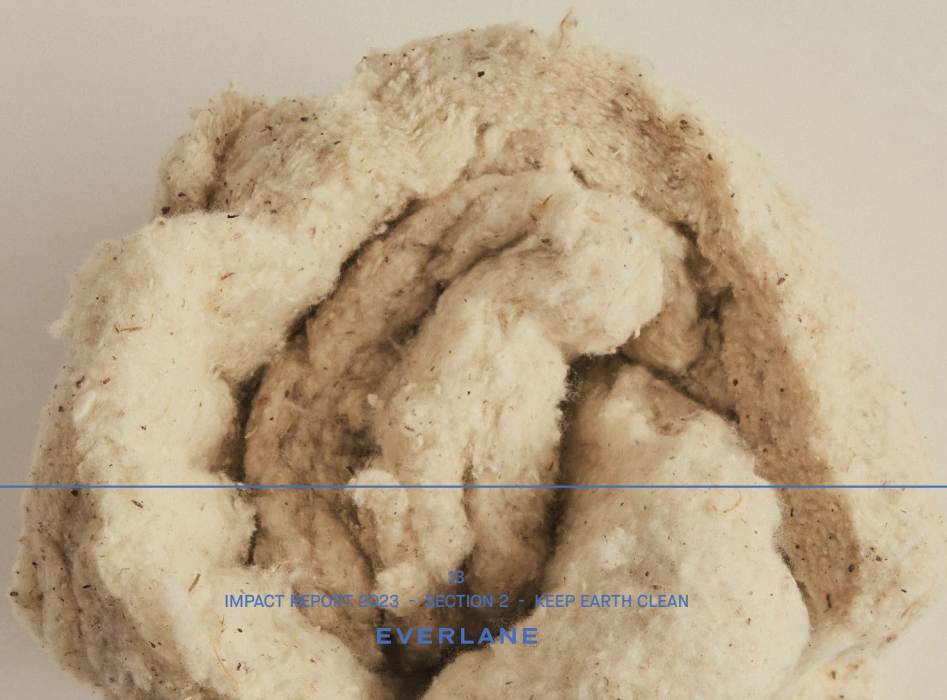


A recognized industry standard, certification, or testing protocol in place for verification.

Building on our Material Standards

Each new addition to our material standards brings a three-fold benefit, aligning with our stringent criteria for preferred fibers: they guarantee the origin of raw materials, offer quantifiable environmental or carbon mitigation advantages, and ensure the well-being of farmers and animals involved in the production process.

Material certifications continue to be a cornerstone of our commitment to product integrity. They serve as a tangible demonstration that each action we take aligns with our values. We don't just talk the talk; we walk the walk when it comes to our products.



Bundle of raw organic cotton.



1. Good Earth Cotton®

Good Earth Cotton® (GEC) is a pioneer in sustainable cotton production, known for its commitment to regenerative farming practices that prioritize soil health and biodiversity. GEC uses blockchain-enabled FibreTrace® technology to verify traceability of its cotton from farm to finished product. Additionally, each bale of Good Earth Cotton® used by Everlane sequesters 248.6kg CO₂e, resulting in a net climate-positive farm outcome—it is one of the first regenerative cotton producers to have verified data supporting claims that it sequesters more carbon than it emits through its entire life cycle, while boasting high yields averaging 5.6 bales per acre.



2. European Flax™ Standard

European Flax™ Linen, certified by the European Confederation of Flax and Hemp (CELC), is a high-quality, fully traceable, and lower-impact alternative to conventional linen. European Flax™ Linen demonstrates a significantly lower environmental impact compared to conventional linen, with roughly 74.3% reduction in raw material carbon emissions, and reduced eutrophication and water usage throughout its production process. Moreover, European Flax™ manufacturers undergo rigorous audits to ensure compliance with sustainability and quality standards and offer improved visibility into our supply chain by enabling us to trace the origins of our linen, from farm to finished garment.



3. Good Cashmere Standard®

The Good Cashmere Standard® by AbTF is primarily an animal welfare standard for cashmere goats and their farmers that is aligned to the Five Freedoms of animal welfare, but also encompasses a wide array of stringent and auditable criteria, from the humane treatment of goats, to ethical shearing practices, responsible land management, and water conservation measures. It mandates adherence to fair labor practices and prohibits the use of harmful chemicals in the production process. Transactions from farmer to finished products are tracked via their proprietary traceability system, the Cashmere Advanced Tracking System (CATS), to ensure that the cashmere used in our garments is verified throughout every stage of production.



4. ZQRX™ Regenerative Wool

ZQRX™ wool (by the New Zealand Merino Company) is certified to the ZQ™ standard and the Responsible Wool Standard (RWS), ensuring growers follow the Five Freedoms of animal welfare and develop in-depth environmental management plans. Grown using regenerative farming practices on over 4 million acres of land, ZQRX™ wool cuts down on carbon emissions while supporting soil regeneration and building a positive future for Merino farming. ZQRX™ seeks to shift wool production beyond sustainability, measuring the tangible impact of positive change through regenerative agricultural practices. In addition to sourcing ZQRX™ wool, we partnered with the New Zealand Merino Company for our 2023 Black Friday Fund to help finance wool growers in their transition to regenerative farming.



Everlane is brand-certified to the following product standards:

- Global Organic Textile Standard (GOTS)
- Organic Content Standard (OCS)
- Responsible Wool Standard (RWS)
- Responsible Alpaca Standard (RAS)



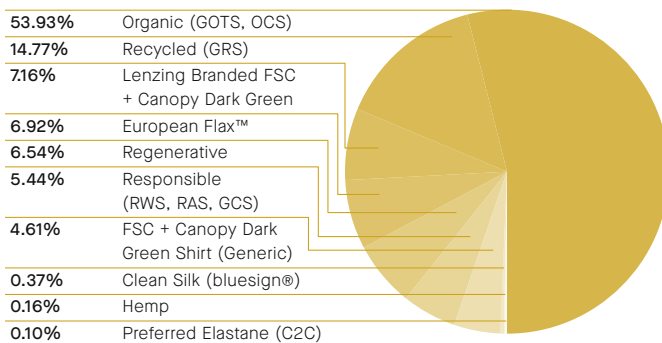
Deforestation-Free Leather

In 2023, we joined the Textile Exchange, World Wildlife Fund, Leather Working Group, and an inaugural group of like-minded brands in an industry-wide [call to action](#): to commit to sourcing all bovine leather from deforestation-free supply chains by 2030 or earlier.

As part of this collective call to action and in alignment with our [Forestry Policy](#), we are developing systems to establish full visibility of our leather supply chains in order to identify, manage, and monitor risks with that supply chain.

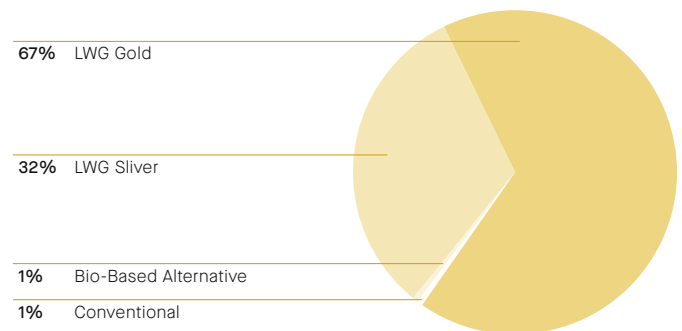
We are expected to make our first report against our progress in the call to action later in 2024.

2023 Preferred Material Uptake (Percent by Volume)



Each of these materials 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.

2023 Leather Uptake (Percent by Volume)



In addition, 99% of the leather that we sourced for our product met our preferred sources: LWG Gold or Silver certified tanneries, or innovative bio-based alternatives. **Our goal: 100% by 2025.**

Cleaner Chemistry

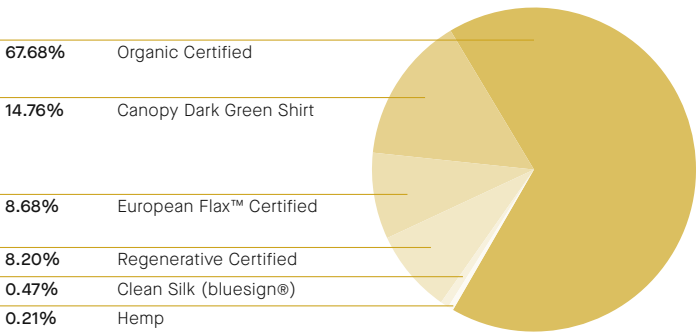
We want to avoid using substances that are suspected or known to be harmful to human health and the environment, and are actively working to phase them out. That's why we've adopted some of the most comprehensive safer chemistry standards for our value chain, focusing on toxin reduction in two key impact areas: fiber selection and wet processes in manufacturing.

In 2023, 78% of virgin apparel materials (non-recycled) we sourced by volume were made from fibers that support lower toxicity inputs, including: certified organic or regenerative farming practices, closed-loop manufacturing systems (such as Lenzing branded fibers and MMCFs produced at Canopy Dark Green Shirt facilities), our clean silk production practices (see page 51 of our 2022 Impact Report), and fibers that naturally do not require the input of harmful pesticides and chemical fertilizers (such as European Flax™ linen and hemp).

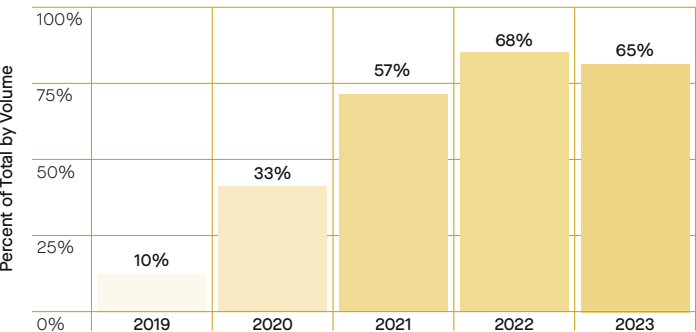
To achieve our cleaner chemistry standards in manufacturing, we are increasingly working with the wet processing partners in our value chain (facilities like dye houses and leather tanneries) to adopt and adhere to our Manufacturing Restricted Substance List (MRSL). As a bluesign® System Partner since 2019, we are working to ensure that the most chemically-intensive operations in our supply chain adhere to the bluesign® System Black Limits MRSL. At the same time, we are also leveraging product and material level certifications with strong Restricted Substance Lists (RSLs), such as GOTS, GRS, and Cradle2Cradle; in addition to facility-level programs such as Zero Discharge of Hazardous Chemicals (ZDHC) and Canopy Dark Green Shirt-rated facilities for MMCFs.

In 2023, 65% of our finished materials by volume met our cleaner chemistry certifications. This value is slightly down from 2022 by overall percent of materials, due in part to supply chain disruptions that led us to change suppliers and re-source existing materials. We are in the process of making improvements with our newer suppliers, and expect to see continued improvements in 2024 and beyond.

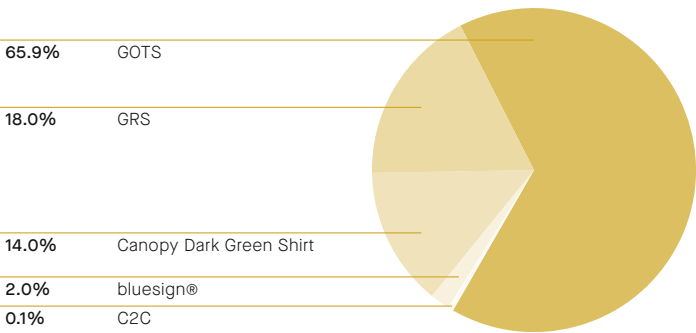
Cleaner Chemistry in Virgin Fiber Production (Percent by Volume)



Cleaner Chemistry in Certified Materials (Percent by Volume)



Breakdown of Cleaner Chemistry in Certified Materials (Percent by Certification)



Packaging

Since 2019, we have successfully removed all virgin plastics from our packaging, leveraging recycled and FSC-certified shippers and protective paper bags, as well as 100% recycled LDPE plastic polybags (which we are in the process of transitioning away from, and down 4% from 2022). We continue to source packaging materials in line with our Forestry Policy and prioritize materials that are curbside recyclable in the communities we ship to.



Vela™ paper bag (polybag alternative).



We're Good Performers

In 2023, we disclosed our material uptake, details about our value chain, and raw materials strategy to the Textile Exchange's Corporate Fiber & Material Benchmark, reporting against our 2022 production year. We are pleased to have received a performance level of "Leading Transformational Change" (the highest achievement) in the industry for the past two years.

Packaging Footprint

Packaging Type	Percent of Total Packaging by Weight	Source Material
Cartons	38%	100% post-consumer waste paper
Mailers	46%	100% recycled paper, 90% post-consumer, 10% post-industrial sources
Recycled LDPE Polybags	.08%	100% post-consumer recycled LDPE
Vela™ paper bag (polybag alternative)	15%	100% FSC-certified glassine paper
Paper Dunnage	.92%	100% recycled kraft paper, up to 50% from post-consumer sources

Factory Environmental Management

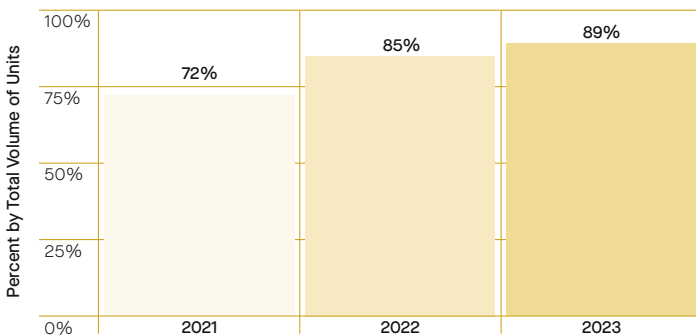
Recognizing the profound impacts of textile manufacturing on both the environment and the workforce, our supply chain partners are dedicated to conserving water resources, mitigating greenhouse gas emissions, and minimizing the use of harmful substances.

Higg Index

Last year we continued our partnership with Cascale (formerly Sustainable Apparel Coalition, SAC) and Worldly, the organizations behind the Higg Index. We use the Higg Facility Environmental Module (FEM) to collect primary data from our partners to assess, benchmark, and improve environmental

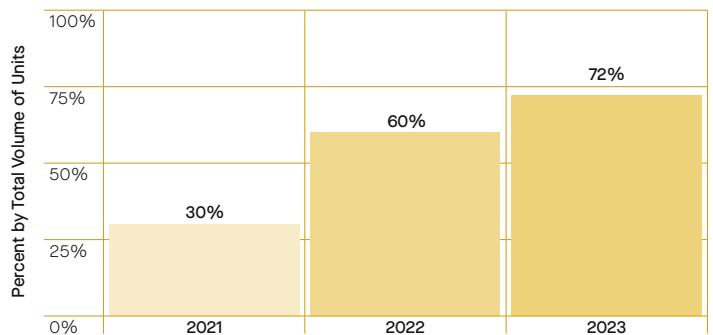
practices and performance over time. We are committed to onboarding verified Higg FEM across 100% of our Tier 1 suppliers and 80% of our Tier 2 raw material suppliers (by volume) over the next 3 years and have adjusted our supplier requirements to include verified Higg completion within a specified time from onboarding.

Tier 1 Supplier Verified Higg FEM Adoption



In 2023, 89% of the total volume we produced was manufactured at a Tier 1 facility that completed a verified Higg FEM, providing key performance insights and industry benchmarks for our direct suppliers.

Tier 2 Supplier Verified Higg FEM Adoption



In 2023, 72% of our strategic Tier 2 material suppliers completed a verified Higg FEM, offering comprehensive performance insights and industry benchmarks for our fabric mills.

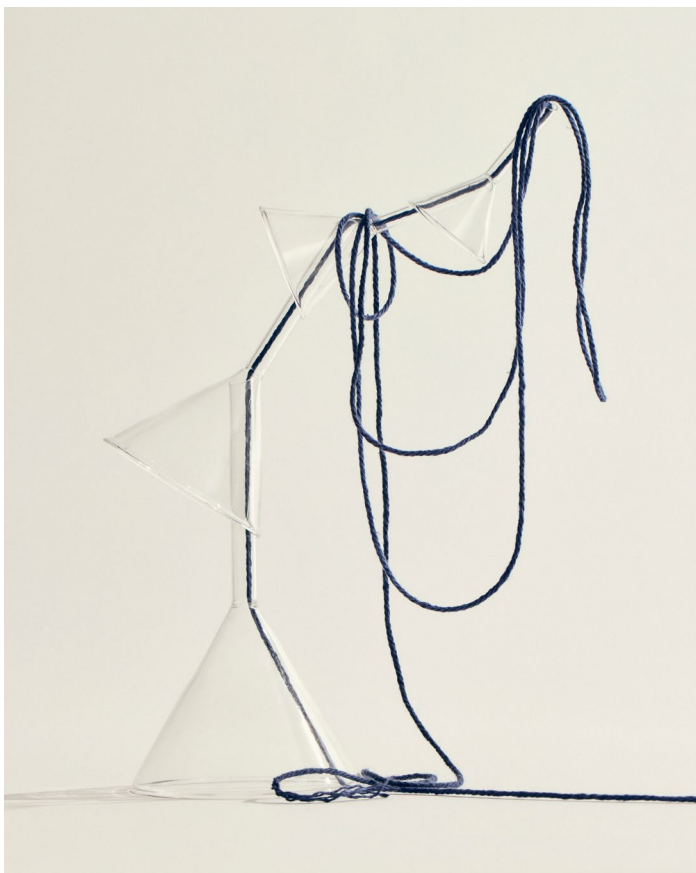
Chemistry Standards in Manufacturing

We continue to align our due diligence protocols with bluesign® and ZDHC Manufacturing Restricted Substances Lists (MRSLs) and prioritize partnerships with Tier 2 and other wet processing facilities that adopt these standards and mitigate risk of hazards and contamination. In Q1 2024, we kicked off our second bluesign® Brand Assessment to continue to track our progress and identify risks in our processes. Today, 46% of our Tier 1 and strategic Tier 2 suppliers have adopted either the bluesign® or ZDHC MRSLs. Our goal is to grow adoption of these ambitious MRSLs across 80% of our Tier 1 and strategic Tier 2 suppliers by 2025.

We also partner with suppliers certified to various cleaner chemistry standards for relevant material certifications, including the Global Organic Textile Standard (GOTS) for organic cotton, the Global Recycled Standard (GRS) for recycled materials, and CanopyStyle Hot Button ratings for MMCF

46% of our Tier 1 and strategic Tier 2 suppliers have adopted either the bluesign® or ZDHC MRSLs and 87% hold a GOTS and/or GRS certification.

producers. These standards are tailored to the respective materials they cover and have strict MRSLs and testing requirements built into the auditing protocol at each stage of the supply chain. They also enforce rigorous requirements through annual audits to ensure chain of custody and promote social responsibility, environmental protection, and safe handling of approved chemicals. Today, 87% of our Tier 1 and strategic Tier 2 suppliers hold a GOTS and/or GRS certification.



Damn Good Denim

The conventional way of producing denim is a dirty business, characterized by high energy needed for production, intensive water consumption, and significant chemical use.

The Original Cheeky® Jean
Content: 98% Organic Cotton, 2% Polica® V650; Factory: Saltext Vietnam;
Audit Performance: Green (100%); Water Recovery: 98%; EIM: Low (23)

One of the ways that we measure our impacts and benchmark our progress in denim (and other garment-dyed/washed products) is through [Jeanologia's Environmental Impact Measurement \(EIM\)](#) tool. EIM was developed to measure and manage the environmental impact of denim production processes—it evaluates various aspects of denim and garment dyeing/washing, including water consumption, energy use, chemical use, waste generation, and worker wellbeing.

EIM software is used by our partner factories to assign an overall score to each garment-dyed/washed product based on the real-time inputs and practices used to achieve its look and feel—the lower the score, the lower the impact.

Where Are We Now?

We've conducted an assessment of our active denim washes from 2023 to identify areas where we can do better, and use this information to improve our scores moving forward. Although the majority of our washes (97%) currently have an overall EIM score indicating low or medium impact, we're prioritizing efforts to reduce the impact of our washes with higher scores.

In the coming year, we will work closely with our suppliers to make further reductions for new and existing washes and enhance our overall EIM scores, with the goal of achieving low or medium impact ratings for 100% of our wash recipes by 2025.



Denim quality control at Saitex Vietnam

Everlane EIM Scores (2023)

EIM Impact	EIM Score Range	Overall Percent of Everlane Scores
Low Impact	0-33	55%
Medium Impact	33-66	42%
High Impact	66+	3%

Water & Wastewater

Water is a finite resource essential for every stage of the fashion supply chain, from growing raw materials to dyeing fabrics and finishing garments. We recognize the critical importance of water conservation and management in our industry, and have always placed a high importance on understanding related impacts for our most water-intensive processes: denim dyeing and washing, and man-made cellulosic fiber (MMCF) processing. That's why we've sought long-term partnerships with some of the most innovative mills and factories in the world.

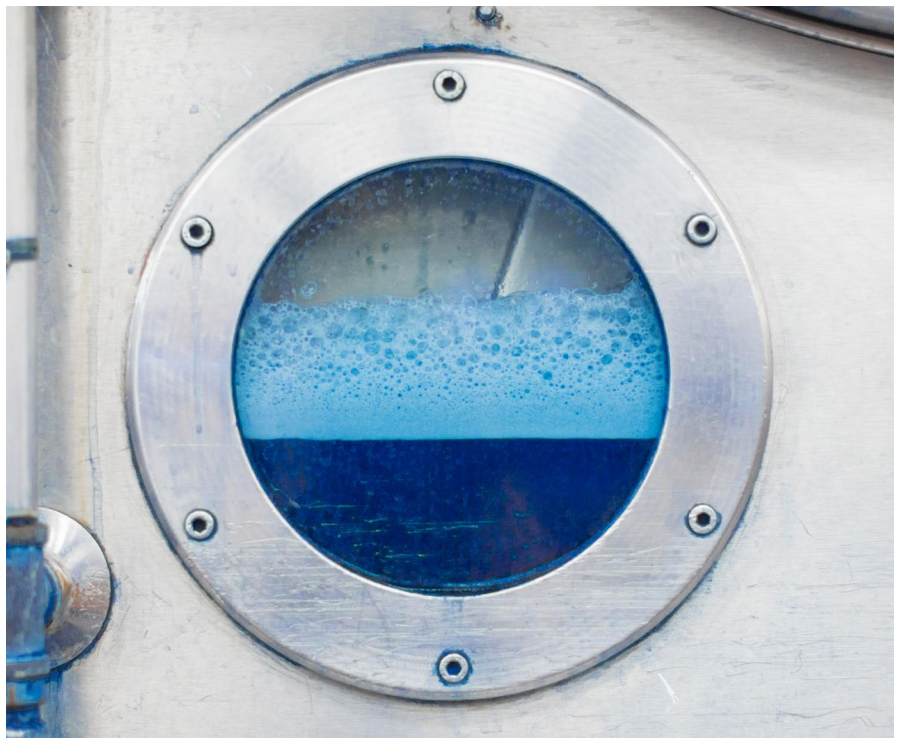
We're working to understand our total water impact so that we can measure and set quantifiable reduction targets for both water use and wastewater discharge. Our water stewardship efforts began through partnerships with forward-thinking factories like Saitex and progressive MMCF producers like Lenzing—renowned for their innovative practices, both suppliers provide cutting-edge, closed-loop water treatment systems designed to recycle nearly 100% of the water used during production, far exceeding

44% of Tier 1 suppliers have either on-site wastewater treatment or recycling technology.

conventional industry norms for water use and effluent management. Using Saitex and Lenzing as our north star and benchmark, we are evaluating the rest of our suppliers on their water practices, and prioritizing reductions where needed.

Tools like Higg FEM help us measure and benchmark water consumption, recovery rates, and water discharge across our strategic suppliers. Additionally, our cleaner chemistry manufacturing programs through bluesign® and ZDHC are mitigating water risks against consumption and effluent. Currently, 44% of Tier 1 suppliers employ some form of on-site wastewater treatment or on-site water recycling technology.

Saitex Vietnam's closed-loop process recovers 98% of denim wash water.



Blue Prints

There's an old adage that you can't manage what you don't measure, so in 2023, we partnered with a team of graduate students at the University of California Santa Barbara (UCSB) Bren School of Environmental Science & Management to perform "Blue Prints"—a comprehensive water footprint and water risk analysis of our supply chain and product.

The UCSB team worked closely with the Everlane sustainability team and our upstream suppliers on a year-long project to gather primary data and perform critical analysis of water consumption across our value chain, from farm to finished garment. The final project deliverable will take place after the publication of this report, but we are able to share initial insights about the project so far.

Project Scope

The UCSB team focused on our top 3 materials by volume—cotton, MMCFs, and recycled polymers—and measured various water types* across our Tier 1-4 supply chain. As part of this process our teams engaged in valuable stakeholder engagement, using verified primary data from Higg FEM, the [World Wildlife Fund \(WWF\) Water Risk Filter](#), transaction certificates from our certified materials, and an in-depth literature review to measure our water impacts. The output is a comprehensive view of Everlane’s water consumption and risks by material, supply chain tier, water type, and regional risk to water security.

Key Learnings

- Our largest water consumption and risks occur in our Tier 4 (farm) & Tier 2 (fabric mill, where the majority of wet processing of fabrics occurs) supply chain stages.
- Gray water comprises most of the

water used in Tier 4 processes (56%), largely contributed by the creation of generic MMCFs. Though a minimal percentage of our overall material makeup, virgin synthetic fiber production, and conventional cotton cultivation also contribute to gray water use in Tier 4. Green water (24.5%) and blue water (19.5%) use is primarily driven by cotton cultivation in the specific regions where our cotton is sourced.

- Municipal water (42%) and groundwater (23.5%) sources make up the majority of our Tier 1-3 impacts.
- Recycled polyester consumes 68% less blue and gray water than virgin polyester.
- Organic cotton uses 39.8% less overall water than conventional (combined blue, green, and gray water).

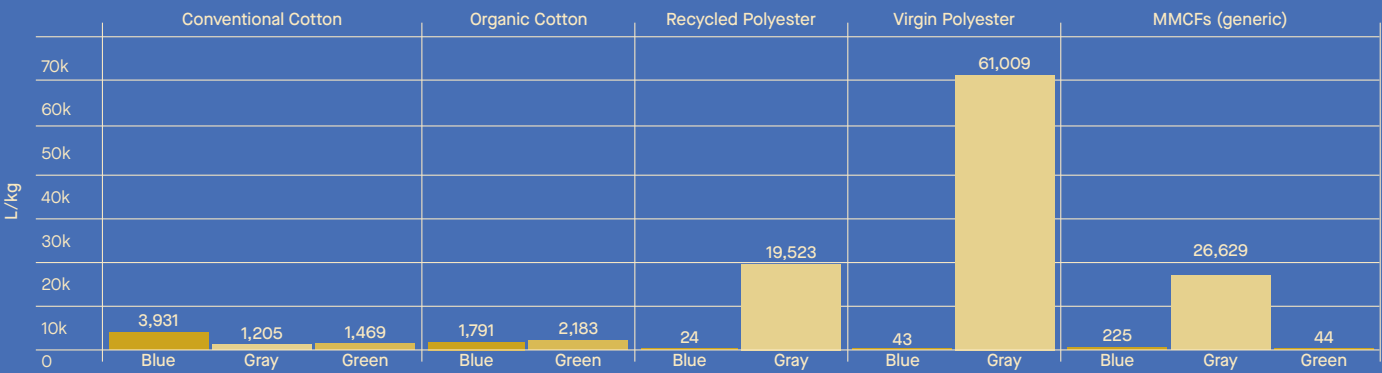
Next Steps

While we await the final outcomes of the project, we are eager to take the key learnings we have gleaned so far and

put them into action. We will continue to aggressively pursue our preferred materials strategy over the coming years, transitioning away from virgin polymers and conventional cotton to minimize and mitigate Tier 4 water risks and water consumption. Over the next year we will develop formal targets based on the final outcomes of this project, and work with experts from the [World Wildlife Fund](#) and [Apparel Impact Institute](#) to further analyze our operational water impacts and risks, focusing on Tier 2 suppliers that perform wet processes.

By focusing our efforts on the highest water consumption and risk areas in our supply chain, we can minimize our environmental footprint and mitigate the negative impacts that fashion places on water resources. This will involve working closely with our suppliers to implement more water-efficient technologies and practices, such as investing in closed-loop and ZDHC-compliant systems for dyeing and finishing, optimizing water use in manufacturing processes, and promoting water recycling and reuse.

Tier 4 Water Use by Material (Liters of Water per kg Material)



*Water types are classified by the source-origin that contributes to the cultivation and processing of materials.
Green Water = water that naturally falls onto the land or crops through processes such as precipitation or evapotranspiration.
Blue Water = water used to irrigate the soil, or any other water added to the soil to grow crops.
Gray Water = water that is needed to dilute contaminants related to production processes in order to meet environmental discharge requirements. This measurement takes into account any on-site water treatment methods that may exist at a facility, which greatly or completely reduces gray water where on-site treatment exists.

Clean Energy

The vast majority of overseas factories still operate on coal-fired power and machinery. One of the most effective ways we can decarbonize the apparel industry (and achieve our SBTs) is to transition manufacturing to clean power through renewable sources.

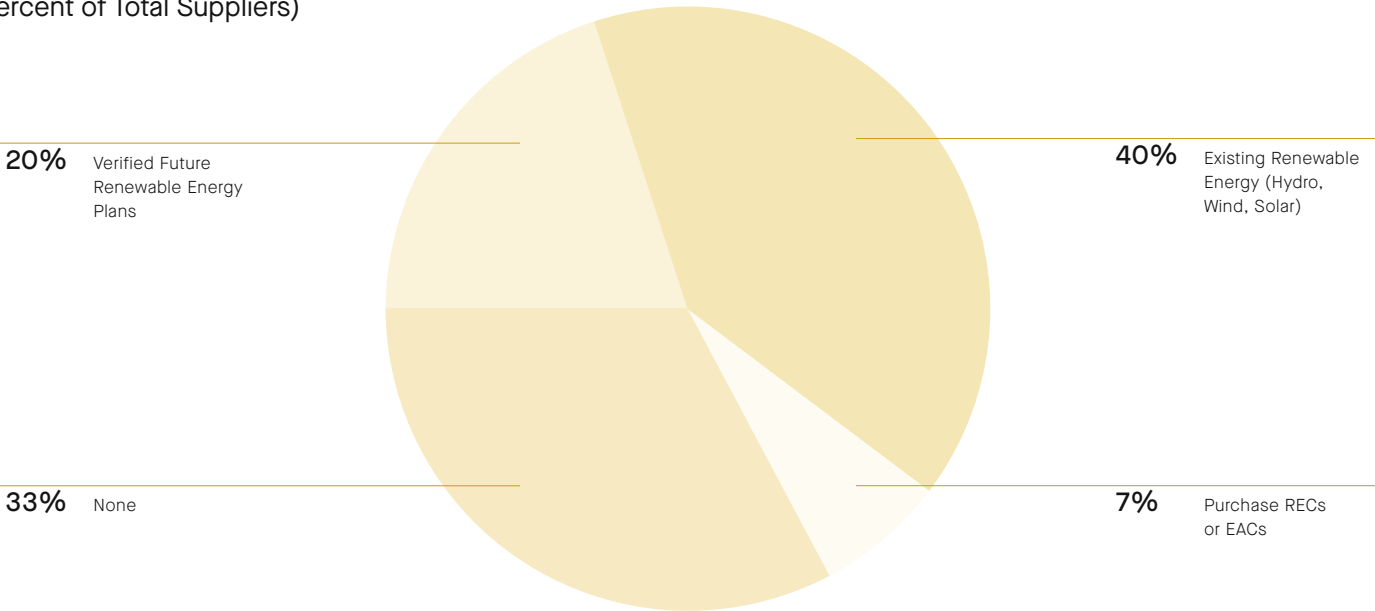
Effecting a clean energy transition in our upstream manufacturing is a complex endeavor, given its considerable cost and capital investment, build-out requirements, and the inherent policy and political challenges associated with a clean energy transition across local power grids around the world.

Today, 40% of our Tier 1 factory partners and 23% of our Tier 2 mills are already embracing renewable energy, but the journey ahead will be challenging. While a portion of our Tier 1 suppliers do have future plans to adopt renewables, we are first focusing our work on the 33% of factories without specific goals in place today.

40% of our Tier 1 factory partners and 23% of our Tier 2 mills are already embracing renewable energy.

To drive this transition, we employ tools such as the Higg Facility Environmental Module (FEM), enabling us to gather verified primary data from our Tier 1 and Tier 2 suppliers, benchmark their energy performance, and identify suppliers with the greatest hotspots in our value chain. In the coming years, we will work with organizations, such as the Apparel Impact Institute (Aii) and Cascale, to adopt carbon reduction measures like energy efficiency and renewable opportunity assessments for nominated suppliers. For more details on our plan, see our Keep Earth Cool section of this report.

Tier 1 Supplier Renewable Energy Status
(Percent of Total Suppliers)



Reimagining the Fashion Cycle

At Everlane, we're not big on trends. We design timeless staples that you can wear forever and then pass down, instead of toss out. It's our way of fashioning a better future.

The rise of fast fashion and overconsumption continues to strain our natural resources, pollute our environments, and contribute to a staggering increase in clothing that ends up in landfills. It has been widely reported that 87% of fiber used for clothing is incinerated or disposed of. This contributes to harmful dumping grounds in parts of the Global South, microfiber pollution in our oceans and waterways, and is exacerbating the impacts of climate change. Amidst these alarming statistics surrounding clothing disposal and its detrimental effects on the environment, we stand firm in our commitment to designing for the long term.

The Path to Circularity

To support the path to circularity, we are focusing on extending the life of our product—we want our products to be part of our customers' forever wardrobe, and ideally have a life beyond that. We are directing our attention to our design approach and processes, ensuring that each product we create has a clear purpose and functionality in a forever wardrobe.

Building on our success with the Forever Sneaker (our first fully-circular product, launched in 2021), we continue to explore the tactic of designing product built for circularity, incorporating repair and designing for disassembly and recycling

wherever possible. In 2024, members of our design, product development, and sustainability teams will learn from experts in a circular fashion training course to cultivate these ideals within our product team. We also encourage our customers to participate in the resale market and sharing/swapping, ensuring that Everlane products never end up in landfills.

The Forever Sneaker—designed to be fully recyclable at end-of-life.



Our Approach: Product Use & Extended Life

Our design tenets support our sustainability goals by focusing on quality and longevity, in addition to cleaner inputs and minimal waste in production. We create lasting designs, source high-quality, lower-impact materials, and produce well-made garments in some of the best factories in the world.

We want people to buy less, but buy better, so our customers can enjoy a long life with their Everlane favorites—and even have a second (or third!) life beyond their initial purchase. 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.

MWoolle®, made of upcycled wool from our partners at Manteco.



70%+

of the products we produce are carried over from season to season, demonstrating that we are prioritizing versatility and longevity in pursuit of a forever wardrobe. In some cases, we thoughtfully incorporate trends into our assortment through color and print where it adds value to our customer as part of their sustainable style, but always prioritize the versatility and longevity of a seasonless approach to wardrobe curation.

95%

of the total apparel styles we produced in 2023 could be hand or machine-washed and hang-dried. The at-home care we suggest can significantly reduce the amount of energy and water required to care for these products and mitigate harmful microfiber pollution. The remaining 5% of products suggested for dry cleaning are reserved for recycled wool outerwear and specialty sweaters, which do not generally require frequent cleaning.

150k+

units resold through resale channels in 2023 (that we know of!). This value includes only the products resold through Everlane's direct recommerce networks, but we know the units are actually much higher—this overall statistic is hard to quantify. Even so, we are proud to see Everlane ranked as the [#14 'Best Brands in Resale'](#) by ThredUp, our products included in their ['Hottest Resale Items'](#) list, and that Poshmark reported a [30% increase in year-over-year](#) growth of Everlane items resold in 2023.

Walking the Walk

We first launched our Day Glove to customer fanfare in 2017 as the inaugural product of what would eventually become our Day Family of shoes. While we continue to be proud of this design and the customer sentiment around it, we knew we needed to push ourselves to reduce its product-level impacts.

Sustainability Improvements

Upper & Lining
LWG Gold Rated Leather

Footbed
30% Recycled Latex

Outsole
70% Recycled Rubber
& Natural Rubber

Counter Box
40% Recycled Polymers

Deconstructed Day Glove 2.0 from our shoe factory in Vietnam.

Our design and development teams worked for over a year to identify, test, and transition to materials and manufacturing processes that would lower the overall impact of the original Day Glove. The team focused on the leather upper material—transitioning to a tannery certified Gold by the Leather Working Group (LWG)—as well as increasing recycled content throughout while maintaining overall performance and increasing comfort. We will continue to iterate on our favorite footwear in the coming years to support our ambition to clean up the fashion industry—one step at a time.

LWG

The Leather Working Group (LWG) Audit Standards provide transparency and accountability within the leather supply chain—covering energy and water usage,

safe chemistry practices, worker health and safety, and wastewater management. A Gold rating is the highest rating a tannery can receive for demonstrating best practices in environmental compliance and audit performance.

Recycled Content

To minimize waste, pollution, and greenhouse gas emissions, we are constantly researching and testing ways to remove virgin plastics from our product. Footwear components are one of the most difficult places to address this issue, where introducing too much recycled content can inhibit the performance and longevity of these materials. We have found success in adding partially recycled polymers in some components and will continue to push the boundaries of what is possible.



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

Despite these systemic challenges, we cannot sit and wait for change to happen on its own. We are committed to supporting innovators in this space and advocating for policies that support the change we know is needed, such as through the [California Statewide Textile Recovery Advisory Committee \(STRAC\)](#), part of the California Product Stewardship Council (CPSC).

Additionally, we have an immediate challenge and opportunity to mitigate waste and support our own circularity initiatives by addressing our damaged returns—finding opportunities to extend the life of these products and materials (through a next-best-use methodology) will remain a high priority in the coming years as we continue to build and evolve our circularity strategy. This is also part of our internal policy to ensure that our damaged returns and excess inventory never end up in landfills.

Over the past year, we have continued to address the damaged returns we receive back from customers in collaboration with our longtime sortation partner, [Debrand](#). (For details on our full approach, please see our [2022 Impact Report](#), starting on pg. 62.) Through this partnership, we continue to see both a challenge and opportunity to extend the life of these products and the natural resources that went into making them, using the [Waste Hierarchy](#) as the framework that guides our work and ensures none of our returns or damages are ever landfilled.

Why We Care About Consumer Use

"Consumer use" impacts related to cleaning practices can contribute over 20% of a product's carbon footprint and can have further downstream impacts on microfiber shedding and pollution (which is an emerging and concerning area of scientific research). While it is imperative we do our part to minimize the social and environmental impacts of our product inputs and supply chain practices, we also need our customers to care for their products in ways that minimize consumer use impacts and extend the life of their garments. That's why we recommend the following consumer use practices:

- **Wash with Cold:** Using cold water to wash your garments during home laundering is one of the best ways to reduce energy, water consumption, and greenhouse gas impacts related to laundering your products. Additionally, new [scientific evidence](#) shows that cold wash cycles significantly reduce microfiber shedding in all material categories (natural and polymer materials).
- **Air Dry:** Hanging or laying your garments flat to dry is another great way to reduce the energy consumption and greenhouse gas emissions associated with consumer use. Air drying has another added benefit too—it reduces the wear and tear of clothing over time, helping to preserve your garments for a longer lifetime.
- **Minimize Microfibers:** Use existing microfiber mitigators, such as a washing machine filter or microfiber catcher (like the Guppyfriend or Coraball) to minimize harmful microfibers from shedding into local waterways and oceans.



A Note on Microfiber Pollution

Though [all microfiber pollution](#) can have negative impacts, we are particularly focused on mitigating plastic microfibers, the most harmful source of pollution in our waterways. The best way we can do this is to minimize polymer use (even recycled) in our products. As a rule of thumb, we will only add polymers to a product where there is a clear performance or durability need, and when no other alternative provides the same attributes. Today, less than 10% of our fibers by volume are polymers, half of which are used exclusively in durable, tight-woven products like bags, outerwear, and footwear—all products that have a low likelihood of being washed frequently, if at all, and therefore lower-risk for shedding harmful microplastics. The remainder of our polymer use is relegated to product categories that have a clear need, such as swimwear and activewear. In these cases, we suggest that our customers use microplastic mitigators for washing. We are also keeping tabs on the latest scientific and industry research (from organizations such as [5 Gyres Institute](#) and the [Microfibre Consortium](#)) to inform our approach and mitigation strategies, and support organizations doing the work (such as [Surfrider](#) and [Oceana](#)) to research and remove plastic pollutants from our oceans and waterways.

Debrand

Debrand exists to help brands extend the life of their products—and the precious resources used to make them—as many times and ways as possible. Our partnership with Debrand provides us with advanced tech-enabled sortation services that allow for the reuse, recycling, and downcycling of product (that other brands would deem as waste) through their vetted network of providers.

Together we are scaling our program conscientiously, trialing innovative recycling opportunities, gaining valuable insights about how our product performs in secondhand markets, and making sure that our products have the longevity we intended for them. We have full transparency around the end-use and destination of the products we process with Debrand, so we ensure that our damaged returns never end up in landfill.

Post-consumer cashmere sorted by color and ready to be turned into renewed yarns for our ReCashmere® product.

Damaged Returns Project Outcomes (2023)

Waste Hierarchy Category	Everlane Efforts	% of Product	Key Learnings
Avoid & Reduce Waste	Avoid "Seconds" via Improved QC Processes & Light Refurbishment	$\leq 5\%$ of Total Returns	<p>We are able to avoid and minimize waste from the outset by tightening our quality control (QC) process for returns and incorporating light refurbishment.</p> <p>These efforts have lowered our seconds/damaged returns rate by half over the lifetime of this project.</p>
Reuse	Resale & Donation	85%	<p>85% of our damaged returns are perfectly usable, despite their cosmetic blemishes (up 8% from 2022). 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.</p> <p>In 2023, we partnered with 3 reputable US-based resellers and 1 US-based donation partner.</p>
Recycle	Upcycle / Remanufacture	<1%	<p>For the first time this year, we partnered with Make Aneew, a B2B Circular Design Recycling Center that recaptures value from damaged and discarded clothing through remanufacturing. Make Aneew creatively transforms this product by cutting around the damage and redesigning the remaining materials into an entirely new product in a repeatable and scalable way.</p>
Recycle	Textile-to-Textile Recycling	<1%	<p>We continue to identify innovative textile recyclers and provide them with our damaged products that meet their particular specifications (details like fiber content, chemistries applied, application of trims, and volume minimums). In doing so, we are contributing to their pilots while gaining key learnings in the process. This is an exciting exit channel that is still in the nascent stages and has not yet been built for scale. This percentage is low in 2023 because we are working to consolidate volume to send to the innovators for future recycling trials. We hope to see a future where all damaged products can be turned back into feedstock for new yarns and fabrics.</p> <p>In 2023, we partnered with one innovative recycling partner. We expect this number to increase in the next few years as we identify new innovators that align with our product specs.</p>
Recycle	Downcycle / Fiber Reclamation	11%	<p>Products that do not meet the eligibility specs for textile-to-textile recycling trials, and that are too damaged for remanufacturing, are downcycled. These products are shredded into materials that are then repurposed into insulation, upholstery stuffing, and carpet padding. This statistic is down 5% from 2022.</p> <p>In 2023, we partnered with one downcycling partner based in the US.</p>
Energy Recovery	Waste-to-Energy	3%	<p>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 the last resort option for damaged products and primarily consists of damaged footwear, which currently do not have opportunities for recyclability (this excludes the Forever Sneaker, which was designed for recyclability, and our rain boots). This statistic is down 2% from 2022.</p> <p>In 2023, we partnered with one waste-to-energy partner based in the US.</p>

3. Keep Earth Cool



The science is clear...

Increased concentrations of carbon dioxide and other greenhouse gasses is not just bad on its own—it is also contributing to biodiversity loss, threatening water stress and food insecurity, and increasing severe weather events.

The Intergovernmental Panel on Climate Change (IPCC) continues to issue the urgent call for every person, government, and company to play their part in limiting warming. At Everlane, we take this seriously.

Our goal is to reduce Everlane's carbon footprint in line with the Paris Agreement's 1.5°C warming pathway, as quickly as possible. We have set near and long-term science-based climate targets to track our trajectory and transparently report on our progress.



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).

*Based on our 2019 baseline measurement

Since 2021, we have been on an ambitious journey to reduce our climate impacts in line with the 1.5° pathway set forth by the Paris Climate Agreement and Science Based Targets Initiative (SBTi). Through SBTi, we have committed to near-term and long-term greenhouse gas reduction targets. We call this plan 3, 2, 1, Net-Zero.

Our Carbon Reduction Progress

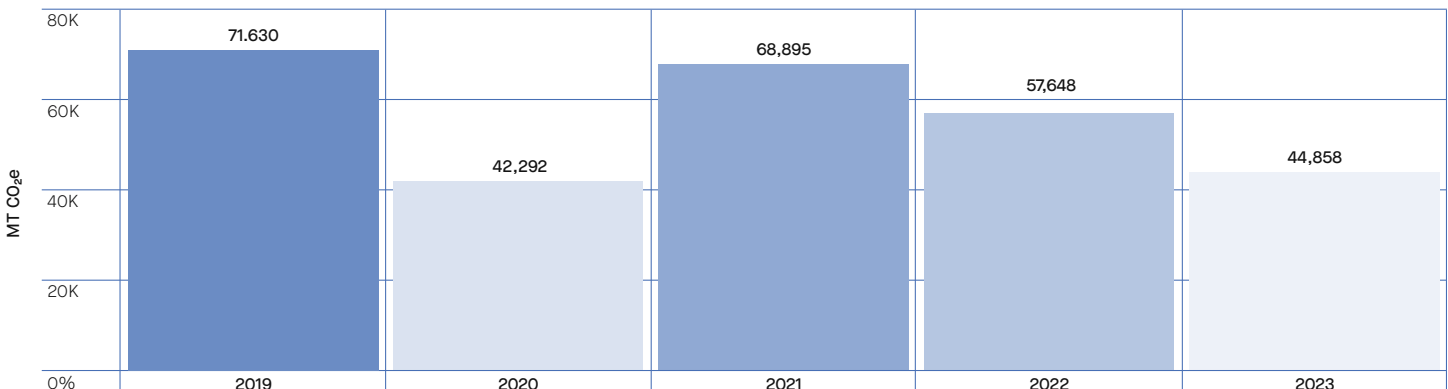
Since 2019, we have measured our Scope 1-3 greenhouse gas emissions annually, following the Greenhouse Gas Protocol's guidance for carbon accounting. Through our strategic emissions interventions, we are demonstrating meaningful progress towards achieving our ambitious 2030 Science Based Targets (SBTs)—in 2023, our Scope 1-3 absolute emissions measured **38%** lower than our 2019 baseline, which equates to a **24%** decrease in Scope 3 per-product emissions within the same time period.

We recognize that our greenhouse gas reduction journey will not necessarily be linear year-over-year, but we are incredibly encouraged by the downward trend we see from our annual measurements. With our 2023 progress and our plans for further reductions in the coming years, we are confidently on track to achieve our 2030 SBTs.

The decrease in our 2023 emissions was primarily due to reduction efforts made to our Scope 3 impacts, attributed to interventions that are in our direct control:

deliberate changes made to our materials and sourcing methods, transportation routes, strategic co-location of our raw materials and manufacturing processes, and overall production of fewer (but better!) styles in line with our product design strategy. We will continue to make progress in each of these areas in the coming years, but will also begin addressing the areas of our Scope 3 emissions that are not within our direct control, but that we must influence and incentivize in order to reach our 2030 SBTs (and Net-Zero targets beyond that).

Annual Scope 1-3 Emissions* (MT CO₂e)



*Excluding customer use phase

GHG Emissions by Scope (2019-2023)

GHG Emissions (MT CO ₂ e)	2019	2020	2021	2022	2023
Scope 1	55	39	46	50	87
Scope 2*	96	82	136	248	243
Scope 3	71,479	42,171	68,713	57,350	44,528
Total	71,630	42,292	68,895	57,648	44,858

*Measurements before any RECs/EACs are accounted for.

GHG Emissions Per Product (Scope 3 SBT Target)

Product Carbon Footprint	2019	2020	2021	2022	2023
Scope 3 GHG Emissions (MT CO ₂ e)	71,479	42,171	68,713	57,350	44,528
Weighted Average GHG Emissions Per Unit Produced (kg CO ₂ e)	18.42	11.16	13.16	14.36	13.96
Intensity Reduction from 2019 Baseline	—	39%	29%	22%	24%

Renewable Energy Credits & Offsets* Supported in 2023

Offset Type	MT CO ₂ e Offset
Scope 2 Electricity RECs RECs purchased to offset Scope 2 emissions from purchased electricity, in addition to Scope 3.3 (transmission and distribution of electricity) and Scope 3.7 (work-from-home electricity consumption).	369
Customer Freight Offsets Offsets purchased for customer opt-in at check-out.	1,044

*We support a small number of carbon removal offsets that help to build ecosystem resilience and contribute to carbon sequestration. For more on our approach to offsets, please see page 48 of our [2021 Impact Report](#), as well as our [Voluntary Carbon Offsets Disclosure](#).

Wool That Keeps On Giving—To You and the Environment

A key part of our approach to responsible sourcing and preferred fibers includes farming practices that sequester carbon, restore soil health, and support biodiversity. Since 2021, we have been working with industry leaders (like the [Rodale Institute](#), our 2021 BFF partner) to better understand the ecological benefits of regenerative farming, supporting the transition to regenerative practices, and measuring environmental outcomes in the process.

In the past few years, we have introduced regenerative materials in both our cotton and wool programs, establishing traceability and measuring beneficial outcomes as a result.

For our 2023 Black Friday Fund, we partnered with the experts behind our Good Merino Wool: [The New Zealand Merino Company \(NZM\)](#). A major supplier of responsible (RWS) and regenerative (ZQRX™) wool, NZM has been setting the highest wool standards for fiber quality, animal

welfare, and environmental and social responsibility since 2006.

Grown using regenerative farming practices on over 4 million acres of land, ZQRX™ wool cuts down on carbon emissions while supporting soil regeneration and building a positive future for Merino farming. NZM growers are invested in long-term improvements and assessed against 15 key indicators across environment, animal welfare, and people. They demonstrate regenerative agriculture practices and a commitment

to ongoing measured improvements. This includes focusing on carbon sequestration and soil regeneration, which lie at the heart of regenerative principles and reduce the environmental impact of wool production.

Building on the success of our Good Merino Wool collection and recognizing the potential for further environmental impact reductions, we wanted to continue to support NZM's mission by expanding the network of regenerative farmers within their collective.

Our 2023 Black Friday Fund donation is facilitating the transition to regenerative farming across 8 of NZM's farms—covering a total of 43,289 hectares of land and 33,000 sheep—at no cost to the growers themselves.

Merino sheep from an NZM farm.



This partnership exemplifies our mission to create a cleaner industry where environmental and social considerations are prioritized, driving positive change for the planet and the life it supports.

Keep Earth Clean

→ Regenerative farming aims to reduce natural resource consumption, regenerate soil health, and protect and restore natural spaces and waterways. NZM's emphasis on native plant restoration helps to support and enhance life in and above the soil, and protect critical waterways and riparian buffers near farmland.

Keep Earth Cool

→ Practices like livestock integration, responsible grazing practices, and soil health management can help mitigate the impacts of climate change, drawing carbon from the atmosphere and into the soil. Unlike companies that rely solely on offsets to pay for their carbon emissions, we are investing directly in our supply chain for tangible carbon reduction.

Do Right By People

→ Regenerative wool farming can have transformative effects on growers and their land, creating community in the process. This project will help establish a network of like-minded growers to build land health knowledge and introduce holistic management techniques. This is expected to

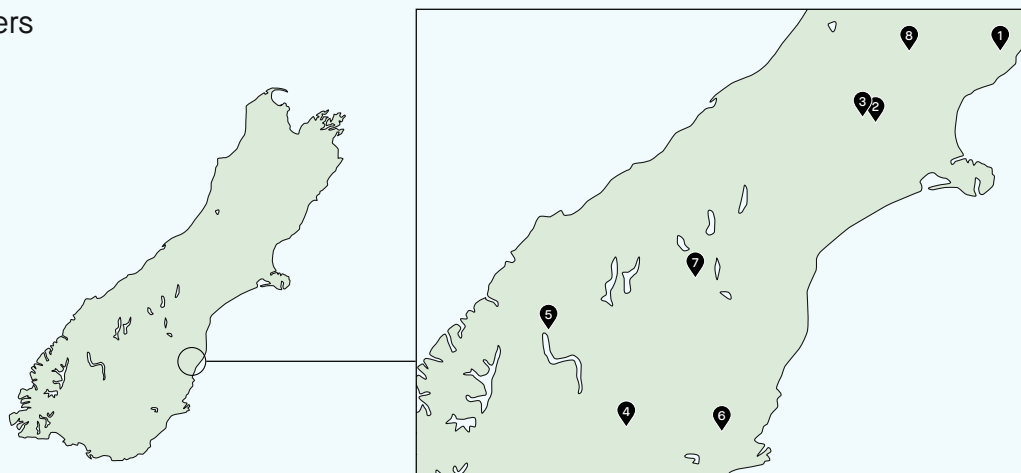
accelerate positive, regenerative land health outcomes, enhance farmland productivity, and create economic opportunities for grower communities.

The primary goal of this BFF project is to fund wool farmers in their transition to regenerative farming over the next 12 months. This transition requires hands-on learning and diligent data collection to assess the effectiveness of these practices over time.

Growers will first work with a local New Zealand soil consultancy firm to conduct a comprehensive land health assessment and establish the baseline state of our eight chosen farms, allowing for the tracking of improvements over time. Through on-farm workshops, growers will learn livestock integration and responsible grazing tactics, how to conduct visual land health tests, and how to balance soil minerals effectively. Most importantly, they will learn to independently conduct these assessments, enabling them to become proficient in the methodology and empowering them to continue this work autonomously in the future. The comprehensive land health assessments will yield invaluable data, allowing growers to track soil sequestration and biodiversity improvements, and identify areas for further enhancement and environmental reductions.

We look forward to the quantifiable benefits and learnings that this project will provide—to us and the growers. We will be supporting the growers through every stage of their transition to regenerative farming and will continue to report on their progress and outcomes as we learn more.

2023 Black Friday Fund Growers



1. Spring Terrace – Phil & Lynda Dickson

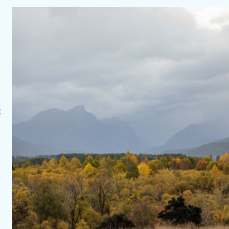
Spring Terrace is run by Phil and Lynda Dickson. Phil and Lynda put a lot of effort into controlling weed and pest species on Spring Terrace to protect and enhance the native flora and fauna. They are open to trailing new ideas and are actively engaged in conservation projects, including extensive native planting. Their land health management strategy is to focus on sustainable practices like direct drilling and strategic fertilizer use. They show a commitment to continuous improvement and are very passionate about soil health.



Cheviot, South Canterbury Area: 525 hectares Sheep: 3,600

5. Rees Valley – Kate Scott

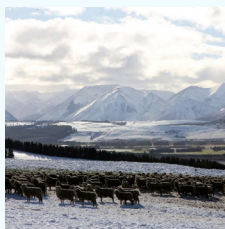
Rees Valley Station is a High Country sheep and cattle station, located near the township of Glenorchy at the Head of Lake Wakatipu. The current owners are the Scott family who first purchased the property in 1905. Kate, Diane and Eric are the fourth generation of the family to live on the property and their mother Iris is a well-known long-term Glenorchy resident, veterinarian, and subject of the 2012 book *High Country Woman: My Life on Rees Valley Station*. The Scott family is heavily involved in local community conservation and has large amounts of regenerating bush at Rees Valley.



Glenorchy, Queenstown Lakes Area: 18,000 hectares Sheep: 5,312

2. Cleardale – Ben Todhunter & Donna Field

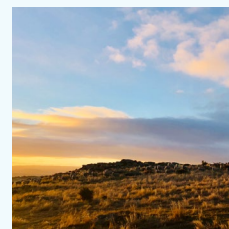
Cleardale is run by Ben Todhunter and his wife Donna Field and has been run by the Todhunter family for four generations. Ben is interested in the genetics and profitability in breeding, managing three different studs on the farm; merino and quarterbred sheep, and Angus Cattle. Their focus is to continue to enhance the land and habitats, whilst maintaining a healthy business they can pass onto the next Todhunter generation.



Rakia Gorge, Canterbury Area: 1,400 hectares Sheep: 11,900

6. Matarae – Willie & Emily Jones

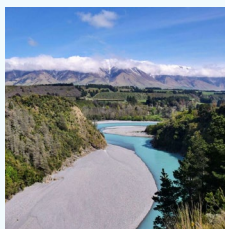
Willie and Emily Jones run Matarae, located near Middlemarch in Central Otago. The Jones have been breeding merinos on Matarae since Willie's parents—Ron and Juliet—switched to this sheep breed in the 1980s. They have a great understanding of key land management techniques and strategically soil test each year to inform their decisions around fertilizer use. Ensuring that their farming practices enhance the land for future generations is of great importance to the Jones family.



Middlemarch, Otago Area: 6,700 hectares Sheep: 18,000

3. Black Hill – Duncan & Fiona Ensor

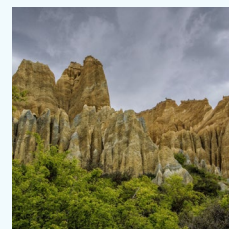
Duncan and Fiona have been farming Black Hill since 1999. The property has been in the family since 1916. Their children are 5th generation and are involved in aspects of the business. Duncan has been making lots of improvements to the biodiversity of Black Hill: 70ha of regenerating broadleaf forest, fencing off 50ha of wetlands, and planting native trees to create bird corridors. They are also monitoring changes throughout the farm through water health assessments, biodiversity monitoring, and visual soil assessments.



Rakia Gorge, Canterbury Area: 2,700 hectares Sheep: 9,098

7. Ahuriri Downs – Andrew & Diedre Sutherland

Andrew and Deidre Sutherland run the Ahuriri Downs Station with their children Charlotte, Anna, and Hamish. The property, established in 1916 when the original landholding of Benmore Station was first split up into grazing runs, rises to an altitude of about 2,000m. Merinos thrive in the extreme seasonal changes of the Omarama Basin—a characteristic that passes on to the merino garments made from their wool. They are passionate about their stock and are always looking at ways to improve their genetics.



Mackenzie Country, South Canterbury Area: 5,400 hectares Sheep: 4,200

4. I.D. – Norman Roos

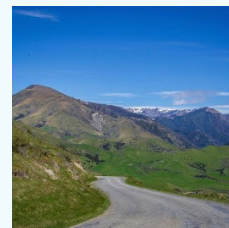
Norman Roos purchased I.D after a career as a shearer. Since owning I.D, Norman has been investing in extensive soil testing to improve the soil health of the property, controlling noxious weeds, and protecting areas of native bush. A key focus for them regarding soil health is to reduce reliance on synthetic inputs. They've been experimenting with various methods to achieve this, including using chicken manure and incorporating biological stimulants like fish and seaweed into their crop rotation.



Roxburgh, Otago Area: 1,064 hectares Sheep: 1,800

8. Lake Taylor – David, Rosemary, Joe, & Andrew Gunn

Lake Taylor is run by Rosemary and David Gunn alongside their sons, Andrew, Joe, and his wife Emma. They actively monitor biodiversity on the farm through water quality testing, as well as invertebrate and fish counts in the waterways. Collaborating with the local council, they are in the process of protecting waterways on and around their property. They are interested in ways to enhance soil health and are open to exploring different methods to their previous practices.



Hurunui, North Canterbury Area: 7,500 hectares Sheep: 5,039

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 the fastest. The details in this chart outline some of the interventions we are focusing on to reach our goals.

Scope Definition	Importance	Goal*	Interventions
Scope 3 Our Value Chain & Product Scope 3 emissions are indirect emissions that occur in our value chain, and are calculated both upstream and downstream of our operations.	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. Scope 3 also includes transportation, warehousing and distribution, employee commuting, customer use and end-of-life emissions.	Reduce Per-Product Emissions by 55% by 2030	Raw Materials <ul style="list-style-type: none"> → Increase the use of low-impact material alternatives, increasing recycled, organic, regenerative, and renewable content in our products. → Partner with farmers in our supply chain to support and adopt organic and regenerative agriculture practices. Manufacturing <ul style="list-style-type: none"> → Engage suppliers in Higg vFEM adoption to measure, benchmark, and achieve emissions reductions. → Identify high-GHG processes and partner with suppliers to implement lower-emissions techniques through our partnerships with Aii and MCAP. → Encourage, incentivize, and financially partner (where possible) with suppliers to adopt efficiency measures in their operations and convert to renewable electricity. Product Design <ul style="list-style-type: none"> → Design for product longevity, repairability, and low-impact care without sacrificing high quality. → Optimize material yields and minimize waste in production, across all product types. → Prioritize lower-impact production processes, such as closed-loop processes. Transportation <ul style="list-style-type: none"> → Reduce air shipments of raw materials and finished products. → Encourage and incentivize customers to use ground shipments for purchases and returns. Educate & Engage <ul style="list-style-type: none"> → Continue to engage internal cross-functional teams in emissions education targets/KPIs, best practices, and training. → Educate customers on lower-impact methods, such as for customer care, reuse, and ecommerce shipping.
Scope 1 & 2 Our Stores & Offices Scope 1 emissions are direct emissions generated from owned or controlled sources (like heating our stores and offices with a boiler). Scope 2 emissions are indirect emissions generated by purchased electricity from the grid.	Although Scope 1 & 2 emissions account for less than 1% of our overall footprint, we can make meaningful changes to reduce emissions in our built environment. Even as we open more stores or expand office spaces, we must reduce our total scope 1 & 2 emissions to be 46% below our 2019 baseline level.	Reduce Absolute Emissions by 46% by 2030	<ul style="list-style-type: none"> → Increase energy/electricity efficiency and reduction measures in our built environments (leased offices and stores). → Screen future store and office locations for energy/electricity efficiency and design build-outs with best practices for minimal energy and electricity usage. → Purchase high quality renewable electricity credits (RECs/EACs) that demonstrate additionality, and, where possible, social or environmental justice impacts. Consider power purchase agreements (PPAs) where applicable. → We are also an EPA Green Power Partner and committed to sourcing 100% percent green power for our electricity use in our retail and office locations.
Net-Zero Our Long-Term Goal for Climate Mitigation 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.	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. 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.	Achieve Net-Zero Emissions by or before 2050	<ul style="list-style-type: none"> → In line with SBT guidance, reduce our scope 1–3 emissions (past our 2030 SBT goals) by 90% through direct interventions, value chain influence, and incentivization. → Offset unavoidable emissions through high quality carbon removal and sequestration offset projects with the help of our partners, such as Native.

*All goals are measured against our 2019 baseline.

Apparel Impact Institute

Working with our suppliers on their own carbon reduction plans is an ambitious goal that will take transparent partnership and shared investment across our nominated suppliers, the Everlane sustainability team, and external experts who specialize in supplier decarbonization. To achieve this ambitious goal, we kicked off a formal partnership with the Apparel Impact Institute (Aii) in 2023.

Mulberry farms that supply our Clean Silk production.

Aii works with suppliers to identify and validate the most relevant initiatives and opportunities to deliver significant outcomes at scale. They provide funding and investment into relevant program areas in the textile industry, measure impacts and outcomes through data-driven, science-based primary inputs, and scale efforts to maximize impact. Aii focuses on Tier 1 and Tier 2 supplier processes across the three main impact areas, shown below.

At the time of writing this report, 18% of our Tier 1 and 28% of our

strategic Tier 2 suppliers are already participating in at least one of Aii's programs, including the Carbon Leadership Program (focused on setting and achieving carbon reduction targets) and Clean by Design + Energy & Water (an improvement program reducing environmental impacts across energy and water in wet processing facilities). In 2024, we have secured a budget to launch additional Aii programs with up to 5 strategic facilities in our value chain.

Impact Areas



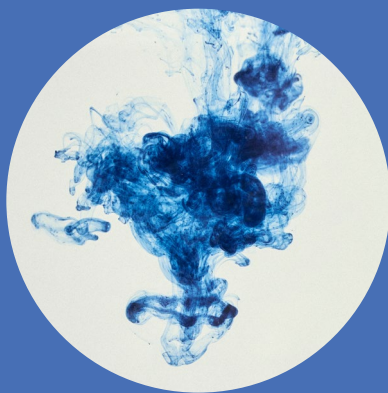
Energy

Focus on efficiency and renewable energy sources to reduce greenhouse gas emissions.



Water

Prioritize reductions in water consumption and effluent through increased process efficiency and production innovations.



Chemistry

Eliminate or reduce the use of hazardous chemicals in production.

Future Thinking

Over the next year and beyond, we are building on our successes in greenhouse gas reductions, doubling down on the interventions that we know are working, and expanding to the next level of our reduction efforts focused on supplier decarbonization. To do so, we have a three-pronged plan of action:

1. Primary Data-Informed Approach

Engage suppliers in the continued collection of primary data through verified Higg FEM to measure and benchmark, identify hotspots, set site-specific targets, and achieve emissions reductions.

2. Assess Decarbonization Opportunities

Identify high-GHG processes and partner with suppliers to implement lower-emissions techniques, prioritizing co-benefits for water and chemistry use, efficiency, and ZDHC practices in the process. Partner with industry experts and leaders, such as Apparel Impact Institute (creators of Clean By Design) and Cascale (creators of the Manufacturer Carbon Action Program, MCAP), to identify suppliers with high potential for decarbonization and support them along their journey, co-financing these efforts where possible.

3. Implement Decarbonization Practices

Encourage and incentivize suppliers to set their own SBTs, adopt efficiency measures in their operations, and convert to or purchase renewable electricity.

40% of our Tier 1 suppliers have already adopted renewable energy.



Profits Fund, a LEED certified factory that uses on-site solar.



Nature Makes the World Go Round

Biodiversity underpins every aspect of life on our planet—but it's currently declining at an unprecedented rate. With a greater understanding of the interconnectedness of nature, climate, and the health and well-being of people, we know that we must protect and restore Earth's ecosystems with the same urgency as mitigating climate change—focusing on nature-related goals that are complementary to, and not in lieu of, our ambitious climate targets.

Our industry relies heavily on natural resources, from the raw materials we source at the farm level to the ecosystems that support all life and habitats. Preserving biodiversity ensures the health and resilience of these ecosystems, which in turn sustains the planet's natural resources and supports the communities and livelihoods connected to them.

As we dive deeper into our understanding of this crisis, we are evolving our approach to ensure that the work we do across our sustainability pillars remains complementary to one another, focusing on solutions and action-oriented goals addressing the industry's impacts on the planet and the life it supports. To build on our existing goals and strategy, in 2023 we took part in a cross-sector educational program with Pure Strategies called the [Nature Action Forum](#), to better understand the risks of critical biodiversity loss across land and freshwater. This program aims to equip us with the necessary tools to measure our impacts accurately, inform our goals, and identify actionable solutions to

mitigate the adverse effects on nature.

We are committed to promoting practices that minimize our impact on ecosystems and support biodiversity conservation. This includes sourcing materials sustainably (through organic, regenerative, and FSC-certified and deforestation-free sources, as well as prioritizing recycled inputs where possible), reducing waste and pollution across our manufacturing practices, and minimizing our impacts to water consumption and effluent. Many of our existing goals in our Keep Earth Clean and Keep Earth Cool pillars already operate in service of these broader ideas—over the next year we plan to work closely with Pure Strategies to formalize initiatives that will protect and restore natural habitats and resources.

By focusing on nature and biodiversity in conjunction with our Science Based Targets across our supply chain, we can contribute positively to the health of our planet and the well-being of current and future generations.



Tackling the interconnected crises of rapid climate change and biodiversity loss over the next decade is a massive undertaking, but it is one we feel is worth prioritizing. We are already working to address our impacts to nature and climate the following ways:

- [Everlane's Science Based Targets](#)
- [Materials Policy](#)
- [Forestry Policy & Commitment to Deforestation-Free Materials \(Leather & MMCFs\)](#)

4. Do Right by People



People Matter

From Day 1, we committed to conscientious business practices that honor and uplift all rights for all people. We're 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 Do Right By People Priorities



Fair Wages

Partner with third parties to perform pay audits, benchmarks, and work towards achieving living wages throughout our supply chain.



Equity & Inclusivity

Promote gender empowerment through equal opportunities and equal pay, and foster an inclusive work environment through DEI policies and internal trainings.



Community Engagement

Partner with external organizations to fund and participate in projects at the intersection of social and environmental impacts in our communities.

Supplier Social Responsibility

We only work with vendors who meet our strict standards for social responsibility, ensuring that those working in the factory are fairly compensated, fairly managed, and have a safe working environment.

In addition, we seek out and prioritize relationships with factories that go above and beyond local laws to incorporate environmental management systems that reduce their impact on the planet. The first step to accomplishing our social and environmental goals is knowing our suppliers, which starts with transparency and traceability within our value chain. We strive for complete supply chain transparency, tracing our production process from the farm to the final product. Our emphasis on transparency allows us to properly assign risks and due diligence, pinpoint areas where we can improve, and ensure fair and equitable treatment for the people in our value chain.

Supply Chain Visibility

We have robust transparency and tracking measures built into our Tier 1 & 2 supplier relationships, but visibility gets more complex as we move further up our supply chain. The overall lack of transparency in the apparel industry supply chain stems primarily from the fact that multiple facilities and farms can

contribute to the production of a single fabric. This, combined with low-tech manual tracing programs and the absence of a singular tracking system across all material types, makes it incredibly difficult to fully trace a garment back to its raw material. Supply chain mapping is a tactic we use to help us improve our understanding of impacts and opportunities to fulfill our mission and stay true to our values.

The biggest gap in our supply chain visibility begins with suppliers in Tier 3 and beyond. So, in 2023, we underwent a supply chain mapping exercise as part of our "Blue Prints" water footprinting project with UCSB, focusing on suppliers associated with three of our largest material types and accounting for 84% of total volume (based on 2022 volume data): cotton, MMCs, and polymers. The mapping exercise offered valuable insight into our supply chain, allowing us to map each of our fabrics using these materials to its associated Tier 3 supplier and Tier 4 country of origin/producer group. While the information was collected through a survey questionnaire, 74% of the data we gathered was third-party verified, with the remaining data verified by our internal team through documentation review.



Tier 1 Factory Highlights

87%

have social or environmental certifications that go above and beyond industry standards

40,600+

workers in our Tier 1 supply chain

70%

of workers identify as women

87%

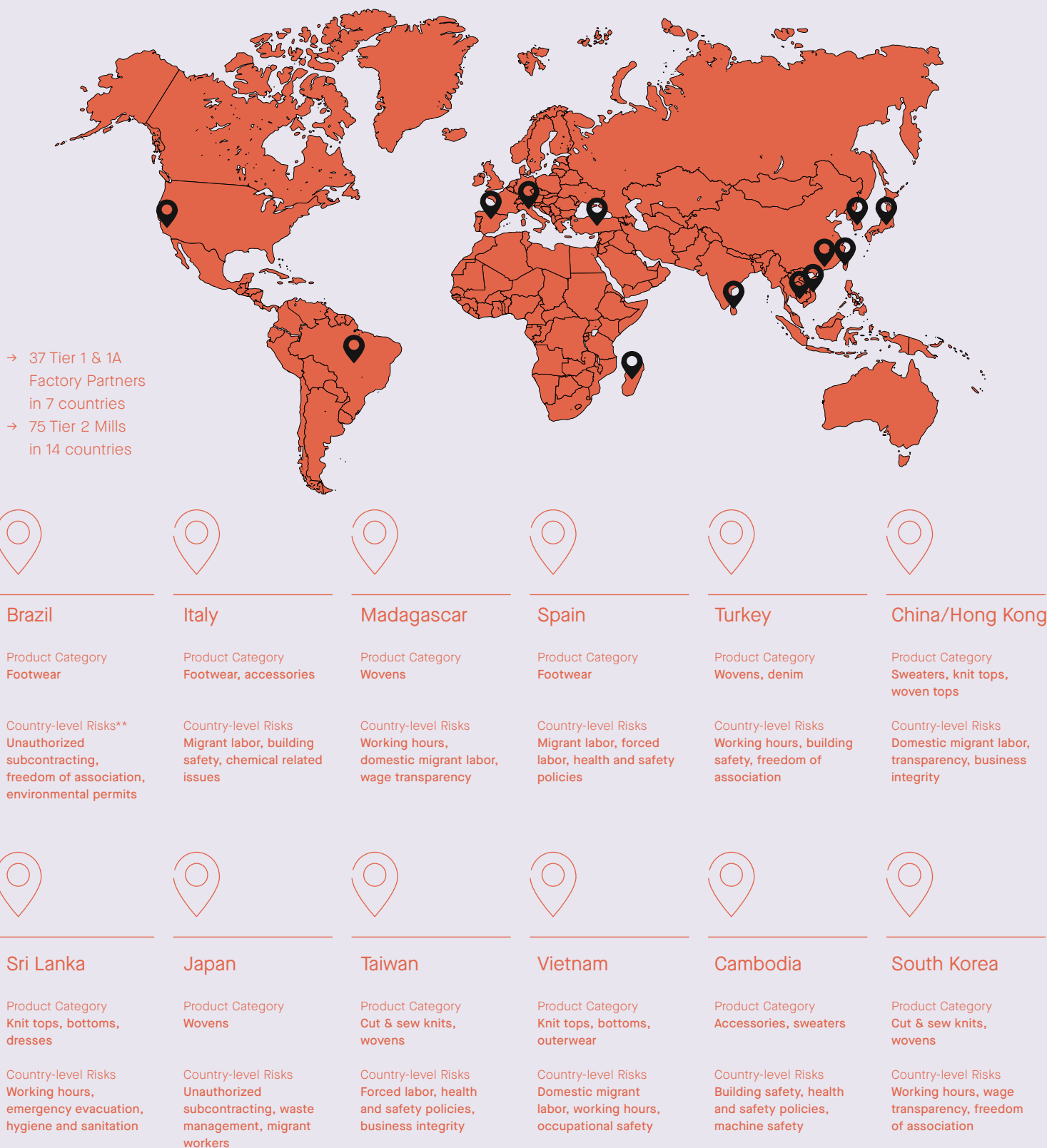
have an active trade union

58%

of Tier 1 factories offer worker well-being benefits*

*Well-being benefits include: subsidized housing, educational stipends, free childcare facilities or stipends, free health check-ups, free meals, travel stipends, or free transportation to work.

Everlane Supply Chain Map*



*This map is representative of the geographical locations of our Tier 1 and Tier 2 partners.

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

Supply Chain Visibility & Challenges

Supply Chain Tier	Description	Visibility Level	Challenges	Improvement Efforts & Future Goals
Tier 1	Finished Production Assembly Assembly and manufacturing of final products	100%	We do not own these facilities, but we have strong direct relationships. Our volumes, and therefore leverage, are relatively small compared to other brands. We can influence and incentivize best practices but do not have direct control over actions or outcomes.	Continue to rely on 3rd party auditors to perform due diligence and ensure social compliance. Leverage certifications and other tools (like Higg FEM) for social and environmental improvements, focusing on continuous improvement.
Tier 2	Materials Production Production and finishing of materials that go directly into finished product	100%	We do not own these facilities, but we have strong direct relationships. Our buying power and influence is greatly reduced due to our volumes, one step removed from Tier 1. We can influence and incentivize best practices but have limited leverage in the decisions and outcomes.	Continue to rely on certifications, tools (like Higg FEM), and 3rd party audits to gather primary data and benchmark performance. Narrow the number of suppliers and focus resources on initiatives with key suppliers that will drive impact.
Tier 3	Raw Material Processing Processing of raw materials into yarn and other intermediate products	85%	We often do not have direct purchasing or development relationships with these facilities, which make up a very complex supply chain with multiple facilities and farm inputs contributing to the production of a single yarn or fabric. This makes it difficult to know which facilities produce fabric that we ultimately buy downstream.	Continue to adopt preferred fibers and materials that are built on verified traceability and chain of custody best practices. Build on our supply chain mapping exercise into 2024 and beyond, gathering valuable data about our upstream suppliers.
Tier 4	Raw Material Extraction Cultivation and extraction of raw materials from the earth, plants, or animals	80%+ producer group-level and/or regional visibility (ie. organic cotton producers, wool growers, silk farms, etc.)	We currently have very few direct relationships with raw materials suppliers. For most material certifications/ standards, privacy concerns make it difficult to gain exact farm addresses where fiber is grown/harvested. Traceability and mapping are technically difficult and unverified if no tools exist.	Continue to adopt preferred fibers and materials that are built on verified traceability and chain of custody best practices, lending key insights to the producer groups that supply our raw materials. Long-term: gain full supply chain traceability and transparency while building direct relationships with growers and producers.

Wages and Payments

Correct Payments and Gender Parity

We collect verified, in-depth wage data as part of our annual social compliance assessments. Year over year, 100% of our Tier 1 factories pay at or above the local minimum wage to all workers, averaging 73.4% higher hourly wages than local legal requirements.

Ensuring equitable wages across genders is as important as timely and accurate payments, and Everlane remains committed to guaranteeing wage parity at all our partner facilities. Our factories have a 100% gender payment affirmation rate, indicating that women are paid equally or above the rates paid to their male counterparts.

Living Wages for Our Factories

Unlike minimum wage, which often represents the legal minimum payment set

by governments and may not be sufficient to meet the cost of living, a living wage is calculated based on the actual costs of living in a specific geographic area. By paying a living wage, factories can ensure that workers can afford a decent standard of living.

We understand that conducting living wage gap analyses and ultimately paying a living wage can be a challenging undertaking for our partner factories. But, we're encouraged by the increasing recognition within the wider apparel industry about the significance of implementing living wage standards. Notably, this collective push has led to a rise in the number of our preferred material certifications that now include mandates for living wage requirements. One such example is the recent update to the Global Organic Textile Standard (GOTS) 7.0 Standard, which includes a requirement for living wage analysis and verified plans to transition toward providing living wages for workers to maintain certification status. We anticipate that these revised standards will offer additional clarity and direction for our suppliers who are GOTS certified—a certification we prioritize for our organic cotton products.

We are also partnering with Tier 1 factories that have either conducted independent living wage analyses or are affiliated with certifications or standards such as [Fair Wear Foundation](#) and [Fair Trade](#), all of which are striving to achieve living wages. As of 2023:

- 9.1% are Fair Trade Association members.
- 5% have completed their own living wage analyses against the Global Living Wage Coalition and have concluded that 100% of their workforce is at or above the living wage for their respective countries.
- 2.3% are members of the Fair Wear Foundation.

Though facilities that have conducted living wage work currently only represent around 16% of our factory matrix, we are eager to continue conversations with our other suppliers in the years ahead. While addressing the living wage gap and implementing living wage standards may pose challenges for our partners, we remain committed to working collaboratively with them to create positive change.

NZM farmers inspecting ZQRX™ wool.



Sewing details at one of our shirting factories.



Our Auditing and Capacity Building Protocol

We've developed a three-stage auditing and risk protocol, so we can have eyes and ears at each facility—even if we can't physically

be there. For additional detail, please refer to our [2022 Impact Report](#), page 45.

Audit Protocol Stage	Overview	Additional Details
1. Initial Risk Assessment	We evaluate the potential partnership of a new supplier through our Initial Risk Assessment, which is rooted in our due diligence protocols. This allows us to determine if a prospective factory meets our social and environmental responsibility standards so we can move forward with a partnership.	<ul style="list-style-type: none"> → Code of Conduct Alignment: Conduct in-depth reviews of internal policies and practices to ensure prospective suppliers are aligned with Everlane's Code of Conduct. → Procedure Evaluation: Evaluation of supplier through self-assessment questionnaire, certification & documentation review, environmental practice review, and management of worker well-being programs at the facility. We also review and prioritize partnerships with facilities that hold additional certifications, including B Corp/Fair Trade/Fair Wear Foundation (14% of existing suppliers) and SLCP/Betterwork (57% of existing suppliers). → Country-Level Risk Assessment: Evaluate inherent country/region risk through the use of public and proprietary indices measuring risks of foreign migrant workers, wages, and freedom of association, among other things. We also use LRQA's Sentinel, an adverse media screening tool used to scan existing and prospective suppliers for ESG controversies across the web, to identify risks and determine which sites require further due diligence.
2. Annual Verification and Grievance Mechanism Assurance	<p>We partner with third-party, APSCA-certified audit firm LRQA (formerly ELEVATE) to carry out annual verification and worker sentiment surveys at our Tier 1 and 1A factories and strategic Tier 2 mills.</p> <p>100% of our Tier 1 and 1A factories undergo an unannounced social compliance audit through a verified third-party auditing firm each year.</p>	<p>Annual Verification takes place in one of two ways:</p> <ul style="list-style-type: none"> → On-Site Audits: We require annual third-party, unannounced on-site social compliance audits which cover 350+ compliance checkpoints, from health & safety issues to chemical management. → Equivalency (EQ) Reports: To maintain our high standards while alleviating audit fatigue, we partner with LRQA to perform equivalency mapping. This process takes recent audits conducted by entities other than Everlane at our lower-risk facilities and compares the results against our auditing requirements. These "EQ" reports allow for direct comparison with our standard protocol, ensuring data-driven comparability on the same grading scale for actionable next steps with a factory partner. 32% of our partner factories participate in Social Labor and Convergence (SLCP), an agnostic standard that reduces the number of audits suppliers need to undergo while still ensuring that labor and human rights standards are upheld. <p>We also require an added form of grievance mechanism, which occurs during annual verification:</p> <ul style="list-style-type: none"> → Worker Sentiment Surveys (WSS)*: Anonymous worker surveys are conducted at each on-site audit to collect real-time responses and feedback from workers. While facilities are expected to have their own internal, anonymous grievance mechanisms, we use these surveys as an added grievance mechanism to identify issues, guide efforts to enhance employee satisfaction, engagement, and productivity, and to inform the factory's corrective actions and training.
3. Continuous Improvement	To support our factory partners in continuous improvement, we offer capacity-building training and support. This includes thorough analysis of audit findings, assistance in developing Corrective Action Plans (CAPs) and improvement training, and clear expectations for addressing and resolving issues using root-cause analysis.	<ul style="list-style-type: none"> → Corrective Action Plans (CAPs): Following each audit or EQ, an extensive CAP is generated detailing audit findings and proposed solutions. Suppliers are required to demonstrate progress toward meeting our standards and provide evidence of corrective actions within an agreed-upon timeframe based on the severity and topic of findings. Any assessment that receives less than a 100% score is required to complete a CAP. → Training Tools for Capacity Building: We collaborate closely with our suppliers throughout the CAP process, conducting root cause analysis, and implementing continuous improvement measures. We provide access to training and tools to facilitate effective remediation efforts, including digital learning courses through LRQA's EiQ Learn and, when necessary, partnering with local NGO experts to engage suppliers and provide tailored training. → Re-Audits: Facilities that do not meet our audit requirements are required to go through a re-audit to demonstrate actionable and timely progress, following their CAP and capacity building.

*In 2023, an average of 14% of workers at each factory participated in WSS, ensuring a diverse representation of both male and female respondents. The number of workers surveyed was determined based on the size of both the facility and its workforce. Moving forward, we are collaborating with LRQA to reassess the methodology for selecting survey participants—we aim to increase the number of respondents to magnify representation and feedback, ensuring workers are able to share feedback in a safe and anonymous way.

Grievance Mechanisms

We recognize that the well-being and safety of workers in our supply chain involves more than just monitoring compliance with labor standards; it requires robust grievance mechanisms that empower workers to voice their concerns without fear of retaliation.

Our on-site audits always include a Worker Sentiment Survey (WSS)—where workers can anonymously report any instances of discrimination or safety concerns—which are directly sent to our team to review and action on. This process ensures that workers have a direct means of communicating with our team. That being said, we know it is duly important that workers have a direct line of access to our team to report any grievances, even outside of regular audit dates. We facilitate workers' direct communication with Everlane by prominently displaying our contact information, translated into their local language, on the Code of Conduct posted in factories. This enables workers to reach out to us directly. Our audit process also includes thorough assessments of the effectiveness of a factory's internal grievance mechanisms, ensuring that they offer anonymous reporting options such as hotlines, complaint boxes, or union representation for their workers.

Grievances reported directly to our team or through the Worker Sentiment Surveys (WSS) are tracked within our auditing management system to ensure that any issues found are documented and remediated. In the coming year, we are working with LRQA to increase the scope of questions asked during WSS and gain even further granularity into the worker responses—we look forward to publishing these results and outcomes once this work is complete.

This multi-faceted approach to grievance mechanisms not only enables us to address individual incidents of misconduct but also helps uncover systemic issues that may exist within the workplace. By actively engaging with workers and fostering a culture of transparency and accountability, we strive to create an environment where all employees feel safe, respected, and empowered to speak up against any form of injustice.

Workers with silk cocoons at our bluesign® certified silk factory.



Combating Modern Slavery

We vehemently condemn and strictly prohibit forced labor and human rights violations of all kinds in our supply chain. We stay up-to-date with anti-modern slavery organizations like [Stop the Traffik](#) to remain informed about current issues and best practices in combating these crimes and use systems like LRQA's EiQ and Altana AI to perform due diligence on our suppliers. Our social compliance audits enforce strict recruitment requirements for our suppliers aimed at identifying workers who may be at risk of exploitation, while the Worker Sentiment Surveys provide a confidential complaint mechanism for workers in our supply chain to report any issues. Our Supplier Handbook and additional forced labor policies prohibit suppliers from charging recruitment fees to workers, further safeguarding against potential vulnerabilities, and we're committed to purchasing prices that include wages as itemized costs to reduce the risk of worker exploitation. Moreover, we form long-term relationships with our suppliers, enabling stable employment for workers throughout our supply chain.

Notably, we do not source finished garments, fabrics, or raw materials from suppliers located in the Xinjiang Uyghur

Autonomous Region (XUAR) and conduct rigorous due diligence to assess any potential risks in our upstream supply chain. Our use of GOTS- and OCS-certified organic cotton, Supima®, and regenerative Good Earth Cotton® affords us a clear chain of custody of raw material inputs, verified through transaction certificates and/or blockchain-enabled traceability software. If a supplier is found to source from the XUAR region, they must seek alternative sources or face termination of our business relationship. Our commitment to this was reaffirmed by our participation in the [Coalition to End Uyghur Forced Labour's Call to Action](#) starting in 2021.

Additionally, our participation in the [Uzbek and Turkmen Cotton Pledges](#) signifies our opposition to forced labor and human rights abuses that are known in some cotton-producing regions. In March of 2023, we also recommitted to AAFA & Fair Labor Association (FLA)'s [Apparel & Footwear Industry Commitment to Responsible Recruitment](#), a proactive industry effort to address potential forced labor risks for migrant workers in the global supply chain. By actively supporting these pledges we stand firm in our commitments, ensuring that every tier of our supply chain upholds the highest standards of integrity and respect for human rights.

Tier 1 Factory Audit Performance

In 2023, we made significant progress in factory audit performance: 98% of our annual social compliance assessments received a green or yellow rating, up 16% from 2022. 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: to have 100% of our partners receive a green or yellow rating consistently year after year.

98% of our annual social compliance assessments received a green or yellow rating, up 16% from 2022.

Factory Audit Performance by Score* (2023)

Green Strong Performance	Yellow Good Performance, Room for Improvement	Orange Needs Support with Capacity Building & Root Cause Analysis	Red Requires Probation, Must Demonstrate Progress in Re-Audit
<p>59% of business by volume (14 factories)</p> <p>These are top-performing facilities for social compliance programs and adherence to local law who have scored between. Any non-compliance findings are minor.</p>	<p>39% of business by volume (23 factories)</p> <p>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 managed by Everlane's internal team.</p>	<p>2% of business by volume (1 factory**)</p> <p>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. Everlane reviews all of these in-depth CAPs to ensure they meet our improvement standards before the partnership can continue.</p>	<p>0% of business by volume</p> <p>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 (which are cause for automatic termination). 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 provide 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.</p>

*We categorize our factories' social compliance audit results using a color-coded system, reflecting the quantity and severity of noncompliance findings as well as required corrective actions.

**Only one facility scored below 70% (what we consider an "orange" score) and was guided through capacity building and specialized training before being re-audited. Following that, they were able to significantly improve their score to a "yellow" rating, in line with our minimum requirements.

We attribute our 2023 audit performance success to several factors, including: meeting with our factory partners more regularly throughout the year, providing ongoing support in their own social and environmental plans, and clearly communicating our expectations. Furthermore, we intensified our efforts in capacity building and emphasized root cause analysis—this allowed us to delve deeper into the issues identified during audits, targeting the underlying causes rather than merely providing quick fixes.

Our decision to consolidate vendors and prioritize long-term relationships with preferred suppliers has also proven instrumental in ensuring consistency and accountability throughout our supply chain operations. We regularly review our own internal practices, gather feedback from stakeholders, and seek opportunities to enhance our approach, and will continue to do so in the years to come. Our commitment to ongoing improvement is reflected in our dedication to providing resources, training, and support to our suppliers, empowering them to thrive in an ever-evolving landscape of social compliance.

Performance Outcomes

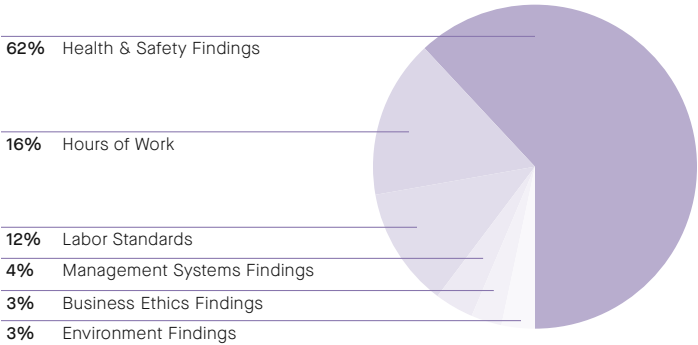
While we made notable improvements

in our factory audit scores over the past year, progress in performance remains an ongoing pursuit as we face challenges based on our size. Though Everlane is a meaningful partner to many of our factories, we often lack the leverage needed to enforce sweeping changes in a range of supply chain issues (from hours of work and labor standards to health and safety). Despite our size and the challenges that come along with it, we are dedicated to maximizing our influence and driving positive change wherever we can.

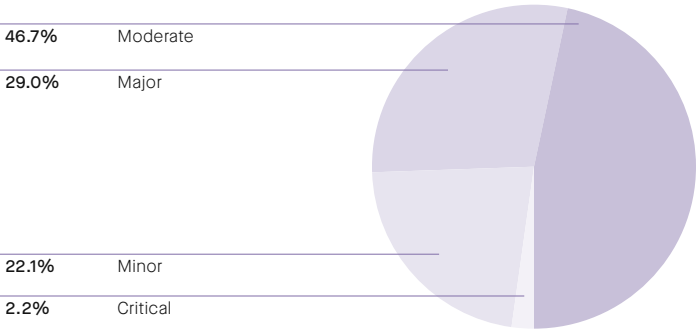
In 2023, health & safety (62%) and hours of work (16%) were the most common noncompliances found throughout our Tier 1 facilities. These issues are pervasive within our industry, and Everlane remains committed to ongoing improvement in these areas. We collaborate with our suppliers to increase the frequency of onsite safety inspections and review their internal protocols to ensure sustained compliance with regulatory safety standards. Further, we delve into their staffing dynamics to pinpoint the underlying reasons for overtime demands, ensuring that workers are well-informed about their rights regarding overtime and rest days and emphasizing that any extra hours worked are voluntary and not coerced by management or ownership. For additional explanation about these types of findings, please see our [2022 Impact Report](#), page 49.



Noncompliance Finding by Category (2023)



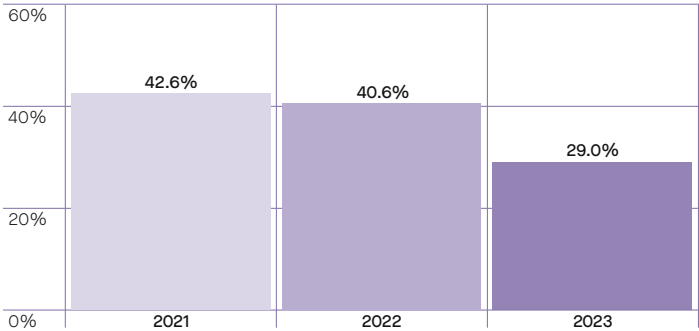
Severity of Noncompliance Findings (2023)



We've seen a notable 11% decrease in major noncompliance findings compared to the previous year, and suppliers are demonstrating greater attention to detail and speed in addressing and resolving findings outlined in their Corrective Action Plans (CAPs). Because we require remediation for any total score under 100%, 33 (89%) of our facilities were asked to complete a remediation plan or CAP this year, and 100% of CAPs were closed without contest and with sufficient and verified evidence. Our suppliers are also engaging in digital learning courses through [LRQA's EiQ Learn](#) to remediate issues where they are found—they appear to be making the necessary changes in their facilities to improve workplace wellbeing and safety. While our work is not done, we are pleased to see these improvements made by our partner factories and will continue to provide educational opportunities and capacity training to further enhance the progress we have seen this year.



Major Severity Findings Progress Over Time



Tier 2 Auditing: Our Social Audit Program Expansion

Expanding our social compliance auditing program to encompass Tier 2 suppliers marks a significant step forward in our responsible sourcing journey. At the start of our relationship, each Tier 2 supplier is evaluated based on the same Initial Risk Assessment as our Tier 1 facilities, which allows us to get a baseline understanding of their audit history and social responsibility programming. As such, when we launched our Tier 2 social auditing program in 2023, we replicated much of our existing due diligence and auditing process from Tier 1, incorporating an Annual Verification and Continuous Improvement requirement

following the same protocol. In line with this protocol, we are conducting our own LRQA ERSA 3.0 audits as well as equivalencies (EQs) based on recent audits, aimed at combating audit fatigue while upholding our stringent standards.

We chose to start our Tier 2 audit rollout with our top seven strategic mills, which collectively represent 26% of our total volume today, and growth potential in the coming years. To help prep these suppliers and set them up for success, we are implementing comprehensive training measures tailored to their needs.

The initial response from our suppliers regarding this program has been positive, demonstrating their eagerness to participate in this collaborative effort. Moreover, we feel well positioned to expand even further into

our Tier 2 supply chain, based on strong Higg vFSLM adoption rates across our supplier base, which requires a third-party verified SLCP or comparable audit scheme to complete.

Currently, all seven identified Tier 2 suppliers are either undergoing audits or being assessed by EQ (based on their respective risk assessment levels). While awaiting the comprehensive results, we are pleased to report promising preliminary findings: the initial two reports received exceeded our minimum standards—they were awarded yellow scores and are actively working through CAPs. This achievement highlights the dedication and commitment of our existing suppliers to upholding social compliance standards.

Future Thinking

In the coming year and beyond, we have outlined three primary objectives to further enhance our social responsibility initiatives:

Maintaining Our Tier 1 Progress

We will ensure our partner factories reach the highest levels of compliance against our standards by achieving a green or yellow score on their annual social compliance assessments. We aim to maintain the upward trajectory in 2024 and obtain 100% green or yellow performance across our Tier 1 suppliers, reinforcing our commitment to continuous improvement.

Expanding Our Tier 2 Audit Program

We will broaden the scope of our Tier 2 auditing program by encompass more of our strategic mill partners. We will collaborate closely with these facilities, particularly those with less experience in social compliance audits, to assess their current practices and provide targeted training to enhance workplace conditions where applicable.

Advancing Our Supply Chain Transparency

We will continue to use third-party certifications and standards, conduct thorough traceability surveys, and employ innovative technologies such as [Altana AI](#), [Fibretrace®](#), and [TextileGenesis](#). These efforts will help to further enhance visibility across our value chain.

Shoe assembly and craftsmanship at our Italian footwear factory.



Black Friday Fund

In 2014, we created the Everlane Black Friday Fund as a way to give back to both our community and our customers. Since launch, we've raised over \$1.52 million dollars to support our partners at the intersection of social and environmental responsibility.

Vista from one of our NZM farm partners.

2014

Final donation: \$30,000.

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.

2015

Final donation: \$110,650.

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

2016

Final donation: \$117,760.

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.

2017

Final donation: \$300,000.

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

2018

Final donation: \$260,000.

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

2019

Final donation: \$300,000.

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

2020

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

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

2021

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

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

2022

Final donation: \$50,000.

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.

2023

Final Donation: \$50,000.

We partnered with our supplier, the New Zealand Merino Company, to kickstart regenerative grazing, restore native ecosystems, and promote soil health across 8 farms and 33,000 sheep in the ZQRX™ network.

and Beyond...

Everlane for Everybody

At Everlane, our commitment to advancing social and environmental change is not just a mission statement—it's ingrained in every aspect of our culture.

Be
Actively
Inclusive

Always
Be
Thoughtful

Deliver
the
Best

Inspire
Environmental
Change

Behind every decision, product, and outcome lies the dedication of our diverse team, united in the pursuit of reducing our impact on people and the planet. As we continue on this journey, we are guided by four foundational values: **Be Actively Inclusive**, **Deliver the Best**, **Always Be Thoughtful**, and **Inspire Environmental Change**. These values not only shape our daily operations but

also serve as the compass for our initiatives, fostering diversity, equity, inclusion, and belonging (DEIB), empowering Employee Resource Groups (ERGs), and intentionally increasing representation across gender and ethnicity. We take pride in the progress we've made so far and remain committed to creating a workplace and community that thrives on inclusivity, excellence, mindfulness, and environmental stewardship.

Actively Inclusive: Representation and Hiring

At the heart of our company's success lies the rich tapestry of our workforce, reflecting a diverse array of talents, backgrounds, and perspectives. We remain dedicated to fostering an environment where every individual feels seen, heard, and valued. Each year, our People Team grows our efforts to attract, develop, and empower all team members, with a heightened focus on amplifying the voices of those from marginalized communities, including Black, Indigenous, and People of Color (BIPOC) and other historically

In 2023, our workforce* identified as 74% Women and 58% BIPOC.

underrepresented groups. We understand that true progress stems from embracing diversity in all its forms and fostering a culture of belonging where everyone can thrive and contribute their unique perspectives to our collective mission.

Gender Identity (2023)

	Male	Female	Non-Binary or Unspecified
Executive C-Suite	37%	63%	0%
Headquarters	29%	70%	1%
Retail	22%	76%	2%
Total Workforce	24%	74%	2%
Board	24%	74%	2%

Racial Identity (2023)

	Asian	Black	Hispanic / Latino	Two or More Races	White	Other POC
Executive C-Suite	12.5%	12.5%	0%	0%	75%	0%
Headquarters	24%	8%	11%	7%	49%	1%
Retail	16%	15%	21%	8%	38%	2%
Total Workforce	18.5%	13.5%	17.8%	7.3%	41.7%	1.2%
Board	17%	0%	0%	0%	83%	0%

*Board not included in the workforce.

Representation In Hiring

We continue to expand our representation efforts year-over-year, cultivating diversity in our workforce by leveraging job-specific boards, such as the [National Black Accountants Association](#), and Black and Latinx internship pathways like [Code 2040](#). In addition to these initiatives, we continue refining our hiring practices and have ensured that our job descriptions use inclusive language, eliminated minimum education requirements, and provided training to hiring managers to mitigate bias and promote inclusivity. The cumulative impact of these endeavors is evident in the representation of diverse perspectives within our team and particularly notable in the increases in BIPOC representation at the Director and Executive+ levels this year.

Internal Mobility

Last year we bolstered our internal career pathways, prioritizing internal mobility and encouraging hiring managers to consider existing talent first. As such, all non-executive positions are now posted internally before we seek to fill the roles through external recruiting. In 2023, 53% of posted roles were filled by internal team members, 23% above our annual goal of

In 2023, 61% of Everlane new hires self-identified as BIPOC, exceeding our goal of 50%.

30%. Moreover, through our structured Internal Mobility program, Retail team members are empowered to explore career growth in both Retail Leadership and on our HQ teams, reinforcing our commitment to internal growth and development. In 2023, 40% of Retail Store Leaders were internally promoted.

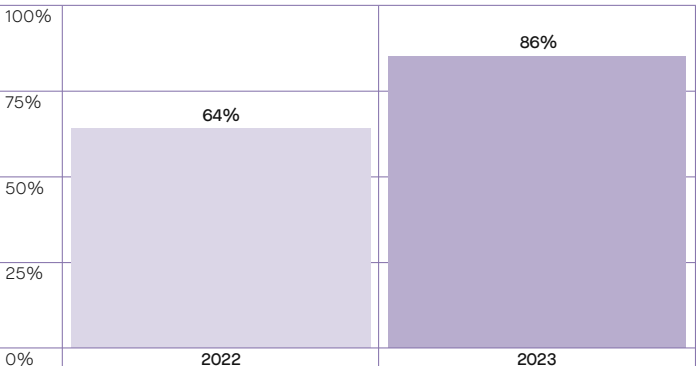
Team Member Retention

While Everlane prioritizes attracting a diverse pool of high-achieving talent, last year our People team placed particular emphasis on a crucial goal: retaining our exceptional employees and fostering overall satisfaction within the organization. By actively surveying and listening to our team members' feedback, enhancing internal mobility prospects, and establishing clear pathways for career advancement, we achieved remarkable results—an 86% retention rate across our HQ workforce.

Team Member Racial Identity Progress Over Time

	2022 BIPOC %	2023 BIPOC %
Individual Contributors	60%	60%
Managers	43%	41%
Directors	37%	39%
Executive Leadership (VPs+)	29%	33%

Team Member Retention (2023)



Deliver the Best: Pay Transparency, Continuous Learning, and Supporting our Crew

Competency Matrix and Pay Transparency

We want to empower our people to make informed decisions about their careers and enhance clarity around role expectations and career progression. In 2023, our dedication to fostering growth and development within our team reached new heights with the introduction of two new and impactful tools:

Company-Wide Competencies

Following years of collaboration and refinement, we proudly launched our competency matrix and leveling structure, aiming to provide clear pathways for advancement. The goal was to provide our team with a deeper understanding of how they can further their careers, ensure that we have a core HR framework that mirrors industry standards, and a common language in how we provide feedback on performance.

Pay Transparency

Going beyond current state pay transparency legislative guidelines, we ensured transparency by granting every employee access to their career level and compensation range, with these details also included in every open role posting. Our pay transparency program was rolled out with a series of in-depth training sessions, covering everything from role expectations to fostering career progression and conducting performance reviews, and is part of our ongoing commitment to help our teams understand their compensation.

Living Wage Progression

At Everlane, ensuring a living wage for all our employees is not just a commitment; it's a fundamental aspect of our values. That's why for the past two years, we've taken proactive steps to initiate a biannual pay audit through a trusted third-party to understand our living wage baseline against national benchmarks. These audits go beyond traditional methods, using collaborative analysis to examine compensation data and establish a standardized level structure across Everlane.

Diversity, Equity, Inclusion and Belonging (DEIB)

Each year we conduct company-wide trainings dedicated to DEIB. Last year's programming included:

- **From Bystander to Upstander—Allyship at Work:** Led by experts from [Enspirah](#) this workshop helped us learn how to use allyship to create a more inclusive and fair workplace by effectively connecting across differences and partnering together to disrupt the status quo and create an environment where everyone has an equal opportunity to thrive and grow.
- **Unconscious Bias:** From our partners at [Converge](#), this training encouraged our team to engage in reflective exercises to uncover the influence of social relationships on implicit bias, define unconscious bias and its cognitive and behavioral dynamics, explore mitigation practices for individuals and organizations, and practice bias mitigation tactics through real-world scenarios in group settings.



A Note on Living Wages

We are immensely proud to report that 100% of our direct workforce receives payment at or above the legal minimum wage for their respective locations. Further, 100% of our full-time employees are at or above the individual living wage threshold*.

While our permanent workforce includes both full-time (60%) and part-time (40%) employees, living wage metrics hold particular significance for our full-time employees, as we recognize that their Everlane salary constitutes their sole or primary source of income. As part of our ongoing internal mobility efforts, we post full-time employment opportunities internally first to provide our part-time employees with the opportunity to move to our full-time roles, should they wish to do so.

*We utilize the [Living Wage benchmark set by Living Wage for U.S., Inc.](#), which was created in alignment with the [Global Living Wage Coalition](#) & [Anker Methodology](#), for our benchmarking purposes.

Employee Feedback & Grievance Mechanisms

We recognize the importance of employee feedback and grievance mechanisms as integral to fostering a culture of transparency, accountability, and continuous improvement. To facilitate this process, we have implemented several resources tailored to gathering anonymous feedback effectively:

- **EthicsPoint**, a hotline service hosted by a third-party provider, which allows team members to submit anonymous reports confidentially in situations where they prefer to escalate concerns.
- **Butterfly**, a monthly anonymous survey distributed to all team members. Butterfly enables individuals to provide candid feedback on various aspects of their experience at Everlane, empowering people managers to take real-time action to address concerns and improve conditions that matter most to our team.

We analyze the anonymous feedback provided by our team members through Butterfly to identify areas of improvement

and enhance support mechanisms. We are proud to report that both our Mood Score and Response Rate of Butterfly results are in line with or above fashion industry standards. However, we know we have more work to do on our Employee Net Promoter Score (eNPS). Our ultimate goal is to reach an annual eNPS average score of +10 and an annual average Mood Score of 6.5. As part of this journey, we will implement updates in the coming year, including:

- **Tailored Butterfly Questions:** We're refining our approach by designing targeted questions tailored to specific functions within the company, such as Retail and Corporate functions. This will allow us to gather more nuanced insights and address specific needs more effectively.
- **Quarterly People Manager Training:** We're reintroducing quarterly training sessions for people managers, equipping them with the tools and resources needed to effectively support and lead their teams based on feedback received. These sessions are one way we enhance managerial skills and foster a supportive work environment for all employees.

Right To Unionize

We believe in creating a workplace where each individual feels empowered and supported. With this in mind, all of our employees have the right to organize and engage in collective bargaining and unionization, as well as participate in protected concerted activities as outlined by the National Labor Relations Act (NLRA) and the National Labor Relations Board (NLRB). At Everlane, we stand firm in our dedication to safeguarding these essential rights and fostering an equitable and inclusive workplace environment for everyone, while encouraging our teams to exercise their rights freely.

Butterfly Survey Results (2023)

Team	Mood Score	eNPS	Response Rate
All Everlane	6.3 slightly below our internal goal* of 6.5	-10 below our internal goal* of +10	41% above our internal goal* of 40%
Headquarters	5.7	-35	58%
Retail	7.1	27	28%
CX	5.9	-58	92%

*We benchmark our internal goals with similar companies in the fashion industry, of similar size, locations, and distributed workforces.

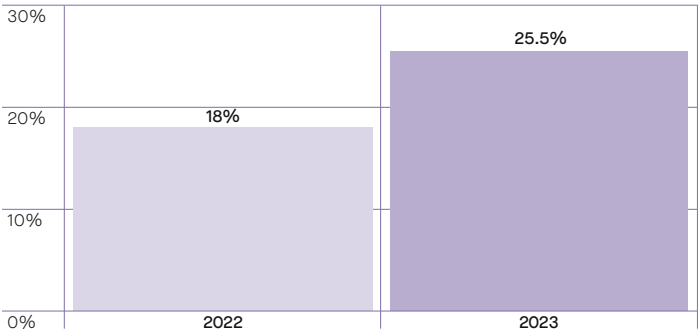
Always Be Thoughtful: ERGs, Employee Engagement, and Benefits Updates

Employee Resource Groups (ERGs)

Everlane's Employee Resource Groups (ERGs) continue to thrive as vibrant communities, offering valuable opportunities for connection, perspective-sharing, and education within our organization. Beyond fostering inclusivity, ERGs serve as catalysts for employee engagement, professional growth, and alignment with our business goals. ERGs and their members are a contributing force to a workplace culture that celebrates diversity and empowers every individual to succeed.

This year, we observed a significant increase in employee engagement within our ERGs, reaching 25.5% across all HQ and Retail employees. It's the first time we hit our goal of at least 20% engagement and marks an 11% increase from last year.

Percent of Employees Engaged in ERGs*



*For descriptions and mission statements of our ERGs, please see page 83 of our 2022 [Impact Report](#).

Employee Engagement

At Everlane, our approach to employee engagement is built on a foundation of five key pillars: Cultural, Growth & Learning, Recognition, Social Engagement and Team Building, and Wellness. Each event and opportunity we offer is designed to align with at least one of these pillars and is meant to cultivate a vibrant and supportive workplace environment where every team member feels valued, empowered, and connected. Below are just a few highlights within each pillar as we look back on our team engagement in 2023.

CULTURAL PILLAR: Heritage Months

For each of the below commemorative months, we organized a range of activities to celebrate and honor the rich heritage and contributions of our communities.

→ **Black History Month:** We distributed an internal newsletter from our EverBlack ERG highlighting notable figures and events, hosted a spirited game of Jeopardy centered around Black history and culture, arranged a trip to the Museum of the African Diaspora for educational enrichment, and

hosted our EverBlack Sunday Dinner series for community building.

- **AAP I Heritage Month:** We shined a spotlight on outstanding AAP I employees through our employee spotlight series on our blog, our Kin ERG provided educational resources about Mid-Autumn Festival and Lunar New Year, and we hosted in-office celebrations and supported AAP I-owned restaurants through our free lunch program.
- **Pride Month:** We celebrated and supported the LGBTQ+ community through Allyship Training sessions to educate and empower allies, an ACLU Speaker Series to explore legal and advocacy issues, a Drag Queen Bingo Happy Hour for community bonding, and an insightful Castro Walking Tour to learn about LGBTQ+ history and culture.
- **Latinx History Month:** We showcased Latinx culture and supported local businesses by featuring meals from Latinx-owned establishments in our free lunch program, hosted a festive Happy Hour event with a raffle of Latinx cultural items, and made donations to three Latinx non-profit organizations chosen by our teams.

GROWTH AND LEARNING PILLAR: Workshops and Newsletters

The growth and development of our teams is at the forefront of our employee engagement, providing opportunities for continued learning to team members across the organization. We offer an employee-led learning series, allowing any team member to host workshops on topics they are passionate about, from practical everyday skills training in Excel & Google Sheets to more niche subjects like clothes mending and digital accessibility, where our teams are trained in building and maintaining our website to ensure that its content and design is accessible to individuals with diverse disabilities.

Leadership Training

Our "Leadership Training Series" ensures continuous leadership development, which this year covered topics such as *Leading Through Change & Uncertainty and Courageous Leadership*, both of which helped educate our team on skills for working in a turbulent economic environment and navigating internal changes.



Retail Team Sustainability Training

Our retail team members serve as the main conduit between our brand and our customers. In partnership with retail leadership, we've developed training tools to educate and engage our retail staff with the knowledge to effectively communicate our sustainability efforts to customers, empowering them in turn to make informed purchasing decisions aligned with their values.

By investing in the education and engagement of our retail teams regarding Everlane's sustainability mission and progress, we not only enhance their ability to serve customers but also foster a cohesive and unified approach toward achieving our sustainability goals across all levels of our organization. This alignment is essential for providing our teams with the tools needed to drive meaningful change in their respective areas of the business, as we collectively work towards our mission of cleaning up the industry.

RECOGNITION PILLAR: Superlative Awards and Employee Celebrations

At Everlane, we love to celebrate the wins, big and small. In 2023, we embraced every moment, from our Superlative Awards, where employees bestowed fun titles like "The Buzz Lightyear Award" and "Captain Planet" upon each other, complete with matching prizes, to our Adopt-A-Store program, where HQ employees showered our retail store colleagues with thoughtful gifts to support them during the busy holiday season.

SOCIAL ENGAGEMENT PILLAR: Team Outings

We could say so many positive things about our team but most importantly, we really do like hanging out with each other. In 2023, we gave our team many opportunities to do just that—from cheering on the Giants and Dodgers at baseball games to volunteering together during our Give Back to Your Community Week, and even attending employee yoga and sound baths, our team took every opportunity to bond both inside and outside of work.

WELLNESS PILLAR: Complete Wellness from Mental Health to Financial Security

Our wellness programming encompasses a diverse range of tools and webinars focused on promoting the entire spectrum of health, from financial security to mental wellness.

From "Investing in Turbulent Times," offering tips for managing finances during uncertain periods, to "Creating Black Wealth: The Pursuit of Financial Freedom," which emphasized the importance of financial tools and a wealth-building mindset, these sessions delivered invaluable insights and strategies for enhancing our team's financial well-being.

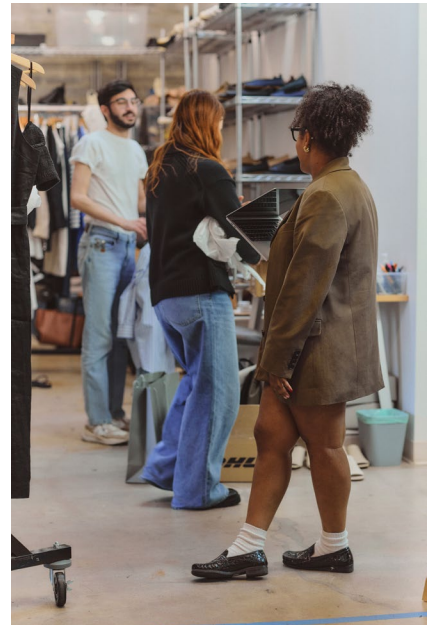
Mental health was prioritized with sessions like "Dealing with Uncertainty" featuring Dr. Kyle Bond, while our Women's and LGBTQ+ communities were celebrated with empowering sessions such as "Taking Control of Your Financial Future," and "Estate Planning for the LGBTQ+ Community," ensuring that our wellness programming catered to the diverse needs and experiences of our team.

Employee Benefits

We make it a priority to provide our people with the highest-level employee benefits tailored to their unique needs and desires. This year, we expanded our diverse benefits package to include:

- **Spring Health**, a comprehensive mental health solution that includes 5 free therapy sessions and self-guided exercises for managing wellness and building healthy habits.
- **Gympass**, a versatile well-being platform offering access to gyms, classes, and personal coaches to support physical health goals.
- **Headspace**, a digital platform offering meditation and stress reduction techniques.
- **Voluntary Long Term Disability** coverage through New York Life.

Everlane team members in our LA Creative Studio.



For The Culture

Tania Estrada, Executive Director of The Women's Building and a feature in our For The Culture blogpost series.

Our team works with some incredible organizations that are mission-aligned to our goals at the intersection of people and planet, and we highlight that work in our everworld blog post series: For The Culture.

This past year, we partnered with people and organizations that are driving prosperity, power, and progress in America. Below are a few from this year that were the most impactful for our team.

Spotlight

For The Culture

Black Girl Environmentalist

Black Girl Environmentalist is a nationwide organization focused on addressing the barriers to entry and retention within the climate movement for Black girls, women, and gender-expansive individuals. Through their empowerment initiatives for emerging climate leaders of color, they aim to help Black individuals fulfill their potential in climate leadership roles. Their multi-city HUB program provides tailored opportunities in environmental justice across different locations. We interviewed T'Essence Minnitee and Unique Vance, leaders of the LA hub, to learn more about the impactful work being done by Black Girl Environmentalist. Read more [here](#).



Latino Outdoors

Latino Outdoors is a Latine-led organization that supports a national community of leaders in outdoor recreation, conservation, and environmental education. In addition to promoting and enriching the Latine outdoor experience, they offer leadership, mentorship, and professional growth prospects for marginalized communities of color. For the blog, we spoke with some of their members about the profound impact of Latino Outdoors over the past decades and its significance for the Latinx community across the United States. Read more [here](#).



Radical Clothes Swap

Rooted in Los Angeles, Radical Clothes Swap is a WOC-run, donation-based clothing swap. With a mission to normalize radical sustainability by providing free clothes for all, the community-powered group brings together folks around the city through a mutual love of clothes in a manner that naturally combats overconsumption. During our discussion with the inspiring team behind Radical Clothes Swap, which includes one of Everlane's own copywriters, they shared insights on redefining the fashion cycle, the significance of community, and the art of building a timeless wardrobe. Read more [here](#).



While the three posts noted here are just the highlights, we were honored to feature many more individuals and organizations doing the work to promote the voices of their communities. Check out more on our everworld blog including:

- [In Conversation With The ACLU](#)
- [Owen Cain](#)
- [Coco Bassey](#)
- [The Women's Building](#)

Empowering Impact

We're passionate about fostering positive change beyond the confines of our company walls and into the communities where we operate. To do this, we team up with strategic partners and non-profit organizations that share our vision and are making a real difference in the world.

Philanthropy 2023

Selecting our philanthropic partners is a thoughtful decision—we seek partners who are committed to working together on our common goals, furthering environmental justice and social impact in their communities. This work is particularly highlighted in our annual [Black Friday Fund](#), where we raise funds in partnership with our customers to support organizations doing good work at the convergence of social and environmental impacts.

American Civil Liberties Union (ACLU):
\$1.48 million donated to date

100% Human Collection

Everlane first partnered with the ACLU as a way to bring people together following the 2016 election and in an effort to advocate for human rights for all. With this partnership, we launched our 100% Human product line and continue the partnership to this day. 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—and we're not stopping anytime soon.

100% My Body Collection

We firmly believe in the right of every individual to make their own choices regarding their reproductive health, free from undue political interference.

In response to the U.S. Supreme Court's decision to overturn *Roe v. Wade* in 2022, we launched our 100% My Body T-shirts to show solidarity with those directly impacted by this decision. With every purchase, we continue to donate 100% of profits to the ACLU, ensuring a minimum of \$22 per T-shirt—we remain committed to supporting reproductive rights through these efforts.

Clothing Donations:
4,000 items, \$273,524

As a fashion brand, we often find ourselves with gently used clothing from samples, prototypes, and photo shoots. Instead of letting them go to waste (as some companies do), we proudly donate them to local organizations near our company headquarters and retail store locations across the nation. In 2023, our contributions amounted to over 4,000 pieces of women's and men's clothing, with a retail value exceeding \$270,000. The organizations we supported include:

- [Baby2Baby](#)
- [Free the Need](#)
- [Code Tenderloin](#)
- [Green4Good](#)

ERG and Engagement Committee Efforts:
\$8,900

Our company-funded ERGs take pride in rallying behind causes they are passionate about. This year, our ERG community supported many organizations, each with a central mission that mirrors our own. Everlane matched ERG and employee donations to help support these organizations even further:

- [Radical Clothes Swap](#)
- [Alemany Farms](#)
- [The Women's Building](#)
- [Downtown Women's Center](#)
- [Planned Parenthood](#)
- [Latino Outdoors](#)

- [Holocaust Museum Los Angeles](#)
- [Earth Island Institute](#)
- [Maui Humane Society](#)
- [Maui Food Bank](#)

Employee Volunteering & Community Action

Headquarter Team Volunteering

In 2023, Everlane sponsored our HQ team as they dedicated their time and efforts to support several different charities, volunteering at organizations like The Women's Building, Downtown Women's Center, Free Food Fridge Albany, LA Animal Services, and Cradles & Crayons Chicago.

Retail Leadership Volunteering—Urban Angels Frontline Aid

During their annual leadership meeting our retail store leaders assembled high-quality hygiene kits for [Urban Angels SF](#). Urban Angels gives dignity and hope to unhoused men, women, and children living in San Francisco by rallying community support to provide them with frontline aid and basic necessities. They support children and families experiencing homelessness by delivering food, water, clothing, and PPE and offering donations of school supplies, toys, and sponsorships. The bags assembled by our retail leaders this year included food, sanitary napkins and tampons, socks, first aid equipment, and hair and body care products.

Community Action in Retail—Do Good December

Our retail employees are at the forefront of our communities and are proud to partner with local organizations that support causes that are important to their cities. Last year our retail teams continued their tradition of "Do Good December," a program created to support each store's local community through monetary donations and volunteer efforts. Each of our eleven store teams chose a local organization to partner with. See the full list in our [appendix](#).

Inspire Environmental Change

2023 was another landmark year for regulatory activity aimed at the fashion industry. Building on the work we started in 2022, we continued to meaningfully engage with policy makers, NGOs, and activist organizations to inform, influence, and support much needed systems change across a range of sustainability-focused legislation.

Most importantly, we are proud to have been part of shaping and supporting critical climate disclosure and climate risk legislation in the state of California in partnership with Ceres. This is the first of its kind legislation to pass in the US, which will have meaningful and reverberating impacts across industries, the state, and the country as we collectively work to reduce climate impacts. While the California climate bills (SB 253 & SB 261) were the only successfully adopted regulations in 2023, we also took action by engaging and supporting key issues through the below efforts:

→ **California SB 253: *Climate Corporate Data Accountability Act*** (PASSED: October 2023) will require companies with \$1 Billion or more in gross revenue doing business in the state of California to publicly report on annual Scope 1-3 emissions.

→ **California SB 261: *Climate-Related Financial Risk Disclosure Act*** (PASSED: October 2023) will require corporations, financial institutions, and insurers with revenues over \$500 Million to report on climate-related financial risks, aligned with the Taskforce for Climate-Related Financial Disclosures (TCFD) framework.

→ **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. The bill introduces mandated hourly pay in the garment industry and is meant to revitalize American manufacturing. We co-signed a letter in support of the FABRIC Act in May 2022 and continue to support it.

→ **Fashion Act, or New York Fashion Act:** After engaging further with the bill's authors and numerous stakeholders and NGOs, we officially signed on to support this bill in November 2022 alongside a cohort of like-minded

brands that are working to prioritize sustainability in our industry. We continue to give feedback to refine the bill into legislation that will drive progress and accountability.

→ **California SB 707: *Extended Producer Responsibility for Textiles*** would require producers of textiles to create stewardship programs for collection and recycling of apparel/textile products. We recognize that textile waste and overproduction/overconsumption is a vicious cycle, so in 2022 we joined the California Statewide Textile Recovery Advisory Committee (STRAC), part of the California Product Stewardship Council (CPSC), to provide feedback on this important legislation.

→ **FTC Green Guides:** These guides have not been updated since 2012, and were unanimously voted on by FTC regulators to be overhauled and updated. Last year, Everlane provided direct feedback to the FTC, as well as participated in industry working groups to submit collective feedback, for the next iteration of Green Guides that will govern sustainability-related claims and communications in the US.



A photograph of a person from behind, wearing a white t-shirt and blue jeans. Their right hand is raised to their head. The background is a plain, light-colored wall.

5. Closing Thoughts

Reflections on the Past Year

This year's Impact Report launches in the wake of the most severe climate warming measurements that we have ever experienced. At the time of writing this report, each of the past 10 months has set a new mark for the hottest on record, with measured temperature increases exceeding the 2°C threshold for the very first time in November 2023.

The urgency of the climate crisis is further compounded by unprecedented biodiversity loss and the surpassing of planetary boundaries across our precious natural resources. Everything is connected, and these significant environmental changes also impact the health and well-being of people, especially the most vulnerable. Tackling the interconnected crises of rapid climate change and biodiversity loss within this decade is a massive undertaking, but it's one we know is worth prioritizing.

As we always say, progress is a process—the sustainability journey is one that never ends, with lots of ambitious milestones to achieve along the way. As we juggle the complexities of our business and value chain, we will continue to invest in solutions and partnerships that bring us closer to our goals.

This Work is Vital

The interconnected issues we face across climate change, nature and biodiversity loss, and related impacts to human health and wellbeing can no longer be thought of as future problems to contend with. We all must take action focused on solutions at the intersection of social and environmental needs, for the health of the planet and the life it supports.

Transformational Change Takes Time

We recognize that progress across complex issues is a process that takes time, effort, investment, and thoughtfulness to nurture. A long-term outlook is necessary

to demonstrate progress in some topic areas and maintain internal support through the process. We need to accept that some ROI will be measured in timeframes longer than one year. We are in this for the long haul.

Collective Action is Key

To drive meaningful systems change in our industry, we must do better at fostering a culture of collaboration across our various stakeholders, suppliers, and brands (even competitors) that operate in our shared supply chain. We believe that diverse perspectives, shared investment, and shared accountability are essential to achieving our collective goals across social and environmental impacts.

2023 Partnerships

Strategic Partners

- [Altana AI](#)
- [American Apparel & Footwear Association \(AAFA\)](#)
- [Apparel Impact Institute \(Aii\)](#)
- [bluesign®](#)
- [Business Ambition for 1.5°C](#)
- [Butterfly](#)
- [Ceres](#)
- [California Product Stewardship Council](#)
- [CanopyStyle](#)
- [Coalition to End Uyghur Forced Labour](#)
- [Converge Firm](#)
- [Debrand](#)
- [Enspirah](#)
- [Fashion Takes Action](#)
- [Fibretrace](#)
- [Flexport.org](#)
- [Gympass](#)
- [Happy Returns](#)
- [Headspace](#)
- [Jeanologia](#)
- [Leather Working Group \(LWG\)](#)
- [Lenzing](#)
- [LRQA \(formerly ELEVATE\)](#)
- [National Black Accountants Association](#)
- [Native](#)
- [Open Supply Hub](#)
- [Project Drawdown](#)
- [Pure Strategies](#)
- [Responsible Business Coalition](#)
- [Seaman Paper](#)
- [Science-Based Targets Initiative](#)
- [Sequoia Benefits Group](#)
- [Spring Health](#)
- [Statewide Textile Recovery Advisory Committee](#)

- [Sustainable Apparel Coalition \(SAC\)](#)
- [Textile Exchange](#)
- [Textile Exchange Deforestation-Free Call to Action for Leather](#)
- [Transparency Pledge](#)
- [Trex](#)
- [UN Conscious Fashion & Lifestyle Network](#)
- [Watershed](#)
- [Worldly \(formerly Higg\)](#)
- [World Wildlife Fund \(WWF\)](#)

Donation Partners

- [American Civil Liberties Union \(ACLU\)](#)
- [Radical Clothes Swap](#)
- [Alemany Farms](#)
- [The Women's Building](#)
- [Downtown Women's Center](#)
- [Planned Parenthood](#)
- [Latino Outdoors](#)
- [Holocaust Museum Los Angeles](#)
- [Earth Island Institute](#)
- [Maui Humane Society](#)
- [Maui Food Bank](#)
- [Urban Angels](#)
- [Venice Community Housing](#)
- [SAFE Alliance](#)
- [Georgetown Ministry Center](#)
- [Family Promise of The Main Line](#)
- [Bushwick Ayuda Mutua](#)
- [St. Francis House and Dress for Success](#)
- [Ronald McDonald House](#)
- [Capital Area Food Bank](#)
- [Treehouse](#)
- [La Casa de Las Madres](#)
- [Windrush Alpacas](#)
- [New Zealand Merino Company \(NZM\)](#)

About This Report

This is our Annual Impact Report reporting on our 2023 progress. It was published on April 22, 2024 and the data contained in it covers the calendar year January 1, 2023 to December 31, 2023.

This report has been designed to provide details on our environmental, social, and governance practices within the scope of our key pillars: Keep Earth Clean, Keep Earth Cool, and Do Right by People. This year's Impact Report builds on the strategies and updates shared in our [previous reports](#) and is meant to be additive, rather than repetitive.

Everlane has approved Science-Based Targets for reducing GHG emissions in line with the 1.5° pathway. [The Science-Based Target Initiative](#) has approved Everlane's near-term goal to reduce Scope 1 and Scope 2 market-based GHG emissions by 46% by 2030, compared to its 2019 baseline. In addition, Everlane has established a corporate goal of reducing its Scope 3 emissions by 55% per-unit produced by 2030, using the same baseline year of 2019. Everlane also has a validated long-term Science Based Target to achieve Net-Zero emissions by 2050.

Everlane is committed to the [United Nations Sustainable Development Goals](#) and uses these goals to guide our social and environmental impact programs and collaborations. 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 (2023). 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, who are responsible for the brand's social impact and environmental responsibility initiatives. This team reports to the Chief Supply Chain Officer and works cross-functionally with almost every team at the company. Ultimately, the governance and accountability of our mission and sustainability efforts are overseen by our C-Suite Executive Team and Board of Directors.

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

6. Appendix

Materials

Team	Goal	Timeframe	2023 Progress	Comments
Materials	100% of fibers & materials used meet our Preferred Standards	2025	On Track 80% 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 99% complete	2% YoY progress. In 2023 we transitioned out of our final non-LWG tannery virgin leather quality. We expect to achieve this goal in 2024. 2023 Performance: 68% Gold, 32% Silver
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. Read our Forestry Policy here .
Materials	100% of MMCFs used are sourced from processors rated "Dark Green Shirt" by Canopy Style, including next-gen MMCF solutions	2025	On Track 92% complete	Up 12% from 2022, we worked on transitioning out of our last remaining fabric that used a non-Dark Green Shirt rated supplier. That fabric made up less than 1% of total raw materials by volume in 2023.
Materials	100% of polyester & nylon used are certified recycled	2025	On Track 98% complete	Up 2% YoY from 2022.
Materials	100% of our animal fibers from certified recycled, responsible, or regenerative sources	2025	On Track 77% complete	Up 5% from 2022. Preference for recycled animal fibers. All sources must be verified through third party standards and certifications. "Responsible" refers to standards that ensure the well-being of farm animals and responsible land management, specifically: Responsible Wool Standard (RWS), Responsible Alpaca Standard (RAS), and Good Cashmere Standard® (GCS). Read our Animal Welfare Policy here .
Materials	100% of down used for insulated jackets/coats sourced from certified recycled sources (Or use an approved down alternative)	2025	Complete	We successfully accomplished this goal in 2021, but will continue to maintain it over time.
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 99% complete	As of 2023, only 1% of our polybags remain made with recycled LDPE and are primarily larger polybags that hold our bigger products like coats and outerwear. The remaining 99% are Seaman Paper Vela™ paper bags, an FSC-certified glassine paper alternative.

Breakdown of Fiber Uptake by Content (2023 Total Materials by Volume)

	Total Material Uptake (Apparel)	Percent
Preferred	Organic Cotton	43.44%
	FSC + Dark Green Shirt Certified MMCF	9.25%
	Recycled Polyester	6.51%
	Regenerative Cotton	4.66%
	RWS Virgin Wool	3.66%
	European Flax Linen™	3.47%
	Regenerative Wool	0.48%
	Good Cashmere Standard® Cashmere	0.43%
	Clean Silk	0.29%
	Recycled Nylon	1.88%
	Roica™ V550	1.50%
	Recycled Cotton	1.32%
	Recycled Wool	1.18%
	Recycled Cashmere	0.81%
	FSC Certified MMCF	0.70%
	Responsible Alpaca	0.26%
	Hemp	0.13%

	Total Material Uptake (Apparel)	Percent
Improved*	Supima® Traceable Cotton	5.11%
	Conventional Linen	1.97%

	Total Material Uptake (Apparel)	Percent
Conventional	Conventional Cotton	10.30%
	Virgin Alpaca	0.91%
	Virgin Wool	0.77%
	Elastane	0.60%
	Virgin Cashmere	0.20%
	Virgin Nylon	0.13%
	Virgin Polyester	0.04%

*Improved Standards are a 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 (yet). 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.

Breakdown of Leather Uptake by Type (2023 Leather Type by Total Volume)

	Total Leather (SQMT)	Percent
Preferred	LWG Gold Certified	67%
	LWG Silver Certified	32%
	Bio-Based Leather Alternative	1%
Conventional	Conventional Virgin Leather	1%

Product Certifications & Standards by Type (2023 Percent of Total Units)

Certification / Standard / Trademark	Percent
Organic (GOTS, OCS)	41.75%
Global Recycled Standard (GRS)	14.25%
Supima®	13.12%
Lenzing™ Fibers	8.15%
Responsible Wool Standard (RWS)	7.28%
European Flax™	3.93%
Regenerative (Good Earth Cotton®, Regenagri, ZQRX™)	3.51%
bluesign®	2.38%
Good Cashmere Standard®	1.36%

Cleaner Chemistry, Water & Wastewater

Topic Area	Goal	Timeframe	2023 Progress	Comments
Cleaner Chemistry & Water	Increase Cleaner Chemistry practices in virgin fiber production to 85% by volume	2025	On Track 78% complete	Cleaner chemistry standards in virgin fiber production include: certified organic, regenerative, European Flax™, Canopy Dark Green Shirt, Clean Silk.
Cleaner Chemistry & Water	80% of our materials (by volume) meet our Cleaner Chemistry Standards	2025	Work In Progress 65% complete	Cleaner chemistry standards for materials include: bluesign®, ZHDC, GOTS, and GRS certifications and RSL compliance.
Cleaner Chemistry & Water	Achieve low or medium EIM impact ratings for 100% of our denim wash recipes	2025	On Track 97% complete	Although the majority of our washes have an overall EIM score indicating low or medium impact, we've observed larger variations in individual category scores, and we will focus our efforts go-forward on reducing the impact of our higher-scoring individual washes.
Cleaner Chemistry & Water	Adopt the bluesign® or ZDHC MRSL across 80% of Tier 1 and strategic Tier 2 suppliers by 2025	2025	Work In Progress 46% complete	Cleaner chemistry MRSL includes the bluesign® or ZDHC MRSL.
Cleaner Chemistry & Water	Complete water footprint analysis and develop water footprint methodology	2024	On Track	This effort was kicked off in early 2023, with estimated completion in Summer 2024.

Transparency & Product Integrity

Topic Area	Goal	Timeframe	2023 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 82% complete	See our "Cleaner Fashion" icons website for more details.
Transparency & Product Integrity	100% Tier 3 supply chain traceability & transparency	2025	On Track 85%	Our adoption of preferred fibers and materials that are built on traceability and chain of custody will help us achieve this goal.
Transparency & Product Integrity	100% Tier 4 supply chain traceability & transparency	2025	On Track 80%	Our adoption of preferred fibers and materials that are built on traceability and chain of custody will help us achieve this goal.
Transparency & Product Integrity	100% visibility in leather supply chain to slaughterhouse level, per the Deforestation-Free Leather Call to Action	2026	On Track 100% Finished Leather Tanneries 56% Wet-Blue/ Wet-White Tanneries	We joined the Deforestation-Free Leather Call-to-Action in 2023 and started implementing management systems to achieve 100% sourcing from DCF sources by 2030. This starts with building relationships and gaining full supply chain visibility to at least the slaughterhouse level.
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 Factory List & Details on our website , and on the OSH .

Supplier Responsibility

Topic Area	Goal	Timeframe	2023 Progress	Comments
Supplier Responsibility	100% of partner factories achieve Yellow or Green ratings on social compliance audits	2024	On Track 98% complete	Yellow or Green scores are awarded a 70-100% on the ERSA 3.0 Standard of grading. All scores below 100% are required to complete CAP management to show plans for improvement of findings.
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	Complete	100% of audited 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. Workers also have a direct line of contact to the Everlane team via email, where they can report concerns directly to our team.
Supplier Responsibility	100% of Tier 1 factories pay above local minimum wage to all workers	Annual	Complete	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	2030	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)	2026	On Track 89% of Tier 1 and 72% of Tier 2 complete	Everlane requires Higg vFEM adoption across our Tier 1 and strategic Tier 2 supplier base as part of our terms and conditions. Suppliers who are not currently reporting will have 2 years to comply and must report each year thereafter.
Supplier Responsibility	Complete social compliance assessments at 100% of our strategic Tier 2 supplier facilities	2030	On Track 26% by volume complete	26% of our strategic Tier 2 suppliers (by volume) have undergone a social compliance audit or had a relevant equivalency report conducted.

Waste & End-of-Use

Topic Area	Goal	Timeframe	2023 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	2023 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 2023.
Climate	Reduce Scope 3 emissions by 55% (per product) against 2019 baseline	2030	On Track 24% reduction in 2023	This equates to a 38% absolute reduction of Scope 1-3 emissions compared to our 2019 baseline.
Climate	Purchase high quality RECs for 100% of HQ & Retail electricity year over year	Annual	Complete	This is a recurring annual goal that we will continue to support.

Annual Emissions Table (2019 - 2023)

Annual Emissions (MT CO2e)	2019	2020	2021	2022	2023
Scope 1: Direct Emissions					
Natural Gas (HQ & Retail)	55	39	46	50	87
Scope 2: Indirect Emissions					
Purchased Electricity (HQ & Retail)	96	82	136	248	243
Scope 3: Value Chain Emissions					
Purchased Goods & Services	43,349	31,015	47,594	38,066	37,427
Capital Goods	15,672	1,146	459	986	83
Fuel & Energy Related Activities	33	24	19	127	128
Waste Generated in Operations	2	15	2	48	292
Transport & Warehouse Services	11,060	8,841	18,655	16,183	5,471
Business Travel	1,141	201	609	486	172
Employee Commuting	213	325	136	591	593
Customer Use*	9,661	9,897	12,933	9,270	8,508
End of Life	9	604	894	679	363
Upstream Leased Assets	—	—	346	174	—
Total Scope 1-3	81,291	52,189	81,828	66,918	53,367
RECs (Scope 2, converted to GHGe)				248	243
Total Excluding Customer Use (SBTi Reporting)	71,630	42,292	68,895	57,400	44,616

*Not Included in our SBTs, but still calculated

Watershed

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 value chain, from the raw materials we source to the end-of-life impacts of our product, and everything in between. Our partnership with Watershed allows us to measure our carbon footprint using primary data from our own supply chain and LCAs, Watershed's own Watershed Apparel Library, and industry databases like ecoinvent 3.9.1.

Watershed works with independent, third-party verifiers to perform bi-annual reviews of Watershed's methodology. Watershed performed our 2020 through 2023 carbon footprints.

People & HR

Topic Area	Goal	Timeframe	2023 Progress	Comments
People & HR	Retention goal of 70% for our workforce	2023	Complete	In 2023, we surpassed our goal and achieved an 86% retention rate. This will continue to be an annual goal moving forward.
People & HR	Fill at least 30% of open roles with internal candidates	2023	Complete	In 2023, 53% of posted roles were filled by internal team members, 23% above our goal of 30%. This will continue to be an annual goal moving forward.
People & HR	At least 50% of new hires identify as BIPOC	Annual	Complete	This is a recurring annual goal. In 2023, 61% of new hires identified as BIPOC.
People & HR	100% of full-time employees make or exceed the Tier 1 Living Wage Benchmark	Annual	Complete	We use the Tier 1 Living Wage benchmark set by Living Wage for U.S., Inc. to benchmark our living wage data across the company, which was created in alignment with the Global Living Wage Coalition & Anker Methodology, for our benchmarking purposes.
People & HR	20% of team members participate in at least one ERG	2023	Complete	In 2023, 25.5% of team members participated in an ERG. This will continue to be an annual goal moving forward.
People & HR	Achieve internal Butterfly scores and participation as follows: Mood Score: 6.5 eNPS Score: +10 Response Rate: 40%	Annual	Work in Progress Mood Score: 6.3 eNPS: -10 Response Rate: 41%	This is an ongoing annual goal for internal scores and response rates on our Butterfly employee feedback tool. Our goal is to maintain or improve response rate while increasing Mood Score and eNPS score over the next year.

We partnered with the following philanthropic partners for [Do Good December](#):

Store	Charitable Organization
Abbot Kinney Store, Los Angeles, CA	Venice Community Housing
Austin Store, Austin, TX	SAFE Alliance
Georgetown Store, Washington, DC	Georgetown Ministry Center
King of Prussia Store, KOP, PA	Family Promise of The Main Line
Prince Street Store, New York City, NY	Bushwick Ayuda Mutua
Seaport Store, Boston, MA	St. Francis House
Stanford Store, Palo Alto, CA	Ronald McDonald House
Tysons Corner Store, Tysons, VA	Capital Area Food Bank & Alemany Farms
University Village Store, Seattle, WA	Treehouse
Valencia Store, San Francisco, CA	La Casa de Las Madres
Williamsburg Store, Brooklyn, NY	Windrush Alpacas

A photograph of a ball of blue and white yarn, possibly a skein, resting on a white surface. A clear plastic funnel is placed over the yarn, and a blue string is threaded through the funnel's neck. The string is looped around the yarn and extends outwards. The word "EVERLANE" is printed in white, bold, sans-serif capital letters across the middle of the image, partially overlapping the yarn and the funnel.

EVERLANE