2021 IMPACT REPORT
A DECADE OF IMPACT AND THE KICK-OFF TO OUR NEXT TEN YEARS
Our mission is to empower people to live their best lives with the least impact on the planet and leave our industry cleaner than we found it.
I’m honored to share our 2021 annual impact report. It’s the culmination of a decade of work and the kick off to our next ten years.

With this report, I’m excited to share that we’re updating our mission: to empower people to live their best lives with the least impact on the planet. This is a people focus with an environmental lens and includes our customers, supply chain partners and team members.

This isn’t a novel idea, but it feels desperately needed given where planet Earth is today. Heat waves, fires, melting glaciers—these impact everyone. And while we can’t make a difference alone, it seems to me that if every company focused their efforts here, we would make meaningful changes quickly.

How do we intend to make this happen? We’re honing in on preferred materials, safer chemistry, less waste, smarter shipping and, of course, reduced carbon, all while still delivering exceptional quality. And we plan to partner with individuals and brands to accelerate the change we need.

In this report, you’ll see that we’ve made great strides across many metrics, including a 32% reduction in carbon emissions per item since 2019. It’s progress, but we still have much more work ahead of us. I suppose we all do.

Thank you for supporting us. I am grateful that the team here at Everlane is able to spend their energy cleaning up our industry.

Michael Preysman
Founder, Climate Lead
A Letter from our CEO:

Our Strategic Pillars

In October 2021, I joined Everlane as CEO. I have been a long-time admirer of the company for being a disruptor in the industry and challenging us all to do better. Everlane’s desire to clean up fashion is a principle that I am personally passionate about.

Sustainability and social responsibility continue to be a key part of everyone’s role at Everlane, but in the past year, we have elevated our focus with the appointment of Katina Boutis as Director of Sustainability, and Founder, Michael Preysman as Executive Chair and Climate Lead.

In 2021, we conducted an extensive audit of our entire value chain and processes. With the help of experts, we compared this to industry expectations and the urgent needs of our planet and people, and established a framework to ensure that our future plans are ambitious, measurable, and achievable. The team outlined the following pillars:

- **Keep Earth Clean**: Reduce pollution and restore ecosystems by protecting biodiversity and building a circular business model.

- **Keep Earth Cool**: Protect the climate by reducing emissions and focusing on a pathway to net-zero.

- **Do Right by People**: Support thriving livelihoods by building a 100% human company and value chain.

We are a brand that believes in radical transparency. This report details our progress and commitments to people and the planet. We are on a journey with a mission to leave this industry cleaner than we found it. I recognize and acknowledge that we are part of the problem. However, we are, simultaneously, a part of the solution as well.

I am incredibly proud of the accomplishments of our team and I am pleased to share our progress in the annual Impact Report.

Andrea O’Donnell
CEO
# Table of Contents

<table>
<thead>
<tr>
<th>Page</th>
<th>Section</th>
</tr>
</thead>
<tbody>
<tr>
<td>06</td>
<td><strong>Who We Are</strong>&lt;br&gt;Our Founding History  &lt;br&gt;Big Changes in 2021  &lt;br&gt;Ten Years of Innovation  &lt;br&gt;Our 2021 Highlights</td>
</tr>
<tr>
<td>12</td>
<td><strong>Our Approach</strong>&lt;br&gt;Our Sustainability Pillars and SDGs  &lt;br&gt;Keep Earth Clean  &lt;br&gt;Keep Earth Cool  &lt;br&gt;Do Right By People</td>
</tr>
<tr>
<td>16</td>
<td><strong>Materials Matter</strong>&lt;br&gt;Our Approach to Materials  &lt;br&gt;What We’re Made Of: Our Materials Matrix  &lt;br&gt;Our Preferred Materials Commitments  &lt;br&gt;Organic Cotton Commitment  &lt;br&gt;No New Plastic Commitment  &lt;br&gt;Our Packaging Footprint  &lt;br&gt;Our Animal Fibers &amp; Materials</td>
</tr>
<tr>
<td>27</td>
<td><strong>Social Responsibility: Factories</strong>&lt;br&gt;Our Approach to Social Responsibility  &lt;br&gt;Our Global Supply Chain  &lt;br&gt;Building a Socially Responsible Supply Chain  &lt;br&gt;Our Supply Chain Map  &lt;br&gt;Our Factory Performance Outcomes  &lt;br&gt;Social Impact Performance  &lt;br&gt;Integrating Environmental Responsibility  &lt;br&gt;Safer Chemistry</td>
</tr>
<tr>
<td>40</td>
<td><strong>The Pursuit of Quality:</strong>&lt;br&gt;Product Use &amp; Extended Life  &lt;br&gt;Our Approach to Product Quality  &lt;br&gt;Damaged Goods &amp; Unsold Items  &lt;br&gt;Future Goals: The Path to Circularity</td>
</tr>
<tr>
<td>44</td>
<td><strong>2030 SBTs &amp; Net Zero Goals:</strong>&lt;br&gt;Climate Impacts and Mitigation Efforts  &lt;br&gt;Our Approach to Climate Mitigation  &lt;br&gt;Our SBT &amp; Net Zero Plan  &lt;br&gt;Our 2021 Progress  &lt;br&gt;Challenges &amp; Next Steps</td>
</tr>
<tr>
<td>49</td>
<td><strong>Working Together:</strong>&lt;br&gt;Community and Collaboration  &lt;br&gt;Our Values  &lt;br&gt;Our People Initiatives  &lt;br&gt;The Black Friday Fund  &lt;br&gt;Working Beyond our Walls &amp; Philanthropy in 2021  &lt;br&gt;Next Steps for Community &amp; Collaboration</td>
</tr>
<tr>
<td>55</td>
<td><strong>Closing Thoughts and Next Steps</strong>&lt;br&gt;Future Thoughts  &lt;br&gt;2021 Partnerships</td>
</tr>
</tbody>
</table>
Everlane was launched in 2011 because our founder, Michael Preysman, knew that clothing could be done better—better for workers, better for customers, and better for the environment. Today, we have over three million customers who believe the same. Doing good while practicing good business isn’t easy, but it’s the path we intend to take. We know that fashion is a dirty industry, and we are intent on being part of a cleaner future.
Empower people to live their best lives with the least impact on the planet.

- Carbon reduction
- Waste minimization
- Resource consumption
- Climate justice
It Started with a T-Shirt

Our Founding History

In 2011, Michael Preysman started Everlane with a question: Why does a designer tee cost $7 to make, but sell for $50 (a 7x markup)? Everlane was founded on the belief that customers have a right to know what their clothes cost to produce.

With a small team and a clear mission, our motley crew set out to create a top-quality T-shirt and sell it at an honest price. Upon launch, we revealed the true costs behind that tee—from materials to labor to transportation—a first in our industry and a very bold move in retrospect. We called this way of doing business Radical Transparency, and it quickly became a core tenet of Everlane, informing decisions at every level of the business.

Over the early years, the concept of Everlane expanded from pricing to something much bigger. At our core, we believe that all stakeholders—customers, supply chain partners, employees, and the planet—have a right to be treated fairly. We’re far from perfect, but we’ve built our business with this in mind.

A Radically Transparent Way of Doing Business

We like to say that we want the right choice to be as easy as putting on a T-shirt. As we’ve grown and expanded our categories, we developed the Everlane way of creating and selling our products. It includes four key pillars:

01 ENVIRONMENTAL PRODUCTION
The idea of a truly sustainable supply chain is not possible. That’s why we avoid the term ‘sustainable’ as a descriptor for products and processes. However, we can move to lower the impact as quickly as possible, and with that, we are leading the way. We use recycled materials (97% in our synthetic apparel) and organic cotton (66% of our volume to-date) while working with suppliers to reduce energy and water usage.

02 ETHICAL FACTORIES
We spend months finding the best factories around the world. To ensure the integrity of our partners, we develop strong relationships and work with third-party auditors. We use these audits to evaluate factors like fair wages, reasonable work hours, and a safe work environment. We share the stories, facts, and photos behind every factory we work with on our factories page.

03 EXCEPTIONAL QUALITY
Practicing social and environmental responsibility means making products that last. We want our customers to wear our pieces for years to come. That’s why we source the finest and cleanest materials and work with quality-driven factories for our timeless products—like our Grade-A cashmere sweaters, Italian shoes, and Peruvian Pima tees.
04 HONEST PRICING
We believe customers have a right to know what their products cost to make. We also believe that every product should have an honest price that supports the customer, the factory workers, and the environment. That is why we share our cost structure directly on our site.

Big Changes in 2021
After a decade in business and a focus on ethical basics, we knew it was time to refashion our path forward. Radical Transparency will always be how we do business, but we decided to update our mission. Today, we exist to empower people to live their best lives with the least impact on the planet. This pursuit is a people focus with an environmental lens and includes our customers, supply chain partners and team members.

With our new focus on people through the lens of the environment, it was clear that the role of leading our vision and the execution of the business were two distinct roles. In late 2021, our Founder and CEO, Michael Preysman, stepped into the role of Executive Chair and Climate Lead and brought in Andrea O’Donnell as CEO. Together, the two of them lead our team of over 350 people to clean up our industry and build an enduring business.

OUR SUSTAINABILITY TEAM
The sustainability team at Everlane was officially established in 2021, and now consists of 3 full-time team members that focus on the brand’s social impact and environmental responsibility initiatives. The team reports directly to the Chief Supply Chain Officer, but works cross-functionally with pretty much every other team at the company.
Ten Years of Innovation

It has been an incredible ride... and we’re happy to be here.

2011
Everlane launched with 1,500 t-shirts made of Supima cotton from Swisstex. The shirts were made in Los Angeles, CA, with a starting waitlist of 80k people.

2012
Just one year later, we launched Mongolian cashmere sweaters, silk shirts, and oxford button-downs—our biggest sales day yet! Twenty-three days later, we shut down our site for our first disruptive Black Friday.

2013
We launched our first ‘Transparent Factory’ site—we were the first brand to share the story, images, and details behind each product and factory.

2014
We launched our first footwear item: our Modern Loafer, made in Italy. In November, we established our first Black Friday Fund, financing solar panels at our Hangzhou, China factory.

2015
We surpassed 50 team members and started our Transparent City tours (First Stop: Transparent LA). That summer, we created our limited edition Chef Totes, in partnership with Edible Schoolyard, to raise $50k for children’s food education.

2016
Created our Choose What You Pay collection, hosting an in-person event in Brooklyn, NY. That fall, as the cost of cashmere came down (if you can believe it at that time!) we launched our premium $100 Cashmere, a first for the industry at that price point.

2017
Some of our most significant launches happened this year: our World’s Cleanest Denim, our best-selling Wide Leg Crop, and our inaugural Day Family collection (starting with the Day Glove). We also opened our first physical store on Prince Street in NYC!

2018
We publicly pledged our ‘No New Plastic’ Commitment and opened our 2nd store in our hometown of San Francisco. We also launched our first Body collection and the first iteration of our Day Tote.

2019
We introduced our sneaker brand, Tread, and completed our first independent lifecycle assessment (LCA) to measure the carbon footprint of the sneakers and offset all their emissions. We launched a Climate Collection in partnership with the New York Times where for each product sold, nine public school students received access to a NYT subscription. This year, we also earned GOTS Certification and became a bluesign® Partner.

2020
We announced our Organic Cotton Commitment and started measuring our carbon footprint. We established a formal DEI strategy and developed core competencies for our HQ employees to support upward mobility planning.

2021
We launched our Forever Sneaker, our lowest impact shoe yet. We joined leading industry initiatives like the Textile Exchange and SAC and were approved for our science-based targets for reducing emissions through the SBTi. We also opened our 8th and 9th stores, donating proceeds from opening days to local social and environmental NGOs.
### 2021 Highlights

It may have been a pandemic, but we didn’t lose sight of our goals. As they say, never waste a crisis—so we used this time to double down on our impact.

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<tr>
<th>66%</th>
<th>90%</th>
<th>73%</th>
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<td>of our cotton is now certified organic.</td>
<td>Eliminated 90% of virgin plastic from our supply chain.</td>
<td>73% of our workforce identifies as female, including our CEO.</td>
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<tr>
<th>32%</th>
<th>97%</th>
<th>49%</th>
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<td>Achieved a 9% absolute reduction of Scope 1-3 emissions (equivalent to a 32% reduction in per-product emissions), compared to our 2019 baseline.</td>
<td>of our apparel materials containing polyester and nylon are now made from GRS-certified recycled fibers.</td>
<td>of new hires identify as BIPOC.</td>
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<table>
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<tr>
<th>50%</th>
<th>57%</th>
<th>7kg CO₂e</th>
<th>$100k</th>
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<td>Pledged our commitment to the Science Based Targets initiative (SBTi) to reduce our GHG emissions by over 50% by 2030, with a goal of Net-Zero emissions by 2050 (or sooner).</td>
<td>57% of our factory partners met our highest standard in social compliance, representing 67% of our product by volume.</td>
<td>Designed the Forever Sneaker with a carbon emissions impact of 7kg CO₂e—by far our lowest impact shoe yet.</td>
<td>Launched The Next Collective fellowship, which awarded $100k in grants to entrepreneurs with early-stage ideas.</td>
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<th>67%</th>
<th>42</th>
<th>57%</th>
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<td>of our raw materials used in 2021 meet our preferred standards.</td>
<td>Worked with 42 finished goods factories across 9 countries.</td>
<td>of our apparel fabrics by volume met our highest safer chemistry standards.</td>
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Our Approach

Every product we make requires the hard work of multiple hands from around the globe. It also takes resources from the planet and generates three outputs: 1) A product that you love. 2) Greenhouse gas emissions: too much is, well, too much. 3) Waste: which we know is a waste.

**OUR THREE PILLARS**

Our approach is to make every product as ethical and clean as possible, and we aim to take accountability for all our outputs—the good and the bad. We use a simple framework to guide our environmental and social efforts:

- **Keep Earth Clean**
- **Keep Earth Cool**
- **Do Right by People**

This is not work we can do alone—collaboration, measured outcomes, and shared accountability are our keys to success. We aligned our pillars and key priorities to the United Nations’ Sustainable Development Goals (SDGs), and we partnered with leading organizations to help us set rigorous and quantifiable goals and to verify our progress.

**The Global Goals for Sustainable Development**

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

- **SDG 5:** Gender Equality
- **SDG 6:** Clean Water & Sanitation
- **SDG 8:** Decent Work & Economic Growth
- **SDG 12:** Responsible Consumption & Production
- **SDG 13:** Climate Action
It’s no secret that the fashion industry has a reputation for extractive, polluting practices. From intensive water use, to chemicals in fabric processing, and end-of-life product waste, the fashion industry has an unsustainably large ecological footprint.

At Everlane, we can’t ignore our impacts, so we’re committed to being a leader in the transformation to regenerative, cooperative, and circular systems that honor the inherent value of our communities and the environment.

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

- **Minimize waste and pollution**: increase recycled content in our designs and partner with facilities that are reducing textile waste and treating wastewater.
- **Reduce natural resource consumption**: prioritize materials and processes that inherently use less water and energy to create; adopt energy efficiency measures and water recycling processes across our factory base.
- **Prioritize safer chemistry**: safer chemical inputs yield safer chemical outputs and protect workers and downstream ecosystems in the process.
The science is clear: humans are emitting far too much carbon into the atmosphere, destabilizing the Earth’s climate. The impacts associated with our rapidly changing climate are too often thought of as future problems, but we are already experiencing the effects today.

The increasing concentration of carbon dioxide and other greenhouse gases is contributing to biodiversity loss, threatening water stress and food insecurity, and increasing severe weather events. In August 2021, the Intergovernmental Panel on Climate Change (IPCC) issued its most urgent call for every person on Planet Earth to play their part in limiting warming. At Everlane, we take this seriously.

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

- **Scope 3 emissions**: 55% lower carbon emissions per product by 2030.
- **Scope 1 & 2 emissions**: 46% lower absolute emissions in our stores and HQ by 2030.
- **Net-zero emissions**: achieve net-zero emissions by 2050 (or sooner).

Working with our suppliers and partners at Pure Strategies, Watershed, and Higg, we’ve identified specific carbon interventions ranging from our raw materials selection to the manufacturing and transportation of our products. It will be a challenge for us to meet these targets, but we know it’s the right thing to do.
People matter. From Day 1, we committed to conscientious business practices to honor and uplift all rights for all people. This means that from our corporate employees to every factory worker, we aim to enhance livelihoods so our people can meet their basic needs and local standard of living. This idea sounds somewhat simplistic, but given the complexity of the global textiles industry, it is quite an undertaking. We wholeheartedly believe it is one worth pursuing.

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

- **Fair wages**: partner with third parties to perform pay audits and benchmarks; work towards achieving living wages.
- **Gender equality**: promote gender equality and empowerment through equal opportunities and equal pay.
- **Equity and inclusivity**: foster an inclusive work environment through standardized DEI policies and internal trainings.
- **Community engagement**: partner with external organizations to fund and participate in social and environmental efforts in our communities.

**Do Right by People**
Whether we are referring to emissions impacts, water consumption, waste creation, natural resource management, or the ethical treatment of animals and workers—the decisions we make about our raw materials are some of the most critical to meeting our mission and values. We aim to source preferred fibers and materials—ones that are certified recycled, organic, or responsible by third-party standards. We prioritize materials with high quality and durability, established traceability and transparency, and lower impacts compared to their conventional counterparts.
Our preferred fibers and materials strategy includes targets for sourcing more raw materials from responsible, recycled, organic, and renewable sources. This approach begins with traceability and transparency.

Through our traceability and transparency efforts, we seek to establish direct relationships with our mills and material suppliers. These relationships give us significant insights and control over the performance, quality, and durability of the fabrics used in our product—but it is not the whole story. Our ultimate goal is to gain full supply chain traceability back to the spinners and initial growers or producers, mapping our complete supply chain in the process.

Our raw materials also present significant opportunities for lowering our greenhouse gas footprint. Year-over-year, materials and their processing stages contribute around 60% of our overall greenhouse gas emissions, so we are intensely focused on sourcing and designing lower-impact alternatives.

We rely on third-party certifications and standards to verify that we’re getting things right, but the work doesn’t stop there. At the same time, we recognize the limitations that these systems present. Certifications can play an important role in the verification and validation of content claims and impacts; however, they must be part of a greater due diligence process. We are committed to building long-term relationships with growers and producers, building our supply chain from end to end, and using transparency as the key driver to build relationships and traceability.

**Preferred Material**+ Uptake as Percent of Total Volume (2019 - 2021)

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<th>Year</th>
<th>Uptake</th>
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<tr>
<td>2019</td>
<td>10%</td>
</tr>
<tr>
<td>2020</td>
<td>33%</td>
</tr>
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<td>2021</td>
<td>67%</td>
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*PREFERRED MATERIALS INCLUDE CERTIFIED RECYCLED, ORGANIC, RESPONSIBLE, FSC-CERTIFIED FIBERS.

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**KEY PARTNERS**
- Textile Exchange
- Watershed
- Pure Strategies
- GOTS
- Bluesign
- Canopy
- Arche Advisors
- Material Standards: RWS, RAS, GRS, Hot Button Report, FSC, LWG
What We’re Made Of: By the Numbers

We produce a lot of denim, so not surprisingly, we use a lot of cotton fiber. In 2021, cotton accounted for nearly 75% of our total fiber use (by volume).

We also use synthetic textiles like recycled polyester and recycled nylon, in addition to smaller volumes of animal-derived materials, including leather, wool, cashmere and silk.

Materials matter to our carbon footprint. Our choice of materials and how we process them account for roughly 60% of our total carbon emissions annually.

BENCHMARKING SUCCESS
For the first time in 2021, we disclosed our raw material footprint to the Textile Exchange’s Corporate Fiber & Material Benchmark, reporting against our 2020 production year. We are pleased to have achieved a performance level of ‘Maturing’ in our first reporting year, an overall score of 3 out of 4, indicating “emerging leadership” for material strategy and execution in the industry. We will continue to use and leverage this reporting framework annually as a way to benchmark our internal processes and strategies surrounding preferred materials.

2021 Materials by Volume

- Cotton: 73%
- Polyester: 9%
- Nylon: 4%
- Wool: 4%
- Man Made Cellulose: 2%
- Cashmere: 2%
- Linen: 2%
- Leather: 2%
- Elastane: 1%
- Alpaca: 1%
- Silk: <1%

Carbon Footprint Comparison by Stage

Scope 3 Excluding Use Phase

- Materials & Manufacturing: 61%
- Capital Goods: 22%
- Upstream Transport: 15%
- Business Travel: 2%
- Employee Commuting: <1%
A Close Look at Our 2 Preferred Materials Commitments

01 Organic Cotton

Worldwide, cotton farming uses more toxic pesticides per acre than any other crop. These chemicals are harmful, stripping the land of nutrients, contaminating waterways, and endangering the people who grow it.

OUR APPROACH

In 2020, we set a bold commitment to transition all of our cotton use to certified organic sources by 2023. This goal is particularly crucial because cotton continues to make up the majority of our fiber use year after year, ranging from 60-70% of the materials we source for our product.

Certified organic methods are better for farmers, local communities, and for the planet. Instead of toxic pesticides, organic farming practices use crop rotation and cover crops to create rich, life-supporting soil. In conventional cotton farming, pesticides have a bad habit of poisoning local waterways, which endangers the people and wildlife that rely on those sources. By prioritizing natural alternatives and old-school agriculture techniques, farmers are spared the potential impact of chemical exposure.

VERIFICATION

We work with the Global Organic Textile Standard (GOTS) to verify organic content, chain of custody, and chemical inputs across each step of the product supply chain. We have been a GOTS-certified brand since 2019.

CHALLENGES

The direct effects of the COVID-19 pandemic and its continued aftermath put strains on the cotton and organic cotton supply chains, leading to increased costs and price speculation, constrained supply, and growing global demand.

Raw material availability, in particular, is a significant roadblock because organic cotton still makes up less than 1% of global cotton production each year, making the sourcing of certified organic cotton a major obstacle. We experienced difficulties securing the necessary volumes of organic cotton because not enough of it exists today. We also understand the limitations inherent in the current certification systems, which rely on paper documentation and annual audits to verify claims. With this, we recognize the need to establish direct sourcing relationships with farmers and growers, which would support further traceability, transparency, and integrity in our cotton supply chains.

The challenges with traceability and verification are ongoing obstacles in the complex and often opaque web of cotton supply chains. These challenges are exacerbated by the reports and risks of human rights abuses in the Xinjiang Uyghur Autonomous Region (XUAR), and the questionable reliability of the industry’s current certification schemes around the possibility of fraud. We remain committed to full traceability and transparency of our raw material supply chain, and continue to invest in due diligence practices that go above and beyond the limitations of our certification systems.
NOTE ON XUAR
We do not source finished garments or fabrics from suppliers located in the Xinjiang Uyghur Autonomous Region (XUAR), and we conduct due diligence measures to understand any further risk exposure in our upstream supply chain. The forced labor crisis in the XUAR, a region that produces approximately 20 percent of global cotton output, exemplifies the need to understand exactly where and how the raw ingredients in our products are grown. Everlane condemns and prohibits forced labor or human rights abuses of any kind within our supply chain and only sources materials and operates in manufacturing facilities that ensure fair and humane practices. If cotton or other raw materials are found to originate from this region, our suppliers must support efforts to find alternative raw material sources and remediation measures or risk the end of our business relationship. In 2021, we signed onto the Coalition to End Uyghur Forced Labour’s Call to Action, committing our efforts to traceability and due diligence practices.

XUAR Response
Our suppliers have committed to ensuring that labor and raw materials are not coming from Xinjiang region. The GOTS Certification also provides traceability by means of transaction certification. All GOTS goods must be fully traced throughout the supply chain in order to ensure organic integrity. In doing so, we are able to confirm addresses and Country of Origin of goods.

NEXT STEPS
As we move forward, we are looking to expand our cotton fiber portfolio to include even more options for farm-traceable, responsibly-sourced, regenerative, and recycled cotton options. A big part of this vision will include supporting in-conversion organic cotton, establishing traceability, increasing and ensuring a future organic cotton supply, and directly supporting farmers during their years of change.
02 No New Plastic

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

OUR APPROACH

In 2018 we set out to tackle the plastics problem in our supply chain, and committed to designing out all virgin plastics from our product and packaging by 2021. At the time, our use of virgin plastic was concentrated in three primary areas: fabric in our apparel; structural components in our footwear, accessories and trims; and low-density polyethylene bags (aka LDPE polybags) that protected every product leaving the factories. Over the past 3 years, we’ve made great progress—we have accomplished 90% of our goal, but our work is not yet finished.

THE LAST 10%

We have been challenged to find 100% recycled versions of two critical plastic materials: trims and elastane. Unfortunately, much of our remaining virgin plastic in these areas requires material innovations not currently available at scale.

Through strength and durability testing, we found that introducing too much recycled content to things like buttons can inhibit the performance of these critical materials. While we believe in circular design, we also want to avoid designing products that will not be durable in the long run.

For elastane, the issues are more complex. There is currently no good way to recycle elastane—it gunks up recycling machines and is seen as a contaminant in most mechanical recycling processes, at least the ones available at scale today. This makes finding feedstock for recycled elastane a stretch (see what we did there?) goal.

In many ways achieving the last 10% will be the hardest, but we are committed to test solutions and continue working towards a world with no new plastic.
COLLABORATING TO ELIMINATE VIRGIN PLASTIC:
THE NEXT COLLECTIVE

In 2021, in partnership with Arche Advisors and Maestra Brooklyn, we launched a fellowship program to bring diverse perspectives together to clean up the fashion industry. The Next Collective fellowship targeted entrepreneurs with early-stage ideas to reduce the use of virgin plastics while also using an equitable approach to drive positive social and environmental change across the fashion landscape. Our esteemed selection panel of industry experts helped narrow the list down. The five selected Fellows each received $20k in grant money to develop their visions and were offered opportunities to network with industry experts to discuss goals and challenges in their respective projects.

Our Packaging Materials

As part of the No New Plastic commitment we made in 2018, we vowed to remove all virgin and single-use plastics from our product—and packaging was no exception. We have successfully removed all virgin plastics from our packaging. As of 2019, we have exclusively used 100% recycled LDPE plastic polybags, and have removed all other sources of plastic packaging. We even supply our factories with these recycled polybags to ensure we are meeting this goal.

Additionally, as a brand with both an eCommerce and retail footprint, we must minimize our packaging footprint and related waste. We streamlined our product packaging to only use what’s absolutely necessary to ship to our customers, and use only recycled and FSC-certified content in mailers and packaging in line with our Canopy policy.

For our warehousing and fulfillment needs, we partner with a zero-waste distribution center, Geodis. Everlane occupies approximately 43% of their facility in Kutztown, PA, with the remaining space housing other retailers and brands. Geodis works to divert waste from landfills through reuse, recycling, and composting programs. To accomplish this, Geodis partners with Trex, a company that turns hard-to-recycle LDPE waste into decking material. This means that all waste polybags are diverted from landfill and get a second or third life as long-lasting composite materials.

In 2021, Geodis diverted 100% of its waste from landfill, and recycled 466.2 tons of cardboard packaging and 20 tons of plastic, including 39,670 lbs of LDPE polybags. (This data is aggregated across all Geodis clients, including Everlane.)

We are also working to reduce packaging waste through our customer returns program. In 2021 we entered an exclusive returns partnership with Happy Returns. This third-party service features consolidated returns shipping through a reusable shipping carton program, reducing the amount of cardboard packaging that goes out for recycling (as well as shipping emissions!).

2021 Packaging Footprint

<table>
<thead>
<tr>
<th>PACKAGING TYPE</th>
<th>WEIGHT (LBS)</th>
<th>SOURCE MATERIAL OF PACKAGING</th>
<th>RECYCLED RENEWABLE MATERIALS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cartons</td>
<td>461,377</td>
<td>Post-consumer waste paper</td>
<td>100%</td>
</tr>
<tr>
<td>Mailers</td>
<td>349,760</td>
<td>Recycled paper</td>
<td>100%</td>
</tr>
<tr>
<td>Polybags</td>
<td>103,544</td>
<td>Post-consumer LDPE</td>
<td>100%</td>
</tr>
<tr>
<td>Paper Dunnage</td>
<td>2,916</td>
<td>Recycled kraft paper</td>
<td>100%</td>
</tr>
</tbody>
</table>
In 2019, we successfully designed out all virgin plastics from our packaging and switched our virgin polybags to 100% recycled LDPE. This was a major success, but we knew the work could not stop there—plastics, after all, never quite go away, even if you can recycle them. And LDPE plastics are not recyclable in most municipal waste streams in the US today.

So in 2020, we officially partnered up with Seaman Paper to trial Vela™, an FSC-certified glassine paper alternative to polybags. Vela™ bags serve the same purpose as typical polybags, they protect the product from factory to customer through long transit routes, but they come with some real added benefits: Vela™ glassine paper bags are curbside-recyclable, naturally biodegradable, and made from wood pulp sourced from FSC-certified responsibly managed forests. We are in the process of swapping all of our polybag use for these glassine paper alternatives (you may have already started to receive them!) and plan to be about 90% transitioned by the end of 2022.
Addressing Animal Fibers & Materials

Although animal fibers and materials make up less than 10% of our total sourcing volume each year, we seek to prioritize the ethical treatment of all animals in our supply chain and are committed to understanding and reducing the climate-related impacts they pose.

OUR APPROACH

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

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

To further mitigate risks to both animal welfare and climate change, we prioritize the use of certified recycled animal fibers and materials, such as recycled cashmere, recycled down, recycled wool, and recycled leather. In 2021 recycled animal fibers made up 16% of this category by volume, and we aim to increase that each year.

Where virgin fibers and materials must be sourced for quality or availability purposes, we favor suppliers and materials that support industry standards for animal welfare and traceability through chain of custody measures. These industry standards include the Responsible Wool Standard (RWS), Responsible Alpaca Standard (RAS), Responsible Down Standard (RDS), and the Leather Working Group (LWG).

12 Provisions of Animal Welfare Quality

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

ALPACA ANIMAL WELFARE AUDITS

In 2021, we worked with our audit partner, Arche Advisors, to complete animal welfare audits at 10 farms across our two alpaca suppliers in Peru. At these farms, the auditors used the 12 Provisions of Animal Welfare Quality standards to ensure that all animals are treated humanely, and ensured that proper land-use practices were followed. These Peruvian farms are small, family-owned and operated, and remote. Our findings highlighted that animal husbandry best practices were practiced across the farms, keeping the animals safe and free from harm. However, many farms were not up-to-date not their record-keeping and formally documenting their on-farm protocols.
SPOTLIGHT

ReCashmere: The Future of Recycled Luxury

We know from our carbon footprint analyses and many third-party Life Cycle Assessments (LCAs) that virgin cashmere is one of the highest emitting materials in our matrix, largely due to land-use impacts at the farm level. But cashmere is also one of the most luxurious and high-quality materials we use, and is important to our customer and business. Although cashmere only makes up approximately 2% of our materials by volume each year, it has an inversely large impact on our overall GHG emissions impacts.

Through our mill partnerships in Italy, we developed a recycled cashmere yarn made from 100% post-consumer materials. This R&D has been years in the making. We are now able to extend the life of these luxurious, high quality materials, turning them into something new to be cherished. What’s more, using recycled cashmere can lower the emissions impacts by over 90% compared to sourcing virgin. In 2021, 37% of our cashmere came from these recycled sources. We are aiming our sights even higher in the coming years.
While our overarching goal is to focus on finding and implementing lower impact versions of all materials we use, we identified some materials as having multiple hotspots. Leather is one such material, which, when produced conventionally, is associated with a disproportionately high carbon footprint, high chemical use, animal welfare, worker safety concerns, and traceability challenges.

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

**PATH 01**

**Cleaning up the systems we already work in**

Virgin leather is associated with high emissions factors (or the amount of CO₂e associated with a given material, based on LCA data). The high emissions factors associated with leather are primarily attributed to cattle raising and land use practices at the farms. Leather also comes with a high chemical footprint and health and safety concerns for the people and local environments that tan and process it. Unfortunately, the highly complex nature of current leather supply chains makes traceability and visibility into specific processes a challenge. We started to map our leather supply chain but have some hard work ahead.

A key aspect of our leather sourcing strategy moving forward is to grow the adoption of regenerative agricultural practices through direct-farm sourcing models. This sourcing model will go a long way towards establishing traceability, achieving animal welfare standards, sequestering carbon, and improving soil quality through responsible animal husbandry practices. We are also working towards partnering with Leather Working Group certified tanneries, aiming to reach 100% by 2025.

**PATH 02**

**Investing in and testing lower-impact alternatives**

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

We found promising outcomes in recycled leather, which uses upcycled leather scraps that were destined for landfill. In 2021 we introduced our Court Sneaker and Tennis Shoe in ReLeather, an innovative, long-lasting material made from recycled leather scraps and requiring no further tanning or dyeing in the process. We also worked with our partner, Pure Strategies, to calculate an emissions factor for recycled leather, and found it to be roughly 80% less intensive than virgin. In 2021, 24% of our leather use was made up of ReLeather and bio-based alternatives.
Our mission is to help people live their best lives with the least impact on the planet. To carry out this mission, we ensure that the factories we partner with have strong ethical leadership and treat their employees well. Our ultimate goal is for all people involved in the Everlane value chain to have what they need to thrive in the present day and in the future—this is the ‘social responsibility’ part of sustainability.
Our Approach

Complete visibility into our supply chain is crucial to understanding Everlane’s impact on the people working within our global supply chain and their local environments.

When you purchase an Everlane product, you should feel confident that the people who touched the product along the way were treated equitably. This is a lofty goal, especially for a company of our size that does not own factories, source directly from farms, and is a relatively small player in the global retail landscape—but it is one we are eager to take on.

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

### Statistics
- **42 in 9** finished goods factories in 9 countries
- **74%** of partner factories have collective bargaining agreements in place
- **64%** of partner factories have additional social or environmental certifications that go above and beyond local laws and industry standards
- **57%** of partner factories have additional social or environmental certifications that go above and beyond local laws and industry standards
- **65,000+** workers in our Tier 1 supply chain

### Objectives
- **Health and Safety**
- **Fair Labor Practices**
- **Stakeholder Engagement**
- **Community Engagement**
- **Traceability and Transparency**
Our Global Supply Chain

Everlane’s global supply chain spans over 15 countries across 4 continents and supports more than 70,000 workers. From farm to finished garment, Everlane aims to have full visibility of our entire supply chain in order to identify our biggest areas of opportunity and ensure that all workers are treated equitably.

From Seed to Factory: Supply Chain Mapping

We have robust visibility into our Tier 1 suppliers, but this visibility gets more complex as we move further up our supply chain. This complexity, however, does not excuse us from needing to do more. From legislative requirements to stakeholder expectations, our industry is under increased pressure to understand the entirety of our impacts—from seed to factory. Supply chain mapping is a tool we use to help us improve our understanding of impacts and opportunities to fulfill our mission and stay true to our values.

We define the links in our value chain through a tiered system, as visualized in the diagram to the right.
## Our Supply Chain Visibility & Challenges

<table>
<thead>
<tr>
<th>SUPPLY CHAIN TIER</th>
<th>DESCRIPTION</th>
<th>VISIBILITY LEVEL</th>
<th>CHALLENGES</th>
<th>IMPROVEMENT EFFORTS &amp; FUTURE GOALS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tier 1</td>
<td>Garment production (i.e., stitching, assembly).</td>
<td>100%</td>
<td>We do not own these facilities. We can influence and incentivize best practices, but do not have direct control over actions or outcomes.</td>
<td>Continue to rely on 3rd parties to complete due diligence on social compliance and certifications for environmental improvements, focusing on continuous improvement.</td>
</tr>
<tr>
<td>Tier 2</td>
<td>Material production (i.e., fabric mill).</td>
<td>100%</td>
<td>We do not own these facilities, and our buying power and influence is greatly reduced due to the size of our business.</td>
<td>Narrow the number of suppliers and focus resources on impact initiatives and incentives with key suppliers.</td>
</tr>
<tr>
<td>Tier 3</td>
<td>Raw material processing (i.e., yarn mills).</td>
<td>Some progress on traceability, but aiming for greater visibility in 2022 and beyond.</td>
<td>Very complex supply chain with multiple facilities and farms contributing to the production of a single fabric. This makes it difficult to know which facilities produce fabric that we ultimately buy downstream.</td>
<td>Continue to map our Tier 3 supply chain, gaining 100% visibility by 2023.</td>
</tr>
<tr>
<td>Tier 4</td>
<td>Raw material extraction (i.e., cultivation and extraction of raw materials).</td>
<td>Farm level traceability (i.e., wool farms, organic cotton raw material producer).</td>
<td>We currently have very few direct relationships with raw materials suppliers.</td>
<td>Gain full supply chain traceability and transparency while building direct relationships with growers and producers.</td>
</tr>
</tbody>
</table>
Building A Socially Responsible Supply Chain

We seek and prioritize supply chain relationships based on transparency, trust, and common goals for worker wellbeing. From health and safety to fair labor practices, Everlane aligns with supply chain partners that see social responsibility as a key metric for business success.

INITIAL RISK ASSESSMENT

When we are first introduced to a factory, we evaluate the potential partnership with our Everlane Risk Assessment. This risk assessment evaluates the labor conditions, wages, training, environmental programs, and risk potential of a prospective factory to ensure that they are aligned with Everlane’s Code of Conduct expectations. It allows us to determine whether the factory meets our social responsibility standards, and whether we can move forward with a partnership.

ANNUAL VERIFICATION

In most cases, we assess our factory partners’ risks annually. These assessments allow us to identify corrective actions and reward factories that demonstrate ongoing improvement in social responsibility and or that go above and beyond in programs that support worker well-being. We use three audit firms—ELEVATE, Arche Advisors, and Intertek—to complete social compliance audits across our supply chains. When a partner scores lower than our expectations, we evaluate the factory’s opportunity and openness for corrective action before taking steps to exit the relationship.

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

CONTINUOUS IMPROVEMENT

We believe in a continuous improvement approach and recognize that in order to achieve lasting change, there needs to be vested interest across both brands and suppliers. Everlane partners with our audit firms to provide Capacity Building Training for our factories. The training covers an in-depth review of audit results, root cause analysis of each finding, guidance on creating a Corrective Action Plan (CAP), and expectations for remediation within a reasonable completion timeline.

COVID-19 RESPONSE, LIMITATIONS & CHALLENGES

Over the last two years, we altered our audit program expectations and requirements due to the COVID-19 pandemic. In some cases, our audit partners were not able to physically enter factories because of country restrictions, shut-downs, and closures. To reduce the burden on our factory partners, we pivoted to allow some virtual audits due to the extenuating circumstances. We also allowed some suppliers to provide reference audits for equivalency scoring against our own standards. We consider these measures to be temporary because they do not provide the complete depth and view we expect, and will return to our standard audit protocols as soon as possible.

WE USE THREE AUDIT FIRMS—ELEVATE, ARCHE ADVISORS, AND INTERTEK—TO COMPLETE SOCIAL COMPLIANCE AUDITS ACROSS OUR SUPPLY CHAINS.

QUALITY INSPECTIONS IN ONE OF OUR SHIRTING FACTORIES.
ELEVATE

Everlane utilizes ELEVATE’s EiQ risk assessment tools when assessing new and existing vendors. Their data aggregates outcomes from various public and proprietary indices, including but not limited to: Global Slavery Index, Workers Rights Index, and Human Development Index as well as ELEVATE indices around migrant workers, wages, and freedom of association.

In addition to ELEVATE’s risk exposure tool kit, Everlane’s vendor risk assessment includes the following:

- Department of State Trafficking in Persons Report
- Migrant labor risk
- Recruitment agencies risk
- CAP management skills
- Onboarding communication
- Geographic country risk
- Reference audits / past audit results

This robust risk assessment program allows Everlane to create more targeted and efficient audit programs specific to factory needs and opportunities for improvement. By leveraging ELEVATE risk exposure tools and our own assessments we are able to provide our supply chain partners with necessary resources and capacity-building programs.
Tier 1 Factory Performance in 2021

Our third-party supplier audits result in a detailed write-up of findings related to the established standard across various performance areas, all culminating in an overarching score. We take these scores, which reflect both the quantity and severity of noncompliance findings as well as suggested corrective actions, and place them in a color-coded system. We understand that not all factories will reach the highest levels of compliance all the time, and so we prioritize root cause analysis, corrective actions, and continuous improvement to achieve our ultimate goal: 100% of our partners achieving a ‘Green’ rating year after year.

<table>
<thead>
<tr>
<th>Color</th>
<th>Description</th>
<th>% of business by unit volume</th>
<th>% of factories in this category</th>
</tr>
</thead>
<tbody>
<tr>
<td>Green</td>
<td>Strong Performance</td>
<td>67%</td>
<td>57%</td>
</tr>
<tr>
<td>Yellow</td>
<td>Good Performance, Room for Improvement</td>
<td>30%</td>
<td>31%</td>
</tr>
<tr>
<td>Orange</td>
<td>Needs Support with Capacity Building &amp; Root Cause Analysis</td>
<td>2%</td>
<td>10%</td>
</tr>
<tr>
<td>Red</td>
<td>Requires Probation, Must Demonstrate Progress in Re-Audit</td>
<td>1%</td>
<td>2%</td>
</tr>
</tbody>
</table>

*In 2021 we had only one factory rated as ‘Red’ in their audit, equating to 2% of our Tier 1 factory base. After CAP management and a re-audit in early 2022, this factory has already improved its scores and graduated to a ‘Yellow’.

**2021 Social Compliance Overview**

- **FULL SOCIAL COMPLIANCE AUDITS:**
  - COMPLETED 32 AUDITS ACROSS TIER 1 (INCLUDING 2 VIRTUAL AUDITS)
  - AUDIT DELAYS DUE TO COVID RESTRICTIONS: 5
  - EQUIVOCAL AUDITS ACCEPTED DUE TO COVID: 5

**42 Suppliers**
2021 Everlane
Supply Chain

Brazil
- Product category: Footwear
- Country-level risks: Unauthorized subcontracting, freedom of association, environmental permits

China
- Product category: Sweaters, knit tops, woven tops
- Country-level risks: Domestic migrant labor, transparency, business integrity

Italy
- Product category: Footwear, accessories
- Country-level risks: Migrant labor, building safety, chemical related issues

Peru
- Product category: Knit tops
- Country-level risks: Domestic migrant labor, freedom of association, working hours

Spain
- Product category: Footwear
- Country-level risks: Migrant labor, forced labor, health and safety policies

Sri Lanka
- Product category: Knit tops, bottoms, dresses
- Country-level risks: Working hours, emergency evacuation, hygiene and sanitation

Thailand
- Product category: Bottoms
- Country-level risks: Freedom of association, migrant labor

USA
- Product category: Denim
- Country-level risks: Freedom of association, policy, environmental management

Vietnam
- Product category: Knit tops, bottoms, outerwear
- Country-level risks: Domestic migrant labor, working hours, occupational safety
Performance Outcomes

We recognize that no single audit scheme is perfect, yet we feel social compliance audits are an essential tool to support our supplier community, drive accountability, transparency, and continuous improvement. An important first step is collecting data to identify risks, spot trends, and benchmark performance against the industry.

We collect social compliance data by categorizing noncompliance findings into 4 sections—minor, moderate, major, and zero tolerance. While we prioritize all four categories, this system allows us to standardize and track CAP remediation programs across our supply chain.

Across our Tier 1 factories in 2021, the most common noncompliance categories were health and safety (55%), hours of work (19%), and wages and benefits (12%). These track with the most common noncompliance issues for the industry at large, but in some cases have been exacerbated by the pandemic.

After reviewing all noncompliance issues with a factory, we move forward with an agreed upon corrective action plan (CAP), and keep detailed records to track progress over time, and where our factory partners may need additional support.

HEALTH & SAFETY

Prior to and throughout the pandemic, health and safety findings were fairly common. Examples of minor findings include pathways partially blocked by goods, posters of protocols and safety procedures missing from required locations, and incorrect needle guard positioning. Moderate and major categories include infractions such as building safety code violations, emergency preparedness, and safety lighting. While many of these minor findings can be considered “quick fixes,” Everlane focuses on the management systems in place to remediate major and moderate violations. We ensure that these noncompliance findings are remediated through the CAP process, and work with factory management to determine root cause analyses on the noncompliance issues and develop internal processes to avoid repeat violations.

AT EVERLANE, WE WORK WITH FACTORY MANAGEMENT TO DETERMINE ROOT CAUSE ANALYSES ON NONCOMPLIANCE ISSUES AND DEVELOP INTERNAL PROCESSES TO AVOID REPEAT VIOLATIONS.
WORKING HOURS
Because we do not own our factories or make up a majority of their production volume, Everlane has little leverage to create major changes in working hours—but that does not mean we ignore the issues. We focus on ensuring that all overtime working hours are completed at-will and that workers can leave the factory floor at any time of their choosing. We verify this through factory auditing and employee interviews as well as anonymous worker sentiment surveys. In addition, we provide capacity-building training around working hours to both management and workers. In completing such training, management will be able to better organize production, and workers will fully understand their rights to work overtime and take rest days.

WAGES & BENEFITS
The majority of noncompliance findings within wages and benefits are considered minor infractions, and tend to deal with improperly paid social insurance (most common in China), adherence to rest breaks, and proper additional pay for special teams monitoring health and safety or fire safety. To the best of our abilities, we ensure that workers are paid what they are owed for the work they perform. When wages and benefits findings do occur, we work through the CAP process to ensure that back-pay is properly calculated and remitted to all workers impacted.

While we audit to verify that our factories are paying at or above the local legal minimum wage, our ultimate goal is to understand what this means from a living wage perspective. We recognize that paying above minimum wage is a good first step, but we believe that living wages are an important human right for our industry and are essential in furthering gender equality across the globe. We are committed to increasing our understanding of wage levels across our supply chain, including the ways in which our purchasing practices impact the issues. In 2022, we will start to collect detailed wage information from our factories and perform country-level living wage benchmarking to identify wage gaps.

Integrating Environmental Responsibility
Another important component of sustainability is environmental performance. From factory to farm, we recognize the toll that the production of textile goods can have on the world’s natural resources and the people who make them. Across our supply chain, we focus on protecting critical water resources, reducing greenhouse gas emissions, and minimizing the use of harmful chemicals in our supply chain to create products that are safe for all. We rely on several partnerships to help us make progress.

In 2021, eighteen of our Tier 1 finished goods suppliers representing 72% of the total volume of units we produced completed a verified Higg FEM, providing key insights and industry benchmarks to our direct suppliers. In addition, four of our strategic Tier 2 material suppliers representing roughly 30% of our total material volume completed a verified Higg FEM.

In 2021, we became a member of the Sustainable Apparel Coalition (SAC) and began onboarding the Higg tool throughout our internal operations and supply chain. The Higg Index is an important industry self-assessment tool that allows for third-party verification. We use the Higg Facility Environmental Module (FEM) to collect primary
data about the environmental management practices and outcomes at our partner factories, identify risks and opportunities, and provide a path for continuous improvement across various environmental impact areas, including energy, water, wastewater, air emissions, waste, chemicals, and environmental management systems.

They say that you can’t manage what you don’t measure, and the Higg FEM provides our best opportunity to collect primary data against the environmental performance of our key suppliers. We are committed to onboarding verified Higg FEM across 100% of our Tier 1 suppliers and 80% of our Tier 2 raw material suppliers (by volume) over the next 4 years.

### Safer Chemistry

Chemicals are an integral part of the textile supply chain. They allow our yarns and fabrics to be dyed, our performance materials to be processed, and our products to be made. The problem is that much of the chemistry used in textile supply chains can be hazardous for the workers and local environments that are exposed to them. To manage the chemicals used in our global supply chain, we work with some of the most comprehensive safer chemistry standards available to the industry and are setting targets for progress and improvement against our chemical usage over the next few years. By 2025, we aim for 80% of our materials to hold a safer chemistry certification.

**B**LUESIGN®

In 2018, we began working with bluesign®, an organization that has created comprehensive standards to eliminate harmful substances at each step of the supply chain—from the chemical formulas to the processes used to manufacture materials, and finally, the products themselves. We first worked with bluesign® to approve the dyes and finishing chemistry used on our technical outerwear products to ensure the highest level of chemical safety and performance.

In 2019 we underwent a bluesign® Brand Assessment and gap analysis, effectively auditing our risks associated with hazardous chemicals and providing a pathway to minimizing these risks in key categories. Shortly after, we became an official bluesign® System Partner to continue to phase out hazardous chemicals throughout our supply chain processes across all product categories.

**GOTS**

In tandem with our Organic Cotton Commitment, we are focused on adopting the Global Organic Textile Standard (GOTS), a cotton-specific standard that helps to manage traceability, content claims, social responsibility, and chemical inputs on certified organic products.

#### Overview of Safer Chemistry Program

<table>
<thead>
<tr>
<th></th>
<th>18%</th>
<th>54%</th>
<th>57%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Percent of suppliers that were bluesign® certified in 2021</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Percent of relevant suppliers that are GOTS Certified</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Percent of apparel fabrics (by volume) certified to bluesign®, GOTS, or GRS standards</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

In 2019, we became a GOTS-certified brand and launched our first GOTS-certified garment. In doing so, we created clear targets to source and produce certified organic cotton against the GOTS standard, following the GOTS Restricted Substances List (RSL). The GOTS RSL represents the most stringent list of restricted substances and chain of custody protocols for cotton products, which are audited for effectiveness at least once a year. We continue to be a GOTS-certified brand and support our relevant suppliers in their efforts to achieve and maintain GOTS certification.

**GRS**

The third safer chemistry standard that we utilize is the Global Recycled Standard (GRS). In addition to providing chain of custody standards for content claims and traceability, the GRS standard also includes processing requirements for social responsibility, environmental integrity, and chemical safety.
WATER & WASTEWATER

Across the supply chain—from farm-level irrigation to dye houses and wash houses, wet processing of yarns and materials, and finished goods manufacturing—the textile industry is water-intensive. The integrity and availability of the world’s freshwater supply is crucial to the well-being and existence of all living beings. We know that water use is a crucial topic for our industry, and we recognize that some regions of the world are under varying levels of water stress and scarcity and that climate change is exacerbating the issue.

We maintain business partnerships with factories and facilities that have efficiency measures to use less water, are optimized for water recycling and reuse, and manage wastewater concerns through zero-discharge systems. We are focusing on one of our largest categories first: denim.

Decreasing water use and hazardous effluent will remain a key priority for us moving forward, and we support water-reducing practices and technologies across our supply chain, prioritizing areas of high water stress. Our formal water impact measurements, benchmarking, and targets are forthcoming.

THE WATER USED IN OUR DENIM WASH PROCESSES IS TREATED THROUGH ON-SITE WASTEWATER TREATMENT FACILITIES, AND IS CLEAN ENOUGH TO DRINK.
Denim is a dirty business, from the vast amounts of water used and wastewater created in dyeing and washing, to the chemicals and processes used to color, fade, and process your jeans. Saitex International, located in Vietnam, is the industry’s frontrunner in low-impact denim manufacturing and a factory that we have been proud to call a partner since the launch of our Clean Denim line in 2018. In the years since, both our denim business and our partnership with Saitex have continued to grow.

In addition to being a certified B Corp, Saitex boasts a unique system of clean water, waste, and energy management practices that far surpass industry standards, including high tech machinery, an on-site wastewater treatment plant, and a number of certifications (like LEED, ZDHC, bluesign® and GOTS).

**CLEAN WATER**
Saitex’s unique closed-loop water treatment system recycles and reuses 98% of all the water used in their denim washing process. Their state-of-the-art reverse osmosis filtration system separates water from dyes and contaminants and then reuses the cleaned water back in the wash system.

**REDUCED WASTE**
All denim wash processes create a byproduct of dyes and fiber fragments, typically viewed as waste. At Saitex, this byproduct is extracted and sent to a local brick factory, where it is mixed with concrete and used to build affordable housing.

**CLEAN ENERGY**
Instead of using standard driers in their processes, Saitex air dries their jeans using a hanging conveyor system. Through energy efficiency measures and sourcing renewables like solar power, Saitex has reduced its energy and electricity consumption and its GHG emissions by nearly 80%.

In 2021, Saitex opened a sister factory in Los Angeles, California. We are also proud to partner with their new facility in our home state.
They say “waste is a waste” but really it’s more than that. The vast majority, 87%, of fiber used for clothing is incinerated or disposed of in a landfill—a far cry from the circular economy model that we aspire to. Excess production also contributes to microfiber pollution in our oceans and waterways and to climate change, with the fashion industry responsible for an estimated 2-7% of annual global carbon emissions.
Our Approach

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

Product Intent

Our product design focuses on quality and longevity. We create timeless but beautiful designs, source and use high-quality materials, and produce well-made garments in some of the best factories in the world. We want our customers to enjoy a long life with their Everlane products and hope that they can have a second (or third!) life beyond the initial purchase. We are pleased to see Everlane garments and footwear resold on some of the most popular resale sites and wish to encourage our customers to take part in the circular and sharing economies.

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

Damaged Goods & Unsold Items

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

In 2021, 32,929 units of footwear and apparel found second homes through our donation partnerships with Debrand and Flexport.org.

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

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2,324

Number of units diverted to recommerce initiatives, building the case for Everlane resale partnerships

15,645

Volume of damaged product that was shredded and downcycled into insulation, carpet padding, and other shoddy materials

914

Number of units diverted to innovative partners to contribute to research in various textile-to-textile recycling pilot projects

In 2021, we worked with our partner Debrand, an expert in sortation and circularity, to sort through our damaged product and propose opportunities for product circularity.
Case Study

**Forever Sneaker: A Study in Circular Design**

In our efforts to strive towards a more circular economy, we understand that heavy importance must be placed on improving the recyclability of our textiles and finished products. After examining the apparel and footwear industry as a whole, shoes have proven to be one of the most challenging items to recycle due to the complexity of the construction and the multitude of materials used. In fact, it is estimated that hundreds of millions of shoes end up in landfills each year and take many decades to break down. So, in 2021 we launched our first footwear product designed with the circular economy in mind—the Forever Sneaker—purposefully designed for longevity, disassembly, and recyclability at the end of its life.

Our Design, Raw Materials, and Product Development teams worked in close partnership with our partner, Debrand, to create not only a beautiful and functional sneaker but one that could eventually be separated and recycled. The Forever Sneaker was designed simply, with a natural, durable rubber sole, a mix of organic cotton for the upper, and recycled laces, webbing, and sockliner—an uncomplicated design meant fewer materials and less effort to recycle.

While we designed with a post-consumer waste stream in mind, we also wanted a long-lasting shoe that could be worn day in and day out—a shoe that would hold up to the everyday elements. That’s why we extensively quality- and wear-tested these sneakers with longevity in mind. Moreover, we created it to be machine washable so caring for the shoe is easy.

Eventually, however, we knew that every shoe has a lifespan, no matter how durable or well maintained they are. So, we created a recycling program for this sneaker where our customers can drop off their worn shoes at one of our retail stores or request a return label online and send them back to be fully recycled by Debrand. The rubber sole, which makes up 91% of the shoe, is mechanically ground into equestrian flooring. Because we already found a second home for this material, we could ensure it would get to live on. In the recycling world, that’s a big win. The remaining 9% upper made up of partially recycled, laminated cotton canvas is remade into mats—think doormats and standing desk pads. Finally, the metal eyelets are removed and recycled into the regular consumer metal recycling stream.

To reduce our impact even further, we worked with a third-party consultancy to calculate the total carbon footprint for each pair of the Forever Sneaker. They did a life-cycle assessment examining every step—from the finished product to the rubber trees. They estimated the carbon emission of this sneaker to be 7kg CO2e—by far our lowest impact shoe yet. Then, to offset the remaining carbon emissions we couldn’t eliminate with our sustainable design, we partnered with Native to purchase verified carbon offsets supporting projects that actively reduce the impact of greenhouse gasses.

While we successfully created our lowest impact, most recyclable piece of footwear yet, we are not done innovating. We’re currently working on several fronts to accomplish this goal: developing alternatives for the few components still made from virgin plastic, designing more efficient patterns to reduce waste, and more.
To support circularity we are most focused on extending the life of our product. In 2022, we plan to engage with our customers even more on how to care for their Everlane garments and footwear to extend product longevity. Building on our success with the Forever Sneaker, we will continue to explore designing for circularity, incorporating repair and design for disassembly/recyclability wherever possible. We also want to encourage our customers to participate in the resale economy, ensuring that Everlane products never end up in landfills.

The truth is, our industry is not yet equipped for the complexities of a truly circular economy—product is not often designed for ease of recycling, and we face significant challenges with collection, sortation, reverse logistics, and viability of textile recycling innovations. As we look to increase the amount of recycled content in our product designs (in line with our climate change mitigation efforts), we are committed to supporting innovators in this space for the change we know is needed.
We are committed to measuring and understanding our impacts on climate change and minimizing the emissions created as a result of our business model. We do this by calculating our annual carbon footprint and aligning our GHG reduction efforts to what the scientists tell us is most pertinent—mitigating emissions to keep within 1.5°C of global warming.
Our Approach

The science is clear—threats to our planet from global climate change may be the biggest issue of our time. At the time of writing this report, the latest IPCC report warns that CO₂ concentration is the highest it has been in two million years, and that the last decade was hotter than any period in over 100,000 years.

It is indisputable that human activities are responsible for global climate change. We need to take drastic measures to reduce emissions and keep warming within a 1.5°C warming scenario to avoid the worst outcomes of climate change.

Our Goals

In 2021, we were approved for our science-based targets through the Science Based Targets Initiative (SBTi), the world’s leading organization responsible for verifying climate reduction goals for the corporate sector. With our Science Based Targets (SBT), we pledged to measure our carbon impacts annually and significantly reduce our direct and indirect emissions by 2030. In addition, we signed onto the Business Ambition for 1.5°C Initiative, pledging to achieve Net-Zero by or before 2050.

Everlane is classified as a ‘Small to Medium Sized Enterprise’ (SME) under SBTi standards. Because of our SME classification, we are only required by SBTi to set specific Scope 1 & 2 emissions reduction targets while promising to measure and reduce our Scope 3 emissions. However, we want to hold ourselves to a more ambitious standard—we have therefore publicly committed to measuring and reducing our Scope 3 emissions in line with Greenhouse Gas Protocol and SBTi recommendations for a 1.5°C pathway for larger corporations in our sector. Our goals and plans were reviewed and validated by a third-party, Pure Strategies, to ensure alignment with the SBTi’s guidance. At the time of writing this report, Everlane is the only US-based SME company committed to both a 1.5°C reduction pathway and a Net-Zero emission target through SBTi.

THE SOBERING FACTS

420 ppm
Concentration of CO₂ in the atmosphere at the time of this report, the highest in two million years.

3°C
Current emissions trajectory puts us on a warming potential of over 3°C Celsius.

1.5°C
The amount of warming we must curb to avoid the worst effects of climate change.

Everlane Science Based Targets
Baseline Year: 2019 | Baseline GHG: 71,629 MT CO₂e* *this measurement excludes use phase

<table>
<thead>
<tr>
<th>Scope 1 &amp; 2</th>
<th>Scope 3</th>
<th>Net-Zero</th>
</tr>
</thead>
<tbody>
<tr>
<td>46% Absolute GHG Reduction by 2030</td>
<td>55% Relative GHG Reduction by 2030</td>
<td>Achieve Net-Zero emissions by 2050</td>
</tr>
<tr>
<td>2019 Baseline: 151 MT CO₂e</td>
<td>2019 Baseline: 71,497 MT CO₂e</td>
<td></td>
</tr>
</tbody>
</table>

**KEY PARTNERS**
- Pure Strategies
- Watershed
- SAC
- Native
- Supply chain partners
- Global Fashion Agenda
Our Plan: 3, 2, 1, Net-Zero

<table>
<thead>
<tr>
<th>SCOPE DEFINITION</th>
<th>IMPORTANCE</th>
<th>GOAL</th>
<th>INTERVENTIONS</th>
</tr>
</thead>
</table>
| **Scope 3** | Scope 3 makes up 99% of our company’s greenhouse gas (GHG) emissions—predominately through the production of our raw materials and the manufacturing of our products, but also includes customer use and end-of-life emissions. | Reduce Per-Product Emissions by 55% by 2030 | RAW MATERIALS  
• Increase the use of low-impact material alternatives, including recycled and renewable content.  
• Partner with farmers in our supply chain to support and adopt regenerative agriculture practices.  
MANUFACTURING  
• Engage suppliers in Higg FEM adoption.  
• Identify high-GHG processes and partner with suppliers to implement low-emission techniques.  
• Encourage and incentivize suppliers to convert to renewable electricity.  
TRANSPORTATION  
• Reduce air shipments of fabric and products.  
• Encourage and incentivize customers to use ground shipments for purchases and returns. |

| **Scope 1 & 2** | Although Scope 1 & 2 emissions account for a fraction of our footprint, we can make meaningful changes to reduce emissions in our built environment. Even as we open more stores or office spaces, we must reduce our total scope 1 & 2 emissions to be 46% below the 2019 baseline level. | Reduce Absolute Emissions by 46% by 2030 |  
• Increase energy efficiency and energy reduction measures in our built environments.  
• Screen future store and office locations for energy efficiency and build with best practices for energy usage.  
• Purchase renewable electricity credits (RECs) and consider power purchase agreements (PPAs) where applicable. |

| **Net-Zero** | Reducing our GHG emissions to reach our SBTs is our first priority, but achieving net-zero emissions is how we will neutralize the emissions we cannot eliminate.  
We 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 |  
• Greatly reduce our scope 1–3 emissions (past 2030) through direct interventions, influence, and incentivization.  
• Offset unavoidable emissions through carbon removal and sequestration offsets with the help of our partners, such as Native. |

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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. We prioritize reduction efforts based on where we can have the greatest impact most quickly, and categorize those reduction efforts in two primary ways: opportunities that we have direct control over, and opportunities that we do not control, but that we can influence.
Our Progress

We started with a comprehensive measurement of our 2019 carbon impacts across our entire operations and supply chain, following the Greenhouse Gas Protocol’s guidance for carbon accounting. We measured three full years of our company’s carbon impacts, using primary data and proxy data, leveraging the Higg Material Sustainability Index (MSI) for product life cycle impacts. In line with our approved SBT, the charts and analyses below exclude customer use.

Our total emissions in 2021 were 9% lower compared to our 2019 baseline year. This was largely due to reductions in our Scope 3 emissions, attributed to deliberate changes made to our material choices and changes to our product assortment.

Although we achieved an absolute emissions reduction overall, we saw an increase in our Scope 1 & 2 emissions from 2019 to 2021.

This is attributed to two new store openings and the launch of our creative studio. We are actively exploring ways to reduce our Scope 1 & 2 emissions through efficiency improvements and RECs, even as we grow our retail footprint.

2020 and 2021 were both anomaly years, but for very different reasons. While we were focused on sourcing lower-impact raw materials, the drastic reductions in our 2020 footprint are largely due to direct impacts from the pandemic. These include building closures, reduced sales, and decreased logistical impacts. By contrast, the supply chain disruptions of 2021 resulted in a major uptick in our emissions attributed to air freight—despite having more meaningful changes to our material mix compared to the previous year. In addition, we updated our 2021 air freight emissions factor to include radiative forcing, which accounts for added emissions and warming potential at various altitudes.

Despite challenging circumstances over the past two years, we made important progress in our Science Based Target for Scope 3 emissions, which drove our overall absolute reduction.

As the chart below indicates, our 2021 Scope 3 emissions per-product were 32% lower than the 2019 baseline. The decrease in emissions was driven by changes made to our material mix, which focused on increasing uptake of preferred materials like recycled and organic content. Though these reductions are very encouraging, we recognize that sourcing preferred materials can be challenging and dynamic, largely due to market forces such as material availability, global competition, and price volatility. We are taking steps to strengthen our supply chain relationships to identify and secure stable sources for preferred materials in the future.

GHG Emissions by Scope (2019-2020)

<table>
<thead>
<tr>
<th>GHG Emissions (MT CO₂E)</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Scope 1</td>
<td>55</td>
<td>39</td>
<td>46</td>
</tr>
<tr>
<td>Scope 2</td>
<td>96</td>
<td>82</td>
<td>136</td>
</tr>
<tr>
<td>Scope 3</td>
<td>71,479</td>
<td>42,171</td>
<td>65,321</td>
</tr>
<tr>
<td>Total</td>
<td>71,630</td>
<td>42,292</td>
<td>65,503</td>
</tr>
</tbody>
</table>

GHG Emissions Per Product (Scope 3 SBT Target)

<table>
<thead>
<tr>
<th>PRODUCT CARBON FOOTPRINT</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Scope 3 GHG Emissions (MT CO₂E)</td>
<td>71,479</td>
<td>42,171</td>
<td>65,321</td>
</tr>
<tr>
<td>Weighted Average GHG Emissions Per Unit (kg CO₂E)</td>
<td>18.42</td>
<td>11.16</td>
<td>12.51</td>
</tr>
<tr>
<td>Intensity Reduction from 2019 Baseline</td>
<td>—</td>
<td>39%</td>
<td>32%</td>
</tr>
</tbody>
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WATERSHED

In 2021, we started working with Watershed, a third-party software platform that allows us to measure, reduce, and report our carbon footprint. Using Watershed, we are able to quantify our Scope 1-3 emissions across our entire value chain, from the raw materials we source to the energy our customers use to wash their Everlane items.

Our partnership with Watershed allows us to measure our carbon footprint using primary data from our own supply chain and LCAs, as well as pull from industry databases like ecoinvent and Higg MSI. The platform helps us identify hotspots in our operations and supply chain, explore the impact of various reduction interventions, and understand the direct impacts that business decisions have on our overall footprint. Watershed performed our 2020 and 2021 carbon footprints.
Despite ongoing challenges throughout the pandemic, we managed to demonstrate progress toward our 2030 Science Based Targets. Our reductions related to adoption of preferred fibers and materials is particularly promising, and we will continue to source lower-impact alternatives as we work towards our goals. In addition, we will focus our efforts in key areas where we can have the largest impact on reductions: logistics and upstream manufacturing interventions.

Measuring our progress and making data-informed decisions will continue to be a cornerstone of our carbon reduction strategy. We will work in close collaboration with industry organizations and our carbon measurement partners to incorporate more primary data over time.

At Everlane, we are hyper-focused on minimizing the carbon emissions in our operations and supply chain, putting the vast majority of our time, energy, and financing in our reduction efforts. At the same time, we sometimes support additional GHG reductions using an instrument called 'offsets.'

Offsets are not considered the best way for a company to reduce its impact, as they are often used as a simple means to claim reductions without doing the hard work to drive real reductions in a company’s supply chain. There are issues with the cost as well; the “price” of carbon is not currently well defined and can vary drastically from project to project, calling to question the efficacy of some offsetting initiatives.

That being said, we do support a small number of carbon removal offsets that help to build resilience in local ecosystems and drive meaningful change in carbon sequestration. For these reasons, we partner with Native, a climate solutions firm, to invest in verified offsets that support regenerative practices on U.S. cattle ranches and grasslands. The Northern Great Plains Regenerative Grazing project seeks to restore ecosystems suffering centuries of damage from overgrazing and restore the resilience of the land to benefit its ranchers, sustaining abundant and diverse species and livelihoods. Our investments help cattle ranchers to take steps to transition from conventional practices to regenerative ones, including rotational and selective grazing, that can improve soil health and increase carbon sequestration in soil. In 2021, Everlane offset 2,665 MT of CO₂e with Native.
Our people and community are our most valuable assets. We strive to create the kind of culture where diverse perspectives flourish and people feel they truly belong. As a company, that type of culture starts with how we work—with each other and with our broader community.
Behind every decision, product, and outcome at Everlane is a team of people working to make our mission come alive. We aim to advance social and environmental change across our workplace and communities, and every day, we are guided by four key values:

**Our Values**

Always Be Thoughtful

Inspire Environmental Change

Be Actively Inclusive

Deliver the Best

**Our People: Actively Inclusive**

At Everlane, we strive to create a culture of inclusivity and authenticity across our workforce. To support a culture that is reflective of our communities’ diversity, we focused on cultivating opportunities for representation, education, and self-expression for all employees, with a particular emphasis on historically underrepresented communities, including women, Black, Indigenous, and People of Color (BIPOC).

**REPRESENTATION**

In 2021, our workforce* identified as 73.6% Women, 9.2% Black, 44.9% other POC.

*Board is not included in workforce

**REPRESENTATION IN HIRING**

Over the past few years, we adopted new approaches to build a diverse pipeline of applicants for our open positions and grow representation. We use inclusive language in our job descriptions, have eliminated minimum education requirements, partner with organizations in underrepresented communities to find talent, and train hiring managers in practices that eliminate bias and promote inclusivity in our application process. Our efforts are having an impact. In 2021, 49% of hires self-identified as BIPOC.
SUPPORTING OUR CREW
To retain a diverse workforce, we also invested in workplace inclusion. Monthly anonymous survey tools and a third-party hotline provide safe spaces for employees to offer anonymous feedback on management, impact, transparency, teamwork, and DEI. Our company-funded, employee-led resource groups also support connectivity among our crew.

BRINGING IN EXPERTS
Education is a critical tool to work beyond our biases and grow together in a more inclusive environment.

In 2020 and 2021, we turned to external experts from the Converge Firm to help educate us on systemic racism, allyship, and inclusive leadership. We also instituted company-wide anti-racism training and allocated an annual budget of $100K to advance our DEI efforts. We offered a two-part Anti-Racism training session for all of our HQ, CX, and Retail employees. At the time of this writing, 66% of all team members participated in at least one session.

GROWING OUR COMPANY
Our People Team is continuously looking to improve our benefits, policies, and programs to foster equity, remain competitive, and offer a best-in-class benefits program for all eligible employees. Over the past two years we have instituted several programs that better support our employees and bolster our DEI goals.

COMPENSATION EVALUATION
To ensure our compensation remains fair and competitive, in 2021 we initiated a biannual pay audit through a third-party, which used collaborative analysis to examine compensation data, instead of relying on titles and job descriptions alone. This analysis factored in multiple individual data points and one of the main outcomes of this project will be a standardized level structure across Everlane, which allows for consistent expectations across job functions, and ensures hires and current employees are evaluated (and compensated) fairly.

INTERNAL MOBILITY PROGRAMS
We continue to actively support internal candidates in their career growth within the company. For example, our Internal Mobility program creates a direct path for Retail and Customer Experience (CX) team members to explore new careers on our HQ teams.

INTERNAL COMMUNITY EVENTS
We also organize an “Everlane Speaker Series” for our employees to examine our values through real-world examples, hosting speakers on topics ranging from affordable housing and food insecurity to meditation, civil rights, and regenerative agriculture.

BENEFITS PACKAGES
Our People Team has spent the past year benchmarking our programs against industry peers and surveying our employees to better understand needs. Based on this work, changes were implemented across parental leave and healthcare benefits. The team is regularly looking to improve the benefits we offer, and has already identified key areas where we can make improvements in 2022.

RESPONDING TO COVID-19
When the COVID-19 pandemic struck, it upended so many aspects of our lives—our health, our routines, our work, our childcare. For a culture that emphasizes community and collaboration, adjusting to a “distance yourself from others” mentality was difficult. However, we tackled the challenge head-on. We focused on the health and safety of our people and customers while also supporting our crew as they adjusted to dynamic and uncharted work/life realities.

OUR COVID 19 OFFICE RESPONSE

Work / Life
• Flexible schedules and support groups for those taking care of others at home.
• Remote work, as feasible.
• Cross-trained store team members in remote Customer Experience to allow them to continue working while our stores were closed.

Work Spaces
• New health and safety protocols and infrastructure for stores and office spaces.
• Provided COVID testing to all in-person team members.
• Vaccine requirement for all team members at the end of 2021—with accommodations for medical and religious exceptions.
• Implemented a return to office plan to allow safe return to office for those that will be working in person (and iterated as necessary due to variants).
Working Beyond Our Walls

At Everlane, we work to use our influence to create positive change beyond our corporate walls. We support others working to advance social and environmental changes and amplify our collective outcomes through strategic partnerships, philanthropy, and community engagement.

Philanthropy in 2021

We want to invest in organizations that are doing good work to further environmental action and social justice initiatives. As part of the philanthropic donation process, we ensure that our potential partners share our vision for a better planet and align with our overarching mission and goals.

SEATTLE U VILLAGE OPENING

We donated a portion of opening-day proceeds ($25k) to Got Green Seattle to build power and create change through food access, young leaders, and climate justice.

GEORGETOWN OPENING

We donated a portion of opening-day proceeds ($25k) to Thrive DC to prevent and end homelessness in Washington, DC.

LA CREATIVE STUDIO OPENING

We donated $25k to City Plants to help in their mission to grow a greener future for Los Angeles by engaging Angelenos to plant and care for trees throughout the City. City Plants grows and distributes 20,000 trees per year and prioritize planting in low canopy neighborhoods, promoting a sustainable city by maximizing LA canopy’s energy efficiency, stormwater capture, human health benefits, and climate adaptation benefits.

THE LOVELAND FOUNDATION

We released a limited-edition T-shirt collection in partnership with the Loveland Foundation, where all profits went towards providing therapy support to Black women and girls nationwide. As an added thank-you for all of Loveland’s work, we also matched all funds raised for a total donation of $43,400.

SURFRIDER

We loved working with Surfrider so much during our 2018 BFF campaign that we partnered with them in Summer 2021 to once again take a stand against plastic pollution in our oceans. We co-hosted cleanups at beaches and waterways in our shared communities through organized local Surfrider chapters and Everlane stores in Boston, New York, San Francisco, and Los Angeles.

EQUAL JUSTICE INITIATIVE

We made a donation of $75K to EJI to support the protection of human rights, the end of mass incarceration, and to challenge racial and economic injustice.
The Black Friday Fund

We launched the Black Friday Fund as a way to give back to both our community and our customers on Black Friday. We’ve raised over **1.3 million** dollars in the past decade. Here are some of our projects.

**2014**

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

**FINAL DONATION:** $30,000

**2015**

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

**FINAL DONATION:** $110,650

**2016**

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

**FINAL DONATION:** $117,760

**2017**

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

**FINAL DONATION:** $150,000

**2018**

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

**FINAL DONATION:** $260,000

**2019**

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

**FINAL DONATION:** $300,000

**2020**

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

**FINAL DONATION:** $181,557, PROVIDING OVER 2.1 MILLION MEALS

**2021**

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

**FINAL DONATION:** $200,000, OR 13,333 ACRES CONVERTED
ACLU
Since 2017, for every 100% Human product sold, we donate $5 to the American Civil Liberties Union (ACLU) to help protect human rights and remember that we are more the same than we are different. In 2021 we continued this partnership, and to date, we’ve donated over $1M to the ACLU.

DAY OF GIVING
Prior to the Covid-19 pandemic, we closed our HQ office one day per year so all employees could volunteer at an organization of their choice. Organizations we’ve supported in the past, during our Day of Giving include:

- Meals on Wheels
- SPCA
- Muttville
- Happy Period
- Best Buddies
- SF Marin Food Bank
- Boys & Girls Club
- Dress for Success
- LaCocina

In lieu of in-person volunteering during COVID, we donated 5,120 items of clothing to charities local to our San Francisco headquarters, a retail value of over $370,000.

What’s Ahead for Collaboration and Community
While we have made some important progress in recent years, our work cannot stop. We recognize the need to do more in the following areas:

- Continue to grow a diverse crew and promote internal mobility.
- Expand our Total Rewards program, including a revaluation of our parental leave program and building out our functional competency matrix.
- Continue our initiatives to eliminate biases and promote inclusivity in hiring and retention.
- Increase BIPOC representation at the Director level and above.
- Sponsor career accelerators for Black and LatinX college and graduate-level computer science students.
In 2011, Everlane started with a simple, but disruptive idea: the inclusion of radical transparency in our pricing. We continue to work and evolve within that ideal, applying the same principles to our factories and our environmental commitments as we invite our customers to be a part of our ambitious journey.
Future Thoughts

While we maintain a deep sense of pride in our progress, the results have come from a great deal of learning, collaboration, and evolution throughout the years. We also recognize that there’s still much work left to do. We are committed to continuing on this path of cleaning up fashion for ourselves, for our customers, and for the greater good of the industry.

Our Learnings

Here are the key takeaways that will continue to drive and inform our work for the next 10 years.

- **Materials matter.** Our material choices have the largest opportunity for impact across our Clean and Cool goals, with ripple effects on our defined goals.
- **People are our best asset.** As we grow our team and value chain, we will prioritize fair wages, gender equality, and diverse representation in our business decisions.
- **Progress over perfection.** We cannot allow perfection to get in the way of progress. Our challenges are nuanced, and we will continue to invest in solutions that bring us closer to our goals.

The challenges we face are not ones we face alone; they are endemic to the industry as a whole, symptoms of a greater obstacle. These issues are much larger than the reach of any one company. To make the greatest impact on our collective ambitions, we must find better ways of collaborating across the industry.

It’s all connected. As we strive to do our part at Everlane, we hope to serve as an example for others to follow.
2021 Partnerships

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

Strategic Partners
- American Apparel & Footwear Association (AAFA)
- Arche Advisors
- Black in Fashion Council
- Bluesign
- Canopy
- Coalition to End Uyghur Forced Labour
- Converge Firm
- Debrand
- ELEVATE
- Fashion Takes Action
- Flexport.org
- Geodis
- Global Fashion Agenda
- GOTS
- Happy Returns
- High Co.
- Intertek
- Leather Working Group (LWG)
- Maestra Brooklyn
- Native
- Phoenix Fibers
- Pure Strategies
- Responsible Alpaca Standard Working Group
- Responsible Business Coalition
- Seaman Paper
- Sustainable Apparel Coalition (SAC)
- Textile Exchange
- Transparency Pledge
- Watershed

Donation Partners
- American Civil Liberties Union (ACLU)
- City Plants
- Equal Justice Initiative (EJI)
- Feeding America
- Flexport.org
- Got Green Seattle
- Loveland Foundation
- Rodale Institute
- Soles4Souls
- SurfRider
- Thrive DC

This report was written with the support and guidance of Pure Strategies in accordance with guiding ESG reporting principles. We plan to align our reporting structure to the GRI framework beginning in 2022.
Together, we can leave the industry cleaner than we found it.