

# TheRealReal

## **Climate Change Policy**

Climate change is a challenge facing not only our business and industry, but all global communities. We seek to be a thought leader and part of creating a more sustainable retail industry. We believe that our role in the circular economy can play a positive part in reducing greenhouse gas emissions and mitigating climate change. We are committed to doing everything we can to preserve natural resources and educate consumers on the importance of the recirculation of goods.

In line with this goal, we support the [Paris Agreement](#) and all regulatory initiatives to reduce emissions and promote more sustainable business practices. We recognize that if 1.5°C limits are surpassed, the severity and frequency of climate change-related issues could have a negative impact on our organizational success. Climate change poses several potential risks to our business, including higher costs for transportation, shipping and facilities as well as increased likelihood of climate-related natural disasters. We do not take these risks lightly and have become an advocate for proactive emissions reductions and sustainable behavior. Though we do not directly produce the products we sell, our consignors, vendors, suppliers and consumers could face challenges from changing climates that ultimately affect our business operations.

We aim to minimize the impact of our operations on the environment, reducing our carbon footprint, and we also seek to minimize our product packaging and material waste through recycled and recyclable materials. We have dedicated significant resources to reducing our carbon emissions and promoting sustainable practices internally while actively participating in external initiatives to help ensure our global community stays below the critical emissions threshold outlined by the Paris Agreement. To guide our climate strategy and hold the global average temperature rise to well below 1.5°C, we have embedded climate change mitigation into our business strategy in numerous ways.

### **Emissions Reduction Commitments**

- As the first resale company to join the United Nations Climate Change Fashion Industry Charter for Climate Action, we are committed to reducing greenhouse gas emissions by 30% by 2030, and net zero emissions by 2050.
- We were proud to accept the CEO Carbon Neutral Challenge put forth by Gucci President and CEO Marco Bizzarri, and to commit to becoming carbon neutral in 2021. We achieved carbon neutrality in 2020, a year ahead of our goal.

### **Circular Economy Advocacy**

- We aim to change consumer behavior such that retail and luxury goods consumers preferentially choose low-carbon, recirculated goods to meet their fashion and luxury needs.

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- We developed the innovative TRR Sustainability Calculator that quantifies the positive impact of consignment – measuring the greenhouse gases, energy output and water usage saved by the resale of women's and men's items. Our calculator also educates consumers on the environmental benefits of resale. From our inception through Mar. 31, 2021, 18,732 metric tons of carbon and 896 million liters of water were saved by consignment on The RealReal.
- The RealReal established National Consignment Day, an annual national holiday to celebrate and raise awareness of recirculating goods.
- We implement public sector partnerships, such as New York State's Executive Proclamation by Governor Cuomo and New Jersey's Executive Proclamation by Governor Murphy recognizing National Consignment Day
- We're pioneering partnership programs with leading luxury brands including Gucci, Burberry and Stella McCartney to promote recirculation of their products. Importantly, it's the first time a brand partnership has included an incentive to buy resale. Our partnership also included the launch of an online shop featuring pre-loved Gucci items. The Gucci partnership was grounded in sustainability as The RealReal and Gucci planted a tree with One Tree Planted for each Gucci purchase or consignment.
- In our work to reduce fashion's footprint, we expanded our focus to address the high volume of goods that can't live on in their current state and risk being part of the garbage truck's worth of textiles that are landfilled or burned every second, starting with our repair services. Our ReCollection program extends those efforts by transforming unusable materials into luxury pieces, innovating across categories and in partnership with some of our favorite brands including Balenciaga, Jacquemus and Stella McCartney.

## **A Leader in Global Climate Initiatives**

- United Nations Climate Change's Fashion Industry Charter for Climate Action – first resale company to join
- The Ellen MacArthur Foundation Member – first resale company to join
- Sustainable Apparel Coalition – first resale company to join
- World Resources Institute and Waste and Resources Action Programme's Clothing Reuse Market Makers working group
- Carbon neutral pledge in Gucci CEO Marco Bizzarri's CEO Carbon Neutral Challenge
- United Nations Global Compact – first resale company to join

## **Operations Efficiencies**

- Increase our usage of Post-Consumer Recycled Content (PCR) and/or Forest Stewardship Council (FSC) Certified materials
- Continue to limit air product transportation and work to further increase ground transportation
- Increase the usage of virtual appointments to lower the carbon footprint of our luxury managers

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- Increase the usage of van pick-up in certain cities to lower the carbon footprint of our luxury managers
- Work towards setting Science-Based Targets through the Science-Based Target initiative. As part of those efforts, we are evaluating large-scale renewable energy power purchase agreements (PPAs) in order to provide enough renewable energy to cover the majority of our operational footprint.