

The RealReal

Greenhouse Gas Emissions

As part of The RealReal's Climate Change policy, we are committed to using the latest science and calculation methodologies to ensure our greenhouse gas (GHG) emissions footprint, also known as carbon footprint, is as accurate and granular as possible. Doing so ensures we can accurately track changes over time - and act on those changes. This practice is commonly referred to as carbon accounting.

Despite sharing some technical concepts, the practice of carbon accounting does not work the same way as financial accounting. Rather, the basic concepts of carbon accounting can be summarized as follows:

$$\text{Business activity} \times \text{Emissions factor} = \text{GHG emissions volume}$$

Where an emissions factor serves as a rate of emissions generation per unit activity or dollar spent on a product or service. Specific examples:

- Kilowatt-hours of electricity used in our warehouse \times Emissions factor for electricity in the location of our warehouse = emissions from electricity use at that warehouse
- Dollars spent with a marketing agency \times Emissions factor for marketing and advertising services = emissions from purchased marketing services

Definitions

The Greenhouse Gas Protocol is the leading global standard for measuring and managing organizations' GHG emissions. The GHG Protocol breaks down emissions into three scopes:

- *Scope 1*: direct emissions from sources controlled by The RealReal (e.g. combustion of fuel by our vehicles)
- *Scope 2*: indirect emissions resulting from purchase of electricity, steam, heat, or cooling
- *Scope 3*: indirect emissions from The RealReal's value chain (e.g. purchased goods and services, business travel, transportation and distribution of products)

Although carbon dioxide (CO₂) is the most prevalent GHG in the atmosphere, it is not the only one. But because CO₂ is so common, GHG emissions are often expressed in "CO₂ equivalent," or CO₂e. Doing so allows people to compare the GHG emissions of different activities and organizations more easily.

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2023 Greenhouse Gas Emissions Footprint

The following section presents the results of our 2023 GHG emissions inventory, commonly referred to as a carbon footprint. These calculations reflect the impacts of The RealReal's business activities from January 1 to December 31, 2023.

Category	Description	Emissions (MT CO₂e)	Percent of total
Scope 1			
	Direct	1,195	2.1%
Scope 2			
	Purchased electricity*	0	0%
Scope 3			
3.1	Purchased goods and services	16,977	29.8%
3.2	Capital goods	10,566	18.6%
3.3	Fuel and energy related activities	1,815	3.2%
3.4	Upstream transportation and distribution	7,114	12.5%
3.5	Waste generated in operations	1,013	1.8%
3.6	Business travel	6,145	10.8%
3.7	Employee commuting	5,125	9%
3.9	Downstream transportation and distribution	5,986	10.5%
3.12	End of life of sold products	961	1.7%
Total**		56,890	100%

* This value is market-based. In 2023, we purchased Renewable Energy Certificates (RECs) to offset our total electricity use, which is why emissions for this category is zero

** This table excludes emissions that are considered optional to report

What are our major sources of GHG emissions?

Purchased goods and services

29.8% Emissions from the goods and services that we purchased during the reporting year. Examples include tangible goods like packaging and office furniture, and services like marketing support and software licenses. Certain goods and services, like transportation for business

TheRealReal

travel purposes, are not included in this category because they are represented elsewhere in our footprint. For consumer-facing companies, it is common for this category to comprise a majority of total emissions each year.

Capital goods

18.6% Emissions from goods that have an extended life and are used by the company to provide a service or sell, store, and deliver merchandise. Examples include equipment, machinery, and renovations to leased spaces.

Upstream transportation and distribution

12.5% Emissions that result from the transportation and distribution services we purchase. This category includes inbound and outbound transportation that were purchased by us and executed by third parties.

Business travel

10.8% Emissions from the transportation of our employees for business related activities in vehicles not operated by us, like aircraft, trains, buses, taxis, and rented cars. This category does not include transportation of employees to and from work, which is covered by another category.

Downstream transportation and distribution

10.5% Emissions that result from the transportation and distribution of products we sell in vehicles and facilities we do not own or control. This category only includes transportation of products after point of sale.

Employee commuting

9% Emissions from the transportation of employees between home and their worksite. They can result from transportation via car and various modes of public transportation.