

# TheRealReal

## **The RealReal GHG Emissions**

As part of our overall commitment to sustainability, we take our role in lowering greenhouse gas (GHG) emissions seriously. Our business model itself plays a part in preventing carbon emissions—by choosing resale, shoppers and consignors are saving resources that would be needed to produce new luxury goods. Since our founding in 2011 through Mar. 31, 2021, 18,732 metric tons of carbon and 896 million liters of water have been saved by consignment on our platform. Shoppers and consignors can now see the carbon emission savings of individual items on our website, raising awareness of how resale directly contributes to a more sustainable future for fashion.

We are proud to announce that The RealReal submitted its first-ever CDP response last year, disclosing our Scope 1, 2 and 3 emissions, among other important climate-related information. We plan to use 2019 emissions data as a benchmark to reduce our carbon footprint going forward and have recently calculated our 2020 footprint:

- Scope 1: 1,997 Metric Tons CO<sub>2</sub>e
- Scope 2 (location-based): 2,708 Metric Tons CO<sub>2</sub>e
- Scope 3: 8,590 Metric Tons CO<sub>2</sub>e

Our Scope 1 emissions can be broken down by greenhouse gas:

- CO<sub>2</sub>: 1914.846 Metrics Tons CO<sub>2</sub>e
- CH<sub>4</sub>: 0.921 Metric Tons CO<sub>2</sub>e
- N<sub>2</sub>O: 0.987 Metrics Tons CO<sub>2</sub>e

We believe, in accordance with The Paris Agreement, that lowering GHG emissions is the first step towards preventing climate change. Therefore, we are committed to reducing our GHG emissions 30% by 2030. In order to ensure that we meet our goal, we have committed to the annual measurement of the three scopes of GHG emissions. These will include the measurement of our emissions released by natural gas and company-owned vehicle use, electricity use, product transportation, commuting, business travel and waste levels.

In the past nine years, we have expanded our operations across the United States in order to empower more consignors and buyers to extend the life cycle of luxury goods. With that growth in operations comes a larger environmental footprint which, as a sustainability-focused company, is something we look to decrease wherever possible. We are working to lower our GHG emissions through operational initiatives, waste and inventory management, shipment and packaging improvement, and improving energy efficiency at our retail and warehouse locations.. We are going to meet our 30% reduction goal through the following initiatives:

### **Employee Engagement**

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Being a more sustainable company starts with engaging our employees to “go green.” Today, commuting to and from work makes up about 11% of our GHG emissions. As we emerge from the pandemic and the public health crisis is behind us, we plan to explore employee incentives to encourage low-emissions commuting such as public transportation options. Similarly, we are investigating investing in a company-owned electric fleet in key markets and hope to maintain our high usage of teleconferencing rates to reduce the environmental cost of business travel.

Reducing our business travel will also lower our air emissions, which as of today, make up 2% of our overall GHG emissions. We will look to travel for business only when essential and utilize teleconferencing to replace travel wherever possible.

## **Transportation and Logistics**

Receiving and delivering luxury goods is at the core of our business model and we are already working to mitigate GHG emissions by reducing air shipments and relying on ground transport—all while continuing to deliver great service to our users. Today, transporting our shipments to and from our consignors and buyers makes up about 17% of our GHG emissions. We aim to work towards lowering those emissions as we optimize our fulfillment center network over the next several years to reduce split shipments. We will also reduce packaging by eliminating empty space in our packages, utilizing shipping bags instead of boxes, and lowering the weight of packaging materials while maintaining our elevated consignor and customer experience.

## **Energy Efficient Buildings**

Today, electricity use makes up 27% of our GHG emissions. Inspired by our San Francisco flagship store, which has already achieved a highly-ranked LEED Gold Certification, we aim to launch programs to reduce energy use and improve energy efficiency across all our retail locations and warehouses. This may include HVAC tune-ups or replacements, installation of LED bulbs, upgraded building insulation and ensuring that retail doors are not propped open.

Our San Francisco flagship store’s green building designation is awarded based on compliance with the tenets of sustainability including water use reduction, energy efficiency, waste management planning, indoor air quality, low-emitting materials, lighting, and more.

## **Waste & Inventory Management**

Waste accounts for 2% of our GHG emissions and our paper use makes up an additional 2%. We are working to further reduce these numbers by increasing recycling and using more sustainable packaging materials. We also aim to achieve zero waste certification at our distribution centers.

## **Sourcing of Renewable Energy**

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We are working 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.