

FISCAL YEAR 2025

California SB 261 Disclosure



TheRealReal

Introduction & Framework

This report summarizes how The RealReal assesses and manages climate-related risks and opportunities, how those risks and opportunities impact our strategy and planning, our performance and actions to date. It has been prepared in alignment with the Task Force on Climate-Related Financial Disclosures (TCFD) framework, as directed by California Senate Bill 261. TCFD recommends disclosures across four pillars: Governance, Strategy, Risk Management, and Metrics & Targets. The RealReal has reported against all four pillars in this document. All metrics and data included in this disclosure refer to FY2024 unless otherwise noted.

We are not yet able to provide certain advanced elements of disclosure recommended by TCFD, including quantitative climate scenario analysis, a detailed transition plan, or integrated financial impact estimates of the impacts of climate-related risks and opportunities. These gaps reflect both the maturity of our climate program and the resources available to continue building it, as well as the evolving guidance available to companies of our size.

We intend to expand our disclosures in future reporting years as methodologies become more robust, particularly for measuring circular fashion impacts and quantitative scenario analysis.

Governance

Board oversight of climate-related risks and opportunities

The RealReal's Board of Directors has delegated oversight of climate-related issues to its Corporate Governance and Nominating Committee, consistent with the committee's charter. While the Board has determined that climate issues do not yet require a dedicated director, the committee reviews these issues annually and works closely with executive leadership to manage them.

Management's role in assessing and managing climate-related risks and opportunities

At the management level, the President and CEO holds ultimate responsibility for climate strategy and risk. They are supported by the Director of Sustainability, who provides updates two to four times per year. Responsibilities include setting environmental targets and commitments, monitoring compliance with relevant laws, and integrating climate considerations into strategy and financial planning.

Strategy

The RealReal's climate strategy is driven by the ongoing identification and prioritization of climate-related risks and opportunities. Our core business places us at the center of a major consumer shift toward circular and lower-carbon models, presenting commercial opportunities. However, our business model and physical operations are increasingly vulnerable to many of the same climate-related risks as organizations operating in other industries.

The following climate-related risks have been identified based on TCFD risk categories and classifications. We identified climate-related risks with potential impact to our business over short-term (0-1 year), medium-term (1-3 years), and long-term (3 or more years) time horizons.

The short-term horizon is linked to annual operating plans, which are developed based on strategic objectives, financial targets and projections, and enterprise risk assessments. The RealReal characterizes medium-term risks as those with a time horizon of 1 to 3 years. The medium-term horizon is linked to trends and targets spanning multiple annual operating plans. During this time horizon, the company plans for investments in areas like renewable energy procurement. The RealReal characterizes long-term risks as those with a time horizon of 3 or more years. The long-term horizon is the period during which the company would implement its climate action plan. Currently, this time horizon has limited linkages with strategic and financial planning because the latter do not extend beyond 3 years.



Climate-Related Risks

Risk Category	Risk (Classification)	Relevant Time Horizon(s)	Description of Risk	Description of Response
Transition	Changing customer behavior (Market)	Short-term; Medium-term	<p>The RealReal's growth and success depend on continued supply of and demand for pre-owned luxury items. In the recent past, our customers' preferences have trended toward greater demand for pre-owned products; but if that trend were to substantially weaken or reverse, it would pose a threat to our business. Our customer preferences and behavior are influenced by many external factors, like macroeconomic conditions, fashion trends, availability and cost of brand-new items.</p>	<p>The RealReal educates and empowers our buyers/customers to make less environmentally impactful fashion choices. To aid in this effort, we developed a Sustainability Calculator that quantifies the climate and water impacts avoided by choosing resale instead of buying a given product new. We use those impact avoidance data in the product description pages that buyers see, the sales pages that consignors see, and throughout our website to demonstrate the cumulative impact a platform like ours can have over time. This engagement tactic is designed partly to encourage and incentivize customer behaviors that would enable the growth and success of our business. We also engage with external partners and policymakers to advocate for federal and state policies that would incentivize consumers to continue shopping secondhand.</p>
Transition	Changes to national legislation (Policy & Legal)	Medium-term; Long-term	<p>As a business operating in the US, The RealReal could be subject to changes to national legislation concerning environmental impact. During the reporting year, in March 2024, the US SEC adopted its Climate Disclosure Rule. The rule was voluntarily stayed shortly after its adoption and the subsequent shift in political leadership has limited the possibility of the Rule being revived in the near-term, but it is indicative of a long-term shift we expect to yield more regulatory action on topics like climate, waste, and plastic pollution in the future.</p>	<p>The primary responses to this risk would be to comply with all applicable national laws through improved due diligence and new reporting mechanisms.</p>

Climate-Related Risks

Risk Category	Risk (Classification)	Relevant Time Horizon(s)	Description of Risk	Description of Response
Physical	Increased severity of extreme weather events (Physical)	Short-term; Medium-term; Long-term	The RealReal expects its operations could be exposed to increasingly severe extreme weather events across the US, especially in the Mid-Atlantic, South, and Southwest regions.	Because this risk did not have a significant impact on the company's financial position or performance during the reporting year, the primary response was improved due diligence. For example, during the reporting period, The RealReal revised its Business Continuity Plan.
Transition	Negative press coverage related to activities with negative environmental impacts (Reputation)	Medium-term	In the future, The RealReal might be the subject of negative press coverage which could damage our brand and/or reputation. Those impacts could be based on something related to our sustainability programs or something different - but given our brand mission and image, the claims we make about sustainability are a key consideration within this risk type.	To minimize the probability of this risk materializing in the future, The RealReal is continually evolving its sustainability programs to align with industry best practices, and sharing those efforts with various stakeholders. Our Marketing and PR teams partner with the Director of Sustainability on these efforts as they are the primary press contacts within our organization.
Physical	Heavy precipitation (rain, hail, snow/ice) (Physical)	Short-term; Medium-term	Increasing precipitation, namely rain and snow, could disrupt our direct operations and/or our upstream value chain in the future. This risk was experienced during the reporting year, with very minor business impacts.	In the next 1-2 years, The RealReal plans to add policies and plans for these sorts of events to our Business Continuity Plan, to minimize potential business disruption in the future.
Transition	Poor coordination between regulatory bodies (Policy & Legal)	Short-term; Medium-term; Long-term	Emerging state-level laws in the US focused on extended producer responsibility, climate disclosure, and other related topics, are expected to cause confusion and increased regulatory burden for companies, based largely on differences between similar laws across the nation..	During the reporting period, the RealReal's Director of Sustainability, along with members of the company's Legal, Investor Relations, Sourcing, and Operations teams, launched a coordinated effort to improve internal alignment and ensure compliance with emerging laws focused on topics like extended producer responsibility and climate disclosure.

Climate-Related Opportunities

Opportunity (Classification)	Relevant Time Horizon(s)	Description of Opportunity	Description of Response
Increased brand value (Products & Services)	Medium-term	The RealReal does not serve only consignors and buyers who care about its mission to extend the life of luxury goods, but that mission is important to many of our stakeholders. As a result, continuing to advance and evolve our approach to sustainability has the potential to increase our brand value, especially as our customer demographics change. Additionally, The RealReal's success underscores the value of sustainable business models - which, in turn, increases our brand value.	The RealReal will continue to advance and evolve its approach to sustainability, and will sharpen its focus on climate change in response to both the urgency of the phenomenon and the public's demand for modes of consumption and expression which have reduced environmental impact.
Improved staff retention (Resilience)	Short-term	Internal data suggest that sustainability is a crucial part of many employees' decision to work at The RealReal. For that reason, we consider our ability to deliver on our sustainability commitments and communicate our sustainability efforts as a material factor in employee attraction and retention.	The RealReal will continue to advance and evolve its approach to sustainability, and share those efforts authentically and transparently with its employees. Specific tactics will include a renewed focus on listening to employee feedback about sustainability related topics and ensuring that sustainability resources are available and accessible. We believe doing those things will enable us to capitalize on this opportunity.
Shift in consumer preferences (Products & Services)	Short-term; Medium-term; Long-term	The improved sustainability of consignment and resale is an important part of the service provided by The RealReal. Consumer shift in preference - including both increased demand for secondhand products and increased desire to minimize consumers' environmental impact while shopping - is an opportunity for the company.	Consumer shifts in preference to date have enabled The RealReal to carve a niche in the fashion market. We seek to continue widening and deepening this niche by improving our selection, efficiency, customer experience, and brand image. We believe that doing so will allow us to capitalize on continued shifts in consumer preference.



Impact of climate-related risks and opportunities on business, strategy, and financial planning

Climate-related risks and opportunities, and their impact on consumers and markets, are important to The RealReal's business, strategy, and financial planning. Recent growth in the luxury and fashion resale markets reflects rising consumer concern about climate change and overconsumption. These concerns have accelerated shifts in consumer preferences, directly influencing our planning. Those concerns have also cemented sustainability as a crucial part of our company ethos, culture, marketing, and value proposition. The RealReal continues to invest in research, marketing, and disclosures that acknowledge and address climate-related risks and opportunities.

The RealReal's business model is inherently resilient under a range of climate scenarios, as resale extends the life of luxury goods and reduces reliance on resource-intensive primary production. Rising consumer demand for circular and lower-impact options positions resale as a growth market, even in higher warming pathways. At the same time, physical and transition risks - such as supply chain disruption or shifting regulatory expectations - may affect operations and costs. We are beginning to incorporate qualitative scenario analysis into our planning, with the intent to expand toward more structured approaches as methodologies for the resale sector mature.

The company has not yet performed a quantitative scenario analysis of different climate futures. Instead, our disclosures reflect qualitative assessments of how physical and transition risks could affect our business model. We view scenario analysis as valuable for management of climate-related risks, and we plan to provide at least a qualitative approach in our next disclosure.

Risk Management

Processes for identifying and assessing climate-related risks

The RealReal's process for identifying, assessing, and managing climate-related risks and opportunities is integrated into its broader enterprise risk management (ERM) process. Initially, potential business risks are identified across operational, financial, and reputational domains. Each risk is then assessed for its likelihood and impact if it were to materialize, and prioritized based on those factors. The most material climate-related risks are included in the company's enterprise risk management and monitoring efforts. Subsequently, a wider subset of climate-related risks and opportunities go through a similar prioritization process. Key climate-related risks and opportunities are then characterized by type (physical vs. transitional), geography, probability, and impact. This process is reviewed on an annual basis.

The RealReal considers a broad set of 30 physical and 25 transitional climate-related risks. Physical risks are categorized as either acute or chronic, while transition risks are categorized as principally related to policy and legal; technology; markets; reputation; or liability. For more information on the climate-related risks and opportunities we consider, please refer to our 2025 CDP Climate Change disclosure.

Processes for managing climate-related risks

Climate-related risks are monitored and managed through planning of operational initiatives, implementation of new policies, and resource allocation for due diligence as needed. At the management level, climate-related risks are assigned to senior leaders based on the risk's relationship to each leader's business area and focus. Senior leaders then develop plans to address the risks.

Metrics & Targets

The RealReal uses various metrics to assess and manage climate-related risks. They are described below, along with our complete Scope 1, 2, and 3 greenhouse gas emissions and key emissions intensity figures.

Key Metrics

Topic	Value
Emissions	Scope 1 (tCO ₂ e)
	Scope 2 (tCO ₂ e) (location-based and market-based)
	Scope 3 (tCO ₂ e)
	Revenue intensity (tCO ₂ e/\$1M)
	Headcount intensity (tCO ₂ e/person)
	Avoided emissions from circular commerce (tCO ₂ e)
Topic	Value
Energy	Aggregated energy use (MWh)
	Electricity use (MWh)
	Natural gas use (MMBtu)
	Motor gasoline use (MWh)
	Renewable electricity use (as percent of total electricity use [MWh])

Aggregated Energy Use

Activity	MWh from renewable sources	MWh from non-renewable sources	Total
Consumption of fuel	0	3,397.84	3,397.84
Consumption of purchased or acquired electricity	0	11,450.06	11,450.06
Total energy consumption	0	14,847.90	14,847.90
Total energy consumption (as percent)	0%	100%	100%

Metrics & Targets

Avoided emissions from circular commerce

In FY2024, we estimate that consignments through our platform avoided the generation of 10,229 tCO₂e of greenhouse gas emissions. Between our founding and the end of FY2024, we estimate that 82,197 tCO₂e were avoided total. Although we do not account for avoided emissions in our emissions inventory, we share it publicly because we believe it is crucial to track the impact of circular business models in fashion and other industries.

For more information about how we estimate avoided impacts, including greenhouse gas emissions, please refer to our Sustainability Calculator Whitepaper, which can be found on the Social Impact page of our Investor Relations website.

Scope 1, 2, and 3 Emissions

Scope	Emissions (tCO ₂ e)
Scope 1 (market-based)	769
Scope 2 (location-based)	3,709
Scope 2 (market-based)	3,848
Scope 3 (market-based)	46,633
Scope 3 category 1: Purchased goods and services (market-based)	13,207
Scope 3 category 2: Capital goods (market-based)	4,216
Scope 3 category 3: Fuel-and-energy-related activities (market-based)	1,090
Scope 3 category 4: Upstream transportation & distribution (market-based)	7,392
Scope 3 category 5: Waste generated in operations (market-based)	992
Scope 3 category 6: Business travel (market-based)	7,130
Scope 3 category 7: Employee commuting (market-based)	5,685
Scope 3 category 8: Upstream leased assets (market-based)	0.9
Scope 3 category 9: Downstream transportation and distribution (market-based)	6,059
Scope 3 category 12: End-of-life treatment of sold products (market-based)	863
Gross emissions (market-based)	51,250
Gross emissions (location-based)	51,104

Note: Excludes emissions that are considered optional to report under the Greenhouse Gas Protocol, like indirect emissions related to product use, emissions from lodging during business travel, and emissions from home office use. All other emissions categories not listed have values of 0 for the reporting year.

Emissions Intensities

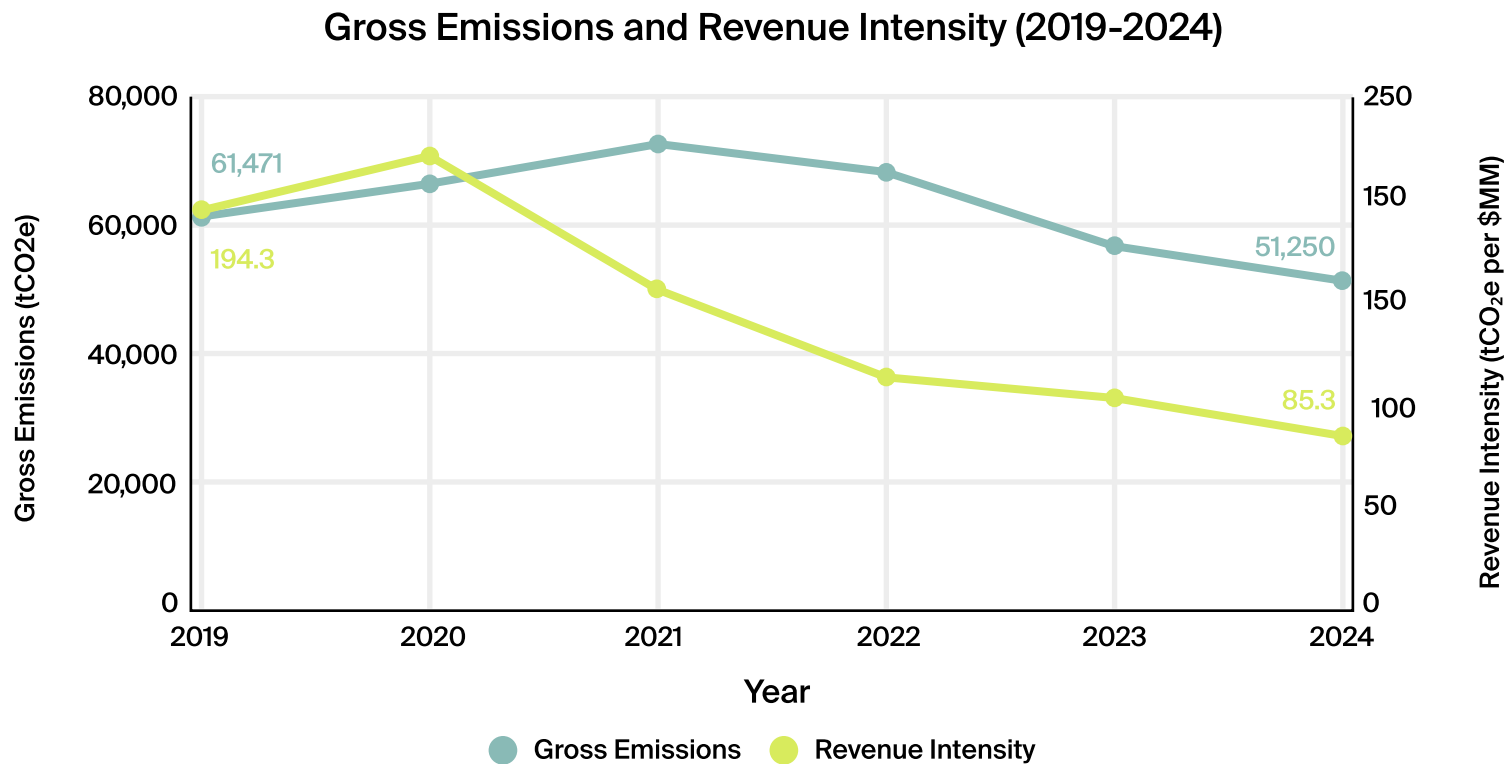
Intensity	Value	Numerator	Denominator
Revenue intensity	85.35 tCO ₂ e/\$1M	51,250 tCO ₂ e	\$600 million USD
Headcount intensity	14.48	51,250 tCO ₂ e	3,539 employees

Targets, commitments, and progress

While The RealReal has not yet developed a climate transition plan, our 2030 target - to reduce our absolute Scope 1, 2, and 3 emissions 30% from a 2019 baseline - is a central part of our strategic approach to managing climate-related risks. We also aspire to achieve Net-Zero emissions by 2050. For more information on our targets, please refer to our 2025 CDP Climate Change disclosure.

The RealReal has not yet developed a climate transition plan due to limited resources. A future transition plan could include a structured approach to crucial decarbonization levers like renewable energy procurement, supplier engagement, and/or low-emissions logistics.

Between 2019 and 2024, The RealReal reduced its gross emissions by 16% and emissions intensity by 56%. More detail can be found in the chart below.





About The RealReal

The RealReal is the world's largest online marketplace for authenticated, resale luxury goods, with 40 million members. With a rigorous authentication process overseen by experts, The RealReal provides a safe and reliable platform for consumers to buy and sell their luxury items. We have hundreds of in-house gemologists, horologists, and brand authenticators who inspect thousands of items each day. As a sustainable company, we give new life to pieces by thousands of brands across numerous categories—including women's and men's fashion, fine jewelry and watches, art, and home—in support of the circular economy. We make selling effortless with free virtual appointments, in-home pickup, drop-off, and direct shipping. We handle all of the work for consignors, including authenticating, using AI and machine learning to determine optimal pricing, photographing and listing their items, as well as shipping and customer service.

The Real Real