

Madswell

# 2021 DO WELL REPORT





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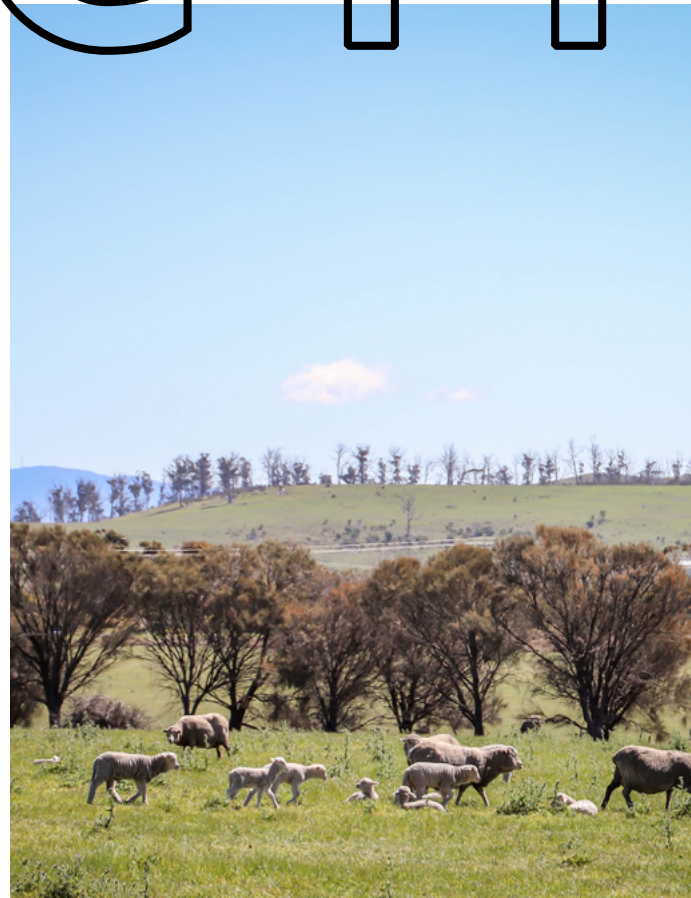
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# INTRO - DUCTION



# LETTER FROM THE CEO



To our community,

Welcome to our second annual Do Well Report! Last year, we recognized our responsibility to operate more sustainably at all levels of our business—and outlined the steps we would take to do more and better for the planet. This year, we're proud to present the progress of our Do Well initiatives and our plans for the future.

Like many businesses, we faced unprecedented challenges in 2020. The COVID-19 pandemic forced us to adjust some of our commitments for the year and quickly react to support the health and safety of the people we work with at every level of our supply chain.

In addition, 2020 brought an increase in natural disasters as the hottest year on record. To that end, we're urgently addressing our Planet and People goals more than ever.

Ahead, you'll learn how we're building on our commitments toward climate action that were made public last year.

On Earth Day, we also announced our plan to set Science Based Targets by the end of 2021 to reduce emissions in accordance with the Paris Agreement. Those plans are well underway, and we're excited to share our progress.

Finally, you'll get a closer look at some of our nonprofit partners and how we're supporting these organizations to help meet our sustainability goals.

This report solidifies our commitment to do what we can to make a positive impact on our ever-changing world and we look forward to bringing you along on the journey.

All my best,

**LIBBY WADLE, CEO**

## OUR STRATEGY

At Madewell, we're committed to integrating sustainability into every aspect of our business operations—it's what we call our Do Well approach. From investing in regenerative agriculture to launching upcycling programs for customers, we're moving our industry forward to be more sustainable. It's why we've developed our corporate responsibility strategy on two key pillars—Planet and People—using the United Nations' Sustainable Development Goals (SDGs) to serve as a framework for positive progress.

## OUR COMMITMENTS

Last year, we committed to making serious and ambitious sustainability goals that address all areas of our business. We laid out long-term social and environmental commitments for 2025 and 2030, defining our approach to sustainability under our pillars of Planet and People. This year, on Earth Day, we committed to set Science Based Targets by the end of fiscal 2021 to reduce our emissions in accordance with the Paris Agreement. This program is now well underway, and we're on track to set those targets. Our goals cover just some of the extensive work we're doing to create a sustainable and ethical supply chain. Next year, we'll be creating new frameworks around water stewardship, waste reductions, and increased circularity throughout our product life cycle.

# PLANET GOALS



**100% OF OUR KEY FIBERS** will be sustainably sourced (e.g., using recycled fibers) and free of virgin plastic by 2025.



**100% OF OUR OPERATIONS** will be carbon neutral by 2030.



**100% OF OUR PACKAGING** will be sustainably sourced and free of virgin plastic by 2025.



**MORE THAN 90% OF OUR DENIM** will be Fair Trade Certified™ by 2025.



**WE'RE COMMITTED TO THE FIFTEEN PERCENT PLEDGE,** dedicating at least 15% of our marketplace shelf space to Black-owned businesses.

# PEOPLE GOALS

# OUR PLANET



—  
This section covers the overall impact our company has on our planet—from agriculture to carbon footprint.



# OUR MATERIALS

Over the last three years, we've been transitioning our raw materials into lower climate impact alternatives. We've developed a portfolio of preferred fibers and materials that we call Do Well materials, which consist of fabrics made from certified recycled or organic materials and other sustainably and ethically sourced raw materials.

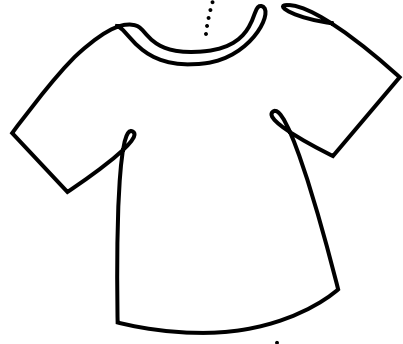
In 2020, 38% of our total fibers by volume were sourced from Do Well materials, up from 34% in 2019. In spring 2021, 67% of our collection was made with at least one Do Well material. And we're on our way to hitting our goal of 100% sustainably sourced key materials by 2025.

We're focused on the following six key fibers.

COTTON	CELLULOSICS
NYLON	LEATHER
POLYESTER	WOOL



# HERE'S HOW WE DID IN 2020:

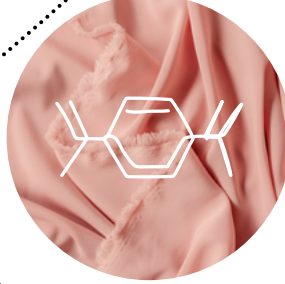


## COTTON



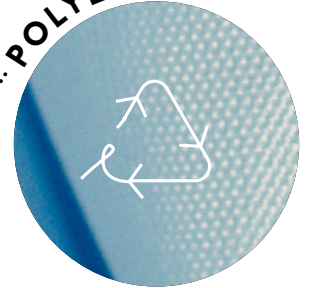
49% of our cotton was certified organic, recycled, or sourced through Better Cotton Initiative (BCI).

## NYLON



6% of our nylon was recycled nylon.

## POLYESTER



8% of our polyester was recycled polyester.

## LEATHER



56% of our leather was recycled or sourced from tanneries audited against the Leather Working Group (LWG) standard.

which evaluates the compliance and environmental performance of tanneries, and promotes sustainable environmental practices within the leather industry.

## CELLULOSICS



24% of our cellulosic fibers, like viscose, were sourced from responsibly and sustainably managed forests.

This was mainly driven by using Lenzing™ Ecovero™, Refibra™, and Tencel™ Lyocell.

## WOOL



18% of our wool was organic, recycled, or certified to the Textile Exchange's Responsible Wool Standard (RWS).



# OUR FIBER PARTNERS

This section showcases our fiber initiatives and the nonprofit partners that are helping us become a more Earth-conscious company.



## OUR COTTON COMMITMENT

Since cotton is our largest fabric category, we're extra diligent about how we source this key fiber. Through our partnerships with the below sustainable cotton organizations, we're able to keep track of our cotton's potential impact on the Earth and the people who grow it.

### BETTER COTTON INITIATIVE

The Better Cotton Initiative (BCI) is one of the largest cotton sustainability nonprofit programs in the world. BCI makes cotton production better for the people who produce it, better for the environment it grows in and better for the sector's future. Madewell has been a BCI member and has been sourcing BCI cotton since 2016. In part through our continued support in 2020, BCI was able to train more than 2,200 farmers and certified growers on more sustainable practices including pest management, organic fertilizer options and chemical



and protective equipment safety. Approximately 4,242 hectares of BCI cotton were cultivated last year, equivalent to roughly 7,900 football fields. As a result of our sourcing of BCI cotton, over 204 million gallons of water were saved and an estimated 1,100 pounds of pesticides were prevented from entering Earth's soil.

### U.S. COTTON TRUST PROTOCOL

Madewell has joined as a member of the U.S. Cotton Trust Protocol, a farm-level, science based program that was launched in 2020. The Trust Protocol holds continuous improvement central to U.S. cotton production, offers unparalleled, measurable, verified data for brands and retailers and provides a fully transparent supply chain for all members. This June, we became one of the first brands to pilot the Protocol Consumption Management Solution with the objective of expanding our scope of mill partners in the coming years.



### OUR CASHMERE COMMITMENT

We've been working extra hard to source cashmere responsibly and invest in the sustainable future of the cashmere industry. In 2020, 44% of our cashmere was sourced through the Good Cashmere Standard® by AbTF or made with recycled cashmere.

### THE GOOD CASHMERE STANDARD® BY AbTF

Developed by the Aid by Trade Foundation, the aim of the standard is to provide for the welfare of the cashmere goats, to protect nature and to improve the working conditions of farmers and farm workers. Last November, we became the first U.S. retailer to offer products labelled with The Good Cashmere Standard® by AbTF, which means the cashmere in those products is certified to

The Good Cashmere Standard®. You can learn more about the organization at [thegoodcashmerestandard.org](https://thegoodcashmerestandard.org).

### (RE)SOURCED RECYCLED CASHMERE

In the 2020 holiday season, we launched our (Re)sourced Recycled Cashmere styles, made from 70% certified recycled cashmere and 30% responsibly sourced merino wool from certified farms that take a progressive approach to managing their land and caring for their sheep. Recycled cashmere has less environmental impact.

### SUSTAINABLE FIBRE ALLIANCE

In 2019, we were the first U.S.-based company to join the SFA, a nonprofit that conserves grassland biodiversity, secures herder livelihoods and ensures the well-being of goats. Together, we're committed to helping the environment, people and animals of the cashmere sector.

# MATERIAL HIGHLIGHT



### NATIVA™ X INSULUXE

Last year, we teamed up with experts at NATIVA™ to create Insuluxe wool, a custom wool that comes from farms that meet animal welfare, land management and ethical work standards set by NATIVA™ and based on NATIVA™ protocols. NATIVA™ wool fiber is a fully traceable premium wool fiber that uses blockchain technology to create a unique QR code for each product. The next time you see this tag, scan the QR to see the real-time journey of your wool, from farm to garment!

# OUR MATERIAL VERIFICATION STANDARDS FOR ITEMS IDENTIFIED WITH THE DO WELL SYMBOL INCLUDE:

## ORGANIC MATERIAL

Global Organic Textile Standard (GOTS), Organic Content Standard (OCS) or the U.S. Department of Agriculture National Organic Program (USDA Organic)

## RECYCLED MATERIAL

Global Recycled Standard (GRS) or Recycled Content Standard (RCS)

## COTTON

Sourced through the Better Cotton Initiative (BCI)

We use BCI's mass balance system to track our annual consumption of Better Cotton

## RESPONSIBLE WOOL

Responsible Wool Standard (RWS) or NATIVA™ Protocol

## CELLULOSIC FIBERS

Forest Stewardship Council (FSC) Certification, Programme for the Endorsement of Forest Certification (PEFC) or sourced from suppliers approved by Canopy, an organization working to eliminate the use of Ancient and Endangered Forests in viscose and other cellulosic fabrics

## LEATHER

Tanneries certified by the Leather Working Group (LWG), an organization that works to promote sustainable environmental practices in the leather industry

## CASHMERE

Sourced through the Good Cashmere Standard® by AbTF:

The Good Cashmere Standard® (GCS)



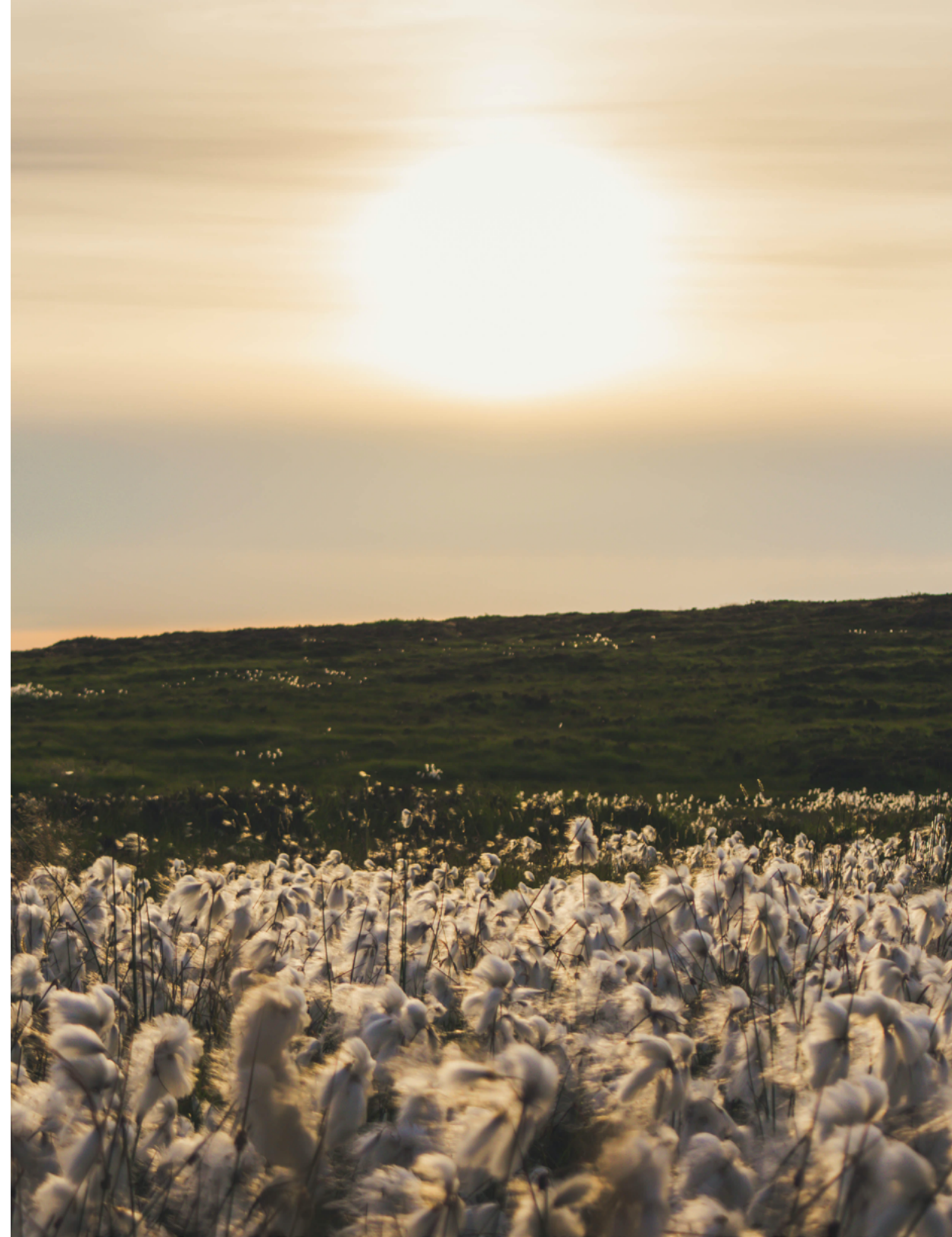
# OUR SOURCING POLICIES

We have a high standard of excellence in every aspect of our business, including legal, ethical conduct, and responsible sourcing—which is why we set clear expectations with our suppliers. Our full set of social responsibility policies can be found [here](#). To ensure accountability and compliance with our Responsible Sourcing policy, we also require that suppliers have the ability to trace back their materials to the country of origin along with verifiable documentation.

Additionally, this last year, we updated our [Social Responsibility Approach](#) to outline our commitment to working with our suppliers, industry groups, government entities and other stakeholders to develop strategies to address forced labor throughout the supply chain. We participate in the Retail Industry Leaders Association (RILA), the American Apparel & Footwear Association (AAFA) and with the Mekong Club to help advance

human rights worldwide, which includes stopping the practice of forced labor. We also support the Joint Statement [published](#) by our industry partners in July 2020.

We're not only committed to sustainable practices for our planet, but we also aim to actively protect ecosystems, prevent biodiversity loss, and combat climate change. This year, we released our [Responsible Forestry Commitment](#), which outlines a future that does not use ancient or endangered forests in man-made cellulosic fabrics (including rayon, viscose, lyocell, modal and other trademarked brands). We collaborated with Canopy on this Responsible Forestry Commitment, an NGO partner that works with innovative companies and suppliers to encourage the development of fiber sources that reduce environmental and social impacts, with a focus on agricultural residues and recycled fibers.



# CHEMICAL MANAGEMENT

To manage chemical use in our global supply chain and products, we've adopted AFIRM's Restricted Substance List (RSL), which helps us to reduce the harmful substances in our products. We require our vendors to comply with the AFIRM RSL and we work with third-party organizations to test our products and monitor compliance with our chemical restrictions. You can access AFIRM's Restricted Substances List [here](#), available on our Social Responsibility practices and policies page.



# REGENERATIVE AGRICULTURE

A key element to our goal of 100% sustainably sourced key materials is investing in Regenerative Agriculture. We recognize that conventional and industrial farming practices have devastating consequences for our planet. A research study by The Rodale Institute showed that conventional and industrial farming practices have, over time, degraded about 75% of the Earth's land areas—so we're investing in regenerative agriculture as a solution to this problem. Regenerative agriculture involves holistic farming and grazing practices that, among other benefits, help mitigate climate change by rebuilding organic soil matter and restoring degraded soil biodiversity. The Rodale Institute estimates that global adoption of regenerative practices across grasslands and arable land could draw down more than 100% of the current global annual CO2 emissions.



We're piloting regenerative agriculture programs for our natural fibers with growers all over the world. In addition to working with organizations like Textile Exchange and vendors like World Textile Sourcing, we've enlisted the following regenerative agriculture partners to help us with key natural fibers:



### REGENERATIVE COTTON IN PERU

In partnership with World Textile Sourcing (WTS) and Bergman Riviera, a family-owned Peruvian company pioneering the production of organic cotton, we are working on piloting certified regenerative organic cotton in Peru. The cotton fibers are certified against the

Regenerative Organic Certified™ (ROC) standard, which is a revolutionary new certification for food, textiles and personal care

ingredients. ROC™ farms and products meet the highest standards in the world for soil health, animal welfare and farmworker

fairness. The regenerative fibers will be ready for use in late 2021 and we expect to launch products in Fall 2022.

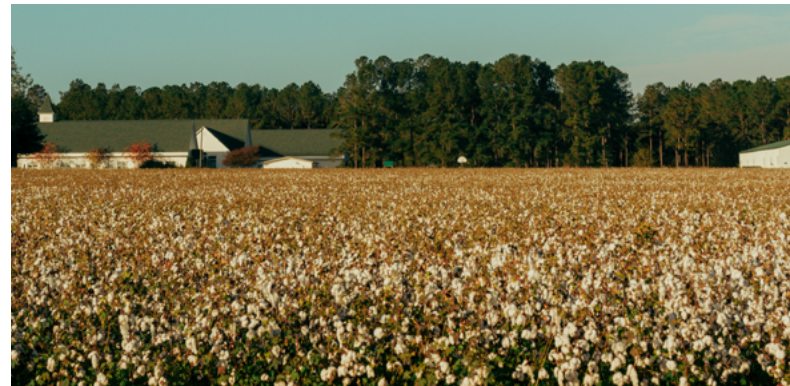


tools, programs, initiatives, guidance and best practices within the regenerative agriculture landscape on a global scale.

We hope that this analysis will provide a centralized reference point and serve as a guideline for brands interested in exploring the regenerative agriculture space. Through participation in this analysis, we will be able to come away with recommendations and next steps on our regenerative journey. This study is expected to be published in January 2022, and we look forward to sharing updates as they become available.

### REGENERATIVE LANDSCAPE ANALYSIS

We're joining forces with nonprofit Cotton Connect and The Kering Group to support a research paper led by nonprofit Textile Exchange that's focused on creating a body of knowledge for global regenerative agriculture in the fashion industry. Textile Exchange's Regenerative Landscape Analysis is intended to provide a clear understanding of



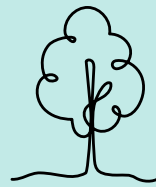
### KEY STATS OF THE

# PERU REGENERATIVE COTTON PROJECT



APPROXIMATELY  
**10 TONS**

of regenerative cotton fiber will be harvested for Madewell.



WE'LL USE APPROXIMATELY  
**100 ACRES**

of regenerative land.



WE'LL WORK WITH  
**10 FARMS**

Located in Chincha Valley, 130 miles south of Lima.

# CIRCULARITY

Through our continued partnerships with Rent the Runway, thredUP and Blue Jeans Go Green, we're committed to finding circular solutions that extend the life of our denim. This year, we also debuted Madewell Forever™, a new resale program that salvages well-loved jeans and redirects them into a secondhand market.

## MADEWELL FOREVER™

Launched in July 2021, Madewell Forever™ is our resale program powered by thredUP's Resale-as-a-Service® (RaaS®), the tech platform that promotes circular fashion experiences for brands and retailers. As thredUP's first 360 RaaS® partner, we empower customers to resell and/or shop secondhand Madewell denim in stores and online.

### HERE'S HOW IT WORKS:

When a pair of previously worn Madewell jeans is donated into the program,

thredUP determines if they are sellable via its extensive (12 point) quality inspection. Jeans that meet quality standards then become available to purchase via Madewell Forever™. With Madewell Forever™, when customers buy a pair of secondhand denim instead of new, they're reducing the environmental footprint of those jeans by 82%, and we aim to extend the life of each recirculated garment by 2X. We're currently working toward a goal of collecting one million pairs of denim by 2023 through Madewell Forever™, which is twice as

much as what we've collected over the last six years through our denim recycling program.

**Within the first month of launching Madewell Forever™, we resold over 1,000 pairs of jeans. To put that in perspective, the program has saved:**

323,786  
gallons of water

39,483  
kWh of energy

17,153  
lbs of CO2e



WE DON'T GET A SECOND CHANCE WITH OUR PLANET.  
WE DO GET A SECOND CHANCE WITH OUR CLOTHES.

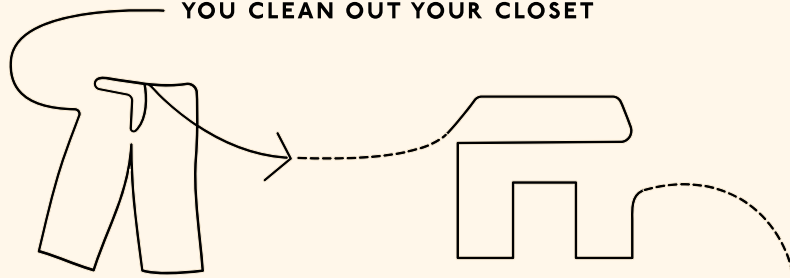
#LONGLIVETHEJEAN

\*Calculations provided by Green Story



# MADEWELL FOREVER™

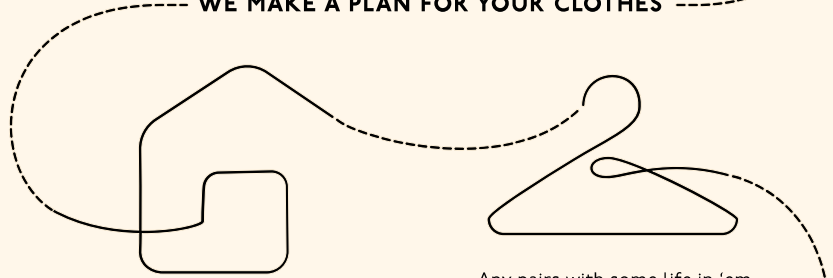
## YOU CLEAN OUT YOUR CLOSET



Say au revoir to your old faves.

Bring preloved jeans from any brand into your local Madewell and get \$20 off a new pair.\*

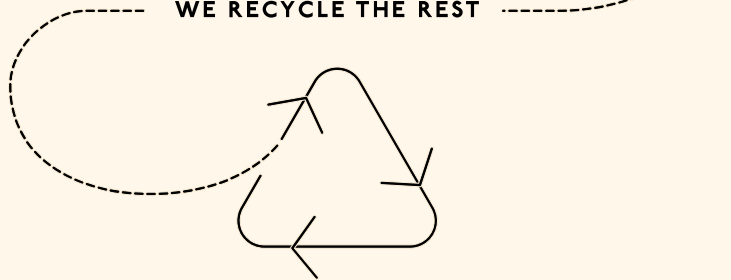
## WE MAKE A PLAN FOR YOUR CLOTHES



thredUP, the experts in secondhand, will check out the condition of your jeans.

Any pairs with some life in 'em are sold to someone new. Madewell jeans get listed on Madewell Forever. All others are sold through thredUP.

## WE RECYCLE THE REST



Pairs that have seen better days get recycled into housing insulation through Cotton's Blue Jeans Go Green™ program.



Team Madewell helped Habitat for Humanity insulate an LA home.



## COTTON'S BLUE JEANS GO GREEN™ PROGRAM

We know that some worn-out jeans will end up in conditions beyond resale or repair. Luckily, we have a solution for what to

do with well-loved styles that don't meet thredUP's resale criteria for Madewell Forever. Through our partnership with Cotton's Blue Jeans Go Green™ program, we take worn-out denim and turn it into housing insulation for communities in need, which keeps homes warmer in the winter and cooler in the summer.

Since we began working with Cotton's Blue Jeans

Go Green™ program in fall of 2014, Madewell customers have contributed over 1.1 million pairs of jeans for recycling through Cotton's Blue Jeans Go Green™ program, which has diverted more than 594 tons of denim waste from landfill and has resulted in the creation of over 2.3 million square feet of natural cotton fiber insulation. Numbers are recorded through June 30, 2021.



*The greatest jeans get better with time. You know the ones. They're the "wear everywhere" pair. The ones that never see the inside of your closet.*

*Eventually, though, they fall out of rotation. You know how it goes. Your denim collection starts to get a little bigger, and then you have some tough decisions to make.*

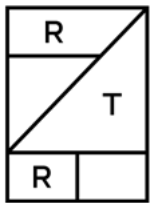
*73% of preloved clothes are sent to a landfill or incinerated Instead of being reused or recycled.\**

*It doesn't have to be so (!).*

*When you give a pair of jeans a second life, You reduce its environmental impact by 82%.\**

**THAT'S WHY WE LAUNCHED MADEWELL FOREVER™ WITH THREDUP, A NEW WAY TO DO WELL.**

*LONG LIVE THE JEAN™*



## RENT THE RUNWAY

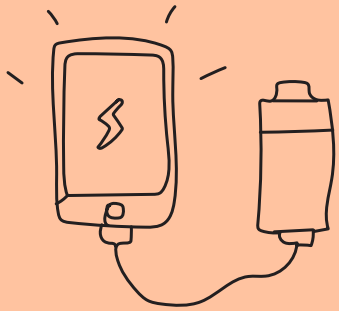
In 2020 we continued our partnership with Rent the Runway, a subscription-based clothing rental company that allows customers to rent Madewell clothing instead of having to buy new.

### THROUGH OUR PARTNERSHIP WITH RENT THE RUNWAY, WE WERE ABLE TO SAVE:

413,751 MJ OF ENERGY, EMISSIONS EQUIVALENT TO CHARGING

**9,907,729**  
SMARTPHONES

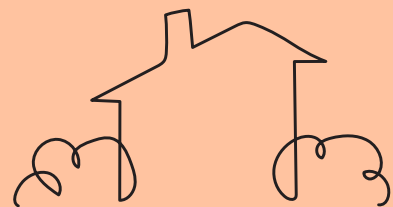
[LEARN MORE](#)



1,774,388 LITERS OF WATER, APPROXIMATELY THE SAME AMOUNT OF WATER THAT

**1,562**  
HOUSEHOLDS USE EACH DAY

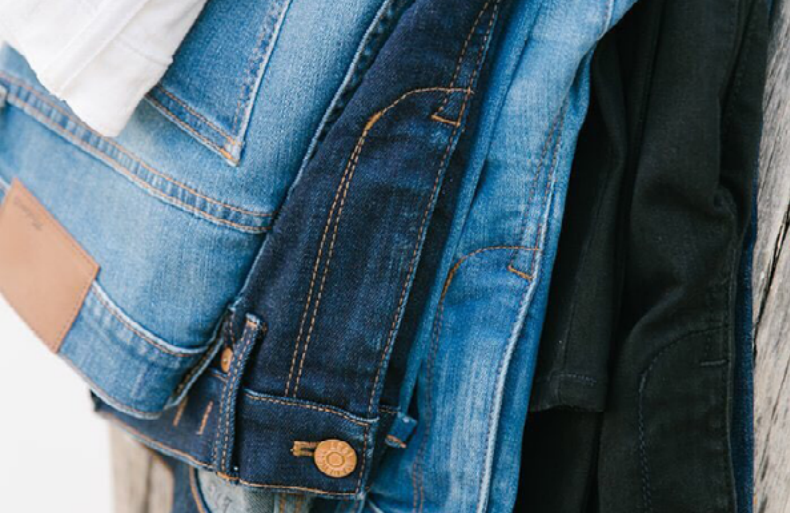
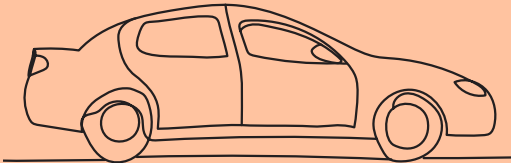
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38,524 KG OF CO2, EMISSIONS EQUIVALENT TO DRIVING

**96,818**  
MILES

[LEARN MORE](#)



## CIRCULAR INNOVATION WORKSHOP

We're committed to building a circular product life cycle, from creation to end of life (and its afterlife!). With this, we're implementing an internal circular innovation program so Madewell team members in design, merchandising, tech design,

sourcing and beyond can gain foundational knowledge of the circular economy in fashion and can develop the skills they need to design out waste, and consider the product's entire lifecycle at earlier stages. These trainings will be aimed at reimagining how we think about the design, construction and longevity of our products from conception to production to our customer's closet and at end-of-life. The goal of this program is to have all key teams trained by early 2022—and producing circular apparel not long after!

# OUR OPERATIONS

Our office was closed for much of 2020 due to the pandemic, but we still occupied our corporate office in Long Island City, NY—a total of 65,932 square feet. Our two distribution centers—one in Virginia, the other in North Carolina—remained open and both total 742,000 square feet. We also had 142 Madewell stores in 2020, totaling 473,627 square feet.



## OUR CARBON FOOTPRINT & REDUCING EMISSIONS

The following figures cover the greenhouse gas emissions of the electricity and natural gas usage from our retail locations, corporate office, and distribution centers. Our energy usage data is

continuously captured and tracked by a third party. Given the unprecedented nature of 2020 and temporary store and home office closures, our footprint decreased from 2019.

4,143 MT CO2e across all Madewell operations

1.57 MT CO2e per employee

Our two distribution centers are taking strides to drastically reduce our operations footprint, and we're actively working towards a goal of zero-waste.

# HERE ARE SOME OF OUR KEY WINS



We've recycled 3.6M pounds of cardboard, bottles, cans and paper.



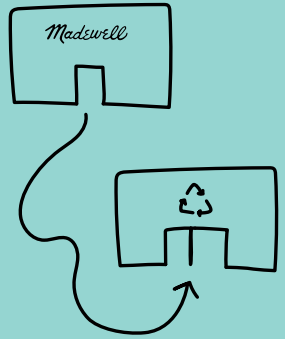
We're currently testing 100% recyclable shipping label backings and pick ticket backings, which were previously nonrecyclable.

This switch to recyclable backings would allow for standard curbside recycling that would divert approximately 1.1 tons of waste monthly from our Virginia distribution center.



We're continuing our partnership with the UPS carbon neutral program, offsetting Scope 3 emissions derived from e-commerce shipping.

This means that for every ton of CO2 emitted by a package shipment, an equivalent amount of CO2 is saved by a verified emission reduction project somewhere else in the world. Through this program with UPS, we have offset 5,524 metric tons of carbon from our e-comm package shipments in 2020 and funded efforts to prevent deforestation in the Amazon rainforest basin, conserve forestland in Canada and reduce fuel emissions in Georgia.



We're working with our recycling company to ensure more plastics in our distribution centers get recycled.

This means that:  
We'll be recycling leftover autobagger film that was previously sent to landfill, resulting in diverting approximately 160,660 pounds of waste annually.  
We'll be recycling cardboard cores from autobagger film rolls, resulting in diverting approximately 10,102.5 lbs of waste from landfill annually.



## ENGIE IMPACT

We've enlisted ENGIE Impact, a global sustainability consulting leader in helping companies achieve net-zero carbon, to help us set Science Based Targets for our operations. ENGIE Impact currently supports calculating our Scope 1 and Scope 2 footprint, and their work will now expand to support our Scope 3 baseline and manage our Science Based Target initiative (SBTi). ENGIE Impact will be creating a comprehensive approach to GHG across all elements of our business. To achieve our goal of carbon neutrality by 2030, we'll adopt a portfolio approach that considers everything from behavior change to lighting replacements to investment in renewable energy. We look forward to sharing more when we set our Science Based Target inclusive of Scope 1, 2 and 3 footprints.

## CARBON CREDITS

As part of our pledge to go carbon neutral by 2030, we're now offering our customers the option to cut down their own climate impact with the purchase of carbon offsets through our website. Through our partnership with Native, the purchase of carbon credits directly funds the Northern Great Plains Improved Grazing project, helping to improve soil health to (literally) pull carbon from the atmosphere. These credits include offsetting one year of online shopping, one year of laundry or a whole year of carbon for a family of four!



*Through our partnership with Native, the purchase of carbon credits directly funds the Northern Great Plains Improved Grazing project, helping to improve soil health to (literally) pull carbon from the atmosphere.*

CARBON CREDITS	CARBON CREDITS	CARBON CREDITS	CARBON CREDITS	CARBON CREDITS
ONE YEAR OF LAUNDRY	ONE YEAR OF ONLINE SHOPPING	ONE MONTH FOR FOUR PEOPLE	ONE CROSS-COUNTRY ROAD TRIP	ONE YEAR FOR FOUR PEOPLE
CARBON CREDITS	CARBON CREDITS	CARBON CREDITS	CARBON CREDITS	CARBON CREDITS

LOCATION  
La Magdalena, Salto  
REGION ORIGIN  
Uruguay



### HIGG FEM

Since 2019, we have utilized the Sustainable Apparel Coalition’s Higg Facility Environmental Module (FEM)—a sustainability assessment tool that standardizes how facilities measure and evaluate their environmental performance—to understand the environmental impacts of our supply chain. We measure the Higg FEM environmental data at the J.Crew Group level, which covers factories that work with both J.Crew and Madewell brands. In 2019, 99% of our strategic factories, mills and trim suppliers completed the Higg FEM module. While completing the Higg FEM was not required in 2020 due to the global challenges of COVID-19, our facilities have resumed participation in the module again in 2021.



### PACKAGING

We’re continuing to build on our goal of achieving 100% sustainable packaging and no virgin plastic by 2025.

**Here are some of our latest wins:**

We’re transitioning to 100% recycled and recyclable poly bags starting with Spring 2022 products.

We’ve also reduced the number of polybag sizes from 500 to 90, and we continue to actively look for polybag alternatives.

All our poly mailers contain 50% recycled content.

All shopping bags are made with 100% FSC recycled paper.

Madewell is a member of the Retail Industry Leaders Association (RILA), the US trade association for retailers that have earned leadership status by virtue of their sales volume, innovation or aspiration. RILA convenes decision-makers to collaborate and gain from one another’s experience and advances the industry through public-policy advocacy and promotion of operational excellence and innovation. And through research and thought leadership, RILA propels developments that foster both economic growth and sustainability. We participate in its committees and councils, which allow us to benchmark and collaborate with peer companies on issues essential to long-term preparedness and reliance to withstand critical events.

# OUR PLANET PARTNERS

We've been lucky to partner with organizations that are similarly aligned with our commitments to better the Earth. Here are the organizations we currently work with:



## NATIONAL RESOURCES DEFENSE COUNCIL

Since 1970, the NRDC (Natural Resources Defense Council) has fought to safeguard the planet's people, plants, and animals. This year, we partnered with the NRDC to support its work to advance climate solutions and ensure the rights of all people to clean air, clean water and

healthy communities. We have contributed \$150,000 to the NRDC's efforts and have [invited our customers to give back](#) through education, action and donation on our site throughout the year.



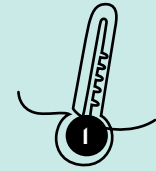
## FASHION PACT INVOLVEMENT

Launched at the G7 Summit in August 2019 in Biarritz, France, The Fashion Pact is a global coalition of companies

in the fashion and textile industry, including suppliers and distributors, committed to collectively reducing the industry's environmental impact. The Pact invites signatories committed to acting collectively in order to radically transform the industry's practices and meet the environmental challenges of our day.

Madewell joined The Fashion Pact in October this year, and committed to achieving the Pact's collective targets and will contribute to its broader objectives that draw on the Science Based Targets (SBT) initiative.

## THE PACT FOCUSES ON THREE ESSENTIAL GOALS FOR SAFEGUARDING THE PLANET:



### STOP GLOBAL WARMING

through the implementation of Science Based Targets for Climate to achieve net-zero by 2050.



### RESTORE BIODIVERSITY

by achieving objectives that use Science Based Targets to protect and restore natural ecosystems and support zero deforestation or through the development and implementation of strategies and Science Based Targets for Nature.



### PROTECT THE OCEANS

by reducing the fashion industry's negative impact on the world's oceans through practical initiatives, such as gradually removing the usage of single-use plastics.



# LOOKING AHEAD

**We're actively creating new frameworks around water stewardship and waste reduction to implement next year. Here's where we're at currently:**



## WATER STEWARDSHIP

We know that certain steps in garment manufacturing are water intensive, and we're working on ways to reduce this. We have partnered to undergo a water risk assessment, with both a basin water risk and an operational water risk lens. Through the Water Risk Filter, we will be able to review the physical, regulatory and reputational risk of all key mills and factories in our supply chain. We plan to use this data to make informed decisions around our water stewardship strategy and set contextual water goals for our supply chain to address local water stress. We look forward to sharing updates as our work gets further along.



## WASTE REDUCTION

We've partnered with Recycle Track System (RTS) to lead an audit of our key stores and our distribution centers to lay a path toward waste reduction and improved recycling streams. Once this baseline is complete towards the end of 2021, we'll be taking actionable steps to reduce our waste footprint at those locations.





# OUR PEOPLE



—  
This section covers the people in our community—from suppliers to customers.

# FAIR TRADE



In January 2019, we announced a long-term partnership with Fair Trade USA®, starting with the Fair Trade certification of the Vietnam-based factory Saitex and the rollout of a line of denim. Over the past two years, we continued to expand this partnership and we set a goal to have at least 90% of our denim Fair Trade Certified™ by 2025. We currently have nine Fair Trade Certified™ factories.

Through our partnership with Fair Trade USA, we pay a Fair Trade Premium on our products that goes directly into a Community Development Fund managed by the people who work at the Fair Trade Certified™ factories we source from. Factory employees are empowered to organize democratically

**Over the past two years, we continued to expand this partnership and we set a goal to have at least 90% of our denim Fair Trade Certified™ by 2025.**

and vote on the projects they consider most important and a Fair Trade Committee, which consists of factory workers, decides together how to spend the funds to improve their lives and meet their unique social, economic and environmental needs.

**Since launching our Fair Trade Certified™ program in early 2019, the number of Fair Trade Certified units we produce has increased 930%.**

WE HAVE PUT  
**\$864K**  
 back into the pockets of  
 12,941 workers across the globe  
 from 2019 to Summer 2021.

Throughout the COVID-19 pandemic, Fair Trade USA has continued to prioritize the well-being of workers by increasing the flexibility of use of Fair Trade Community Development Funds to enable workers to use them more immediately for emergency relief and critical needs. Individual factories have also launched various people-first projects. For example, the China-based factory Jade provided rice for all workers while the Hoi Meng factory sent birthday gifts to all workers.

The Saitex factory has, since 2019, implemented three successful Fair Trade

Community Development Fund projects, one of which includes providing additional health insurance packages for all workers so they can expand on their National Health plan. Women in particular are now able to use the insurance made available to them through Fair Trade Community Development Funds to cover pregnancy- and childbirth-related expenses, which they previously paid out of pocket (the Vietnam National Health Insurance doesn't cover any prenatal costs). This past New Year's Eve, Saitex also provided workers with bonus payments to help them with expenses like rent and childcare during COVID-19.

# SUPPLY CHAIN, LABOR PRACTICES & SOCIAL IMPACT

## SOCIAL COMPLIANCE POLICIES AND PRACTICES

Madewell is committed to sourcing products ethically and responsibly in a manner that's consistent with all applicable laws, regulations and our policies. To that end, we strive to exclusively partner with suppliers that similarly share our commitment to ethical and responsible business practices.

Our *Supplier Code of Conduct* is based on the International Labor Organization (ILO) conventions, which are internationally accepted labor practices. It defines standards

for fair, safe, ethical and healthy working conditions, and expectations for environmental responsibility throughout Madewell's supply chain, including our subcontractors, subsuppliers and mills. We expect all our supply chain partners to adhere to industry best practices and the terms of our *Supplier Code of Conduct* to ensure the respectful and ethical treatment of workers, and conditions in which workers earn fair wages in safe workplaces.

For more information, you can read our *Supplier Code of Conduct* [here](#), and our *Social Responsibility Approach* [here](#).





**MONITORING COMPLIANCE**

To help ensure the level of compliance with our *Supplier Code of Conduct* in each facility producing Madewell products, we routinely communicate our standards and conduct on-site compliance audits on an ongoing basis.

As part of our compliance program, all production facilities must agree to announced and unannounced assessments. If an audit determines that any of the 15 elements of our *Supplier Code of Conduct* are not met, the suppliers are expected to make improvements, which result in a higher level of social, labor or environmental compliance.

Every new facility that produces garments for Madewell is screened through a pre-approval due diligence review and audited to assess the level of compliance with the elements set forth in the *Supplier Code of Conduct*. If the facility is approved, we create a customized audit plan specific to the needs of the facility.

In 2020, the majority of our factory audits resulted in what we consider a “Fair” rating due to the need for system or procedure changes, which were generally remediated within a few months. The remainder of the audits were divided between those with minor issues that were readily

corrected, and those which required more significant changes or more support from Madewell to reach a higher level of compliance.

Madewell is committed to collaborating with suppliers to help identify compliance issues and their root causes, in support of a capacity building, and continuous improvement model. However, if a critical issue related to working standards or required procedures is cited, or if the supplier is unwilling to correct noncompliances or make improvements in social compliance, Madewell may terminate the business relationship.

# OUR TEAM

These are our company numbers, as of the end of fiscal year 2020:

DIVISION	FULL TIME	PART TIME	TOTAL
MADEWELL FIELD	431	1976	2407
MADEWELL HOME OFFICE	231	1	232
TOTAL	662	1977	2639



# DIVERSITY, EQUITY AND INCLUSION

Our path to broadening opportunity for our community is organized across four areas of work: Developing Leaders, Infusing Talent, Fostering Inclusion and Building Equity.



Meet Jose Davila, our new Chief People Officer

Within each of these categories, we have set commitments and initiatives.

- DEVELOPING LEADERS
- INFUSING TALENT
- FOSTERING INCLUSION
- BUILDING EQUITY



## DIVERSITY, EQUITY AND INCLUSION

# #1 DEVELOPING LEADERS

We commit to integrating diversity, equity, and inclusion into our approach to people management and leadership, ensuring that we are holding those with position and power accountable to creating a community and a culture that builds belonging, drives engagement and grows talent.

Initiatives that support our commitment:

### LEADERSHIP DEVELOPMENT

We have expanded upon our existing unconscious bias training with more in-depth and ongoing workshops, as well as added diversity dialogue training around topics like inclusion and impacting change. These are mandatory for all leaders and will continue to be as we move forward.

### CAPABILITY BUILDING

We are investing in our leaders with new programs like hiring-manager training, new resources to help them lead open conversations with their teams and refreshed tools to ensure that diversity, equity and inclusion (“DEI”) are integrated throughout leadership decision making.

### DEI EXECUTIVE COUNCIL

In 2021, we launched our DEI Executive Council, comprised of leaders from across the business, with a charter to provide oversight and accountability to our DEI work, business alignment with our DEI strategy and championship for all DEI initiatives.



## DIVERSITY, EQUITY AND INCLUSION

# #2 INFUSING TALENT

We commit to continuing to innovate attraction, retention and promotion of associates of all backgrounds through our investments in our recruitment and on-boarding processes.

Initiatives that support our commitment:



### EXPANDING PIPELINE

We will continue to invest in recruiting, retaining and promoting leaders and talent from underrepresented groups. As part of this initiative, we partner with platforms specializing in career advancement opportunities for candidates from diverse backgrounds. This will help

us expand our talent pipeline and grow the network of schools and employers from which we source candidates.

#### In 2021, We've Built Upon Partnerships Including:

##### Jopwell

A career advancement platform for Black, Latinx and Native American students

and professionals as we source talent and identify talent candidates.

##### Schools

Building on existing work with HBCUs, AAPI and Hispanic Institutions and Tribal Colleges and Universities to ensure a diverse pipeline of candidates, including for entry-level positions and summer internships.

##### Organizations

Partnering with groups like Harlem Fashion Row and America Needs You, which promote racial and socio-economic diversity to identify and curate potential top talent for the organization. We also partnered with RAISE for their RAISE x Anti-Racism Fund's inaugural internship

program. We committed to hiring two interns for our summer hybrid internship program.

### ENHANCING RECRUITMENT & INTERVIEW PROCESSES

We have invested in our internal processes to ensure greater equity and inclusion

through recruiting, interviewing and hiring of external talent. This includes the implementation of interview guides to help counteract unconscious bias, enhanced training for hiring managers and more robust tracking of representation in the recruiting pipeline.



## DIVERSITY, EQUITY AND INCLUSION

# #3 FOSTERING INCLUSION

We commit to furthering our talent and business strategy by creating a workplace that integrates and leverages the uniqueness of each associate by investing in culture and community-building activities.

Initiatives that support our commitment:

### INVESTING IN ASSOCIATE INTEREST GROUPS

As part of our efforts to build a collaborative and connected community, we offer the opportunity to form and participate in Associate Interest Groups (AIGs). AIGs are associate-led groups that gather based on common interests or identities. These groups are open to all members of our

team. Our current AIGs include AAPI AIG, BLAC, PRIDE, Unity Crew and Professional Women, among others.

### SUPPORTING COMMUNITY & ASSOCIATE ENGAGEMENT

We will continue to harness the power of open conversation with community discussion forums, where

associates can share personal experiences, observations, and thoughts around DEI-related topics. Over the last year, we have created spaces through our community forums on topics including Black Lives Matter and anti-Asian violence.

- We will continue engaging associates through company-wide surveys



to solicit feedback about ways in which we can do more and do better.

### EXPANDED LEARNING & COMMUNICATIONS

Over the last year, we have continued to enhance our formal and informal offerings. These are designed to support our active listening sessions so we can learn from one another and from experts

across different communities and experiences. We will build on these practices as we move forward.

#### Initial actions include:

Scaling our mandatory diversity dialogue training throughout the organization and working to ensure that all associates participate in this core learning experience.

### J.CREW GROUP NAMED TOP PLACE TO WORK

For the third year in a row, J.Crew Group was named “Corporate Equality Index – Top Place To Work” by the Human Rights Campaign, particularly for our work in supporting LGBTQIA+ associates.

We have launched a Learning Together resource site for all associates to educate themselves on topics related to DEI. This site includes crowd-sourced ideas from within our community. We have regularly surfaced content, stories and resources that promote greater understanding and community around DEI-related topics, such as:

Celebrating Months & Moments of Recognition

We are building on our existing practices around key dates throughout the year with robust internal programming to honor the diversity of our community and create space for our teams to come together in a variety of different ways. This includes Black History Month, Women’s History Month, AAPI Heritage Month, and Pride Month.

Integrating Inclusive Practices

We are engaged in an ongoing process to evaluate and integrate inclusive practices into our culture. For example, beginning in fiscal year 2021, we refreshed our email signatures to encourage all associates to include their pronouns.

Ensuring that we are Open to All

We have signed the Open To All pledge across all our brands and will reflect this with decals in all stores that indicate our commitment to maintaining a welcoming and safe environment for people regardless of race, ethnicity, national origin, age, sex, sexual orientation, gender identity and expression, military status, immigration status, religion or disability.

Recognizing Inclusive Holidays

We refreshed our holiday calendar beginning with fiscal year 21 to recognize the diversity of our teams and the range of celebrations that are important to each of us. This includes two important changes:

**Juneteenth**

We have made this an official company holiday, recognizing the day that the last enslaved persons in the United States were emancipated. This holiday is an important reminder that freedom and justice are often delayed, and there is still much work to do toward equity and equality.

**Floating Holiday**

We have created the opportunity for all associates to recognize the day that is most meaningful to them with a Floating Holiday, in addition to our standard paid-time-off bank.



## DIVERSITY, EQUITY AND INCLUSION

# #4 BUILDING EQUITY

We're continuing to create opportunities for associates, including those from underrepresented and minority backgrounds via a comprehensive review and refinement of our talent process. We will drive change by working with organizations, brands and makers from underrepresented groups.

Initiatives that support our commitment:

### **Black in Fashion Council**

We have joined the Black in Fashion Council (BIFC), which is committed to representing and securing the advancement of Black individuals in the fashion and beauty industry. We are committed to working with the BIFC as we move forward to create space and opportunity within our industry.

### **Investment in Partner Organizations**

We're continuing our support for Black Lives Matter, the Coalition of Communities of Color, the NAACP, ACLU and AAPI Women Lead, working to cultivate meaningful relationships with these and other organizations.

### **Investment In Civic Process | Our Election Day Initiative**

On Election Day 2020, we closed our retail stores, distribution centers, customer contact center and corporate offices to provide time for all associates to exercise their right to vote.



# LOOKING AHEAD

Our DEI work is an ongoing journey. Here are some of the things we are doing:

**WE'RE SEEKING COUNSEL.**

We've partnered with leaders in the DEI space to provide support on how we can move forward as an equitable and antiracist organization.

**WE'RE TALKING TO EACH OTHER.**

We've expanded our opportunities to engage our teams in rich conversations. Our community forums, unconscious bias trainings and diversity dialogue programs allow associates to come together, connect, build and drive culture together.

**WE'RE CELEBRATING.**

We've refreshed our holiday calendar to recognize the diversity of our teams and the range of celebrations that are important to each of us.

**WE'RE TRANSPARENT WITH OUR ASSOCIATES.**

We've shared our current representation data with our internal team. Having open and honest discussions about where we are today as a company is an important first step in becoming an organization reflective of the communities we want to support.

**WE'RE REPRESENTING.**

Understanding is not enough—so we're taking action to rethink representation on our teams. We're taking a holistic approach to increase all aspects of diversity, ensuring we're not only changing the composition of our teams, but also actively working to build an infrastructure to ensure retention of diverse associates.

**WE'RE DRIVING EQUITY.**

We've set company-wide priorities that drive equity in all our systems and processes. As a result, our Leaders will receive data-driven action plans to review the full associate life cycle.



# HOW WE GIVE BACK

Throughout the year, we team up with organizations across the country that are aligned with our values and we find ways to support their missions, whether it's through monetary donations, collaborating with them on exclusive collections, hosting events or volunteering. Here are a few ways we support the causes we care about:

## COMMUNITY GIVE BACK EVENTS

We encourage our stores to host events where a portion of the proceeds are donated to local charitable organizations. This allows our associates to choose the initiatives that best resonate with their community. Our associates also give their time to these charities, and in 2020, our teams volunteered over 600 hours.

## YOU GIVE, WE GIVE

We know our associates have their own causes that they're passionate about supporting. With the "You Give, We Give" matching fund, we've been able to set up individual support of causes through cash donations made on our associates' behalf from Madewell. We encourage full-time associates who have contributed their own money and/or volunteer time to a nonprofit to submit a request



for a cash or time donation match on their behalf from Madewell to the charity of their choice.

### GOOD360

We support Good360, a 501(c)(3) nonprofit whose mission is to transform lives by providing hope, dignity and a sense of renewed possibility to individuals, families and communities impacted by disasters or other challenging life circumstances. We partnered with Good360.org on our 2:1 disaster match, which funded disaster recovery relief and the long-term rebuilding of resilient communities.

### NO KID HUNGRY

Throughout the challenging year of the pandemic, we wanted to continue our support for No Kid Hungry by matching all customer donations up to \$50,000

during our Holiday Give Back Campaign and donating all proceeds of our holiday gift wrap kits. We also donated 50% of sales of our nonmedical bandana masks to No Kid Hungry and created a COVID relief fund that worked to provide children with the food they needed during school closures and beyond. With these donations, Madewell has contributed over \$150K to the No Kid Hungry mission, which can help provide up to 1.5M meals for children in 2020 and beyond.

### WE VOTED

We believe in the power of voting to enact positive change in this country, and this past year's election was one of the most momentous. We closed all stores, distribution centers and our corporate offices on November 3, 2020 to ensure our teams had ample time to vote.



## WE SHOWED PRIDE

We launched a Love to All collection with 50% of proceeds donated to our partners at the ACLU. We worked with a range of LGBTQ+ talent to participate in a virtual Pride parade on social media and through our efforts, we generated over \$140K in donations.



# INTERNAL ASSOCIATE ENGAGEMENT

Despite an unprecedented year, where working from home became the new normal, we managed to find ways to keep associates connected and engaged in our sustainability journey.

## STORE SUSTAINABILITY SQUAD

We launched a Store Sustainability Squad that brings together store representatives across the country to engage on all things sustainable in our brick-and-mortar locations. This group looks for ways to reduce packaging waste in stores, improve store recycling streams and re-evaluate end-of-use products that have been

damaged. As the folks who bring our products to life, and who are in proximity to our customers, we look forward to further exploring creative sustainability solutions with the Squad.

## SUSTAINABILITY SQUAD ASSOCIATE INTEREST GROUP

At our home office (or, on video calls from our homes), we have launched the Sustainability Squad Associate Interest Group (AIG),

which engages associates passionate about fostering ideas for a more sustainable lifestyle in and out of the office. The AIG has plans to bring in sustainability speakers, as well as highlight our talented home office associates who can lead training in green initiatives like clothing mending and plant parenting! We recognize that sustainability at Madewell is a team effort and we're taking a holistic approach to accomplish our goals.





# OUR PEOPLE PARTNERS

We have launched initiatives with nonprofits that are aligned with our commitments to better the well-being of our people. Here are some of the programs we're currently working on, and the organizations we're partnering with:



## FIFTEEN PERCENT PLEDGE

Last December, we joined the Fifteen Percent Pledge, which calls on retailers to dedicate 15% of marketplace shelf space to Black-owned businesses. Since taking the Pledge, we have increased our representation of Black-owned businesses by 4,000%. Currently, 14% of brands under our Labels We Love program are Black-owned.

## HOMETOWN HEROES COMMUNITY & COLLECTIVE

Our Hometown Heroes Community program was launched in 2010 to support local communities by giving artists and makers the opportunity to sell their goods at Madewell. Since its launch 10 years ago, the Hometown Heroes Community has become a foundation of Madewell—we now host thousands of Hometown Heroes events in stores each year.



Golde, Founded by Trinity Mouzon Wofford

We have continued our partnership with the nonprofit Nest, an organization that works to build a new hand-worker economy to increase global workforce inclusivity, improve the well-being of women beyond factories and preserve important cultural traditions across the world. In partnership with Nest, we also launched the Hometown Heroes Collective in 2019, which supports four classes of makers per year, celebrating their communities and American craftsmanship. We offer our makers monetary grants, expert mentorship,

networking opportunities, marketing support and the ability to sell their goods on Madewell.com. Since the launch, we've hosted 10 classes made up of 79 talented makers and have sold 10,551 of their products (and counting!) through our marketplace.

The Hometown Heroes Collective program has allowed us to further our commitment to amplifying our values around diversity and inclusion.



With that, we'll ensure that each group of Hometown Heroes consists of at least 40% BIPOC makers, with 20% of those makers identifying as Black.

### FASHION MAKES CHANGE PARTNERSHIP

Last March, in celebration of International Women’s Day, we joined Fashion Makes Change, a project of Rockefeller Philanthropy Advisors where fashion and retail brands across the globe support the empowerment and education of women in supply chain communities.

We made a donation on behalf of our customers, and in turn, other brands invited their customers to round up their purchase to the nearest dollar. All proceeds raised support the Empower@Work Collaborative, a joint effort of United Nations’ ILO-IFC Better Work, BSR’s HERproject, CARE International and Gap Inc.’s P.A.C.E (Personal Advancement & Career Enhancement). Empower@Work members implement training programs designed specifically to better address the needs of women working

in factories, including health, financial planning, problem solving and decision-making and gender equality.

With the Spring 2021 activation complete, FMC deployed the first funding to Empower@Work this summer. Empower@Work will begin by implementing plans to start establishing programming in factories across Bangladesh, deploying in-person educational programming to an estimated 10,000 to 20,000 women, and leverage digital tools to scale virtual learning. The pilot will also help to lay the foundation to set up programming and expand to other key manufacturing geographies.

FMC provides actionable solutions that catalyze collective action, build resilient communities and seek solutions to mitigate the climate crises. Recognizing we all have a role to play, FMC helps align the industry, nonprofits, investors

and customers in the transition to a more sustainable world. FMC aims to impact the lives of all women working within the global fashion value chain through its various initiatives. The second pillar of FMC is a program that will work with industry partners to further support the transition to a cleaner and more just energy future. The next phase of FMC is to facilitate the conversion of key apparel manufacturing sites to renewable energy.



### AMERICAN CIVIL LIBERTIES UNION (ACLU)

We’ve deepened our relationship with the ACLU by donating \$781K in 2020 to support their ongoing mission to protect and advance civil liberties for all, ensure equality in our country and combat issues that disproportionately affect people of color, like voting rights. Donation dollars were entirely funded by sales of the Madewell Vote Collection, as well as 50% of the purchase price from our Madewell Pride Collection.

# A COMPLETE LIST OF OUR PARTNERS



# THE END

For questions or more information on our Do Well Report, contact us at [DoWell@madewell.com](mailto:DoWell@madewell.com) or visit our [Do Well hub](#).

