

**SUMMARY OF  
REFORMATION WORKPLACE CULTURE INVESTIGATION  
FOR THE REFORMATION SUSTAINABILITY REPORT**

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In June 2020, a special committee of independent directors of the Board of Directors of LYMI, Inc. (d/b/a Reformation), engaged our law firm, Morgan, Lewis and Bockius LLP ([HTTPS://WWW.MORGANLEWIS.COM/](https://www.morganlewis.com/)), to conduct an independent investigation into the allegations of race discrimination raised on social media and related workplace culture issues. Morgan Lewis is a global law firm with extensive experience conducting independent internal investigations concerning discrimination and workplace culture. The team was led by Morgan Lewis partner, Ami Wynne.

Our investigation consisted of interviews with Reformation employees and a review of relevant documents, which included company policies, various emails and social media postings, culture survey responses, documentation about prior employee complaints, and employee demographic data, among other information. All current Reformation employees were invited to participate in the interview process. Morgan Lewis established an email address created for purposes of this investigation so employees could contact us directly and confidentially. Generally, we conducted the interviews on a volunteer basis. We also extended a further invitation to Reformation's Black employees to encourage them to volunteer to speak with us.

In all, our team interviewed 47 people. Those individuals included all of the current senior executive leadership team at Reformation, all other current employees who asked to speak with us, the company's diversity, equity, and inclusion consultant, and Reformation's former Chief Executive Officer ("CEO"), Yael Aflalo. We heard from current employees representing a variety of job positions, tenure, and geographic locations, and they spoke candidly about their experiences and observations at Reformation.

The high-level summary of our observations and findings from our workplace culture review is set forth below:

- Based upon our interviews and the review of the information we learned during our investigation, our conclusion is that the Reformation workplace culture is not "racist," as alleged in the social media allegations. We did not find any evidence that Ms. Aflalo's conduct toward any Reformation employee was racially motivated. Employees who commented on this subject said that they do not believe that Ms. Aflalo is racist. Various employees of all racial backgrounds reported, in similar fashion, that she had treated them in ways that were upsetting to them.
- As Reformation has grown over the last ten years, there has not been a strong enough recognition of the importance of People – namely, the employees – and that has had negative impacts on the workplace culture. Several employees expressed the sentiment that even though "people" were listed first in the corporate mission of "People. Planet. Profits." - that profits actually came first and that people were not prioritized.
- Based on our investigation, we can see how someone might feel less included or valued based on their personal experiences with management, their limited interaction with corporate leaders, the lack of transparency in hiring or promotions decisions, and some of the cliquish and other attributes of the culture described by employees. Underscoring many of the comments from Reformation employees on these topics were the lack of a sufficient human resources function and robust retail management for a company of

Reformation's size and scope, as well as the absence of communication mechanisms to facilitate communication and information sharing across different parts of the company.

- We heard a number of complaints about facilities issues, including recurring heat and air issues, water availability in the stores for employees, and plumbing issues, at stores located in New York and to a lesser degree in California. Generally, the recurring themes from employees were that corporate did not appreciate how ongoing facilities issues were impacting them, and therefore did not give the issues the necessary attention.
- We also learned that many Retail employees had little familiarity with Reformation's Human Resources department, including the ways to contact the department, and did not understand that they could contact Human Resources with workplace concerns. Others expressed concerns about whether the company was responsive to Human Resources issues when they were raised. Everyone who discussed HR with us said that there should be a larger Human Resources presence across the company.
- Reformation employees remain inspired by the Reformation brand and the company's commitment to sustainability. Many employees within Reformation's corporate functions had positive feedback about the company's current CEO, Hali Borenstein. They believe that the culture at Reformation has improved over the last few years under her leadership, and that she cares about employees. Some employees in other parts of the business, however, expressed that they would like Ms. Borenstein to be more visible with employees outside of corporate.

We did not find the Reformation workplace culture to be racist. Nor did we find that its former CEO - or, furthermore, that its current CEO - are racist. However, we have identified several recommendations for Reformation to consider as part of its efforts to improve its culture (many of which it already has begun to implement):

- Reformation already has hired a new Chief People Officer to strengthen its human resources and employee relations functions and engaged a diversity, equity and inclusion consultant to initiate foundational learning on these important topics.
- Reformation should continue to create more structured processes for reporting and responding to employee complaints.
- Reformation should continue to consider potential changes to strengthen management and further enhance the human resources functions.
- Reformation also should look for ways to:
  - improve and create additional lines of communication between leadership and the rest of the company;
  - clarify the expectations regarding job responsibilities and promotions;
  - standardize and improve retail operating procedures;
  - implement employee and management training programs; and
  - generally rebuild trust between Reformation management and employees.