

EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

This Compensation Discussion and Analysis (CD&A) provides a detailed narrative that explains our executive compensation philosophy, the objectives of our executive compensation program, and the considerations involved in determining annual pay decisions for our Senior Vice Presidents and above (collectively 'Executive Officers').

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1 Compensation Overview for Fiscal 2023

Our executive compensation program is intended to attract, engage, and retain key executives, with the goal of delivering strong financial and operational results that further support our quadruple bottom line: employees, members, business, and society. Our executive compensation program is built upon the following framework:

- ✓ **Pay for performance** by linking a majority of executive compensation in the form of annual and long-term variable cash compensation to achievement of pre-determined financial, strategic, and operating performance goals that are critical to REI’s long-term growth and success.
- ✓ Provide **competitive pay** to attract and retain highly qualified talent that will provide leadership for our success in a dynamic, competitive market.
- ✓ Establish performance goals that are **aligned with both the short-term and long-term strategy** of the co-op, as well as REI’s mission and values.

2 Compensation Components and Pay Mix

Total target compensation for our Executive Officers is heavily weighted towards performance, balancing executive focus on both short-term and long-term priorities with annual and long-term rewards. Like prior years, there are four key elements included in total target compensation: base salary, annual cash incentive, long-term cash incentive, and retirement plan contribution.

Element	Objective	Form and Timing of Payout
Base Salary	Fixed cash compensation aligned with job responsibilities and experience	Paid in cash bi-weekly
Annual Cash Incentive	Variable pay incentivizing performance against metrics aligned with REI’s short-term strategic goals.	Paid in cash after the performance period.
Long-Term Cash Incentive	Variable pay incentivizing performance against metrics aligned with REI’s long-term strategic goals.	Paid in cash after the performance period.
Retirement Plan Contribution	Contribution that provides all eligible employees with the opportunity to save for retirement.	Employer contribution after the performance period.

We have chosen these elements because we believe each supports achievement of one or more of our compensation objectives, and that together they have been and will continue to be effective in this regard. Additional distributions are made as required and consistent with management agreements. We also provide our executives with the same health and welfare benefits that are available to a broader group of employees.

The use and weight of each compensation element is based on the judgment of the Committee about the importance of each compensation objective in supporting our business and talent strategies and the structure of these elements for executives at other companies. To emphasize the importance of performance-based compensation, base salary and benefits represent less than half of each REI executive’s potential compensation at target performance levels.

3 Executive Compensation Governance

Governance plays a key role in our compensation programs and the approach we use in setting executive compensation at REI. We design and administer our executive compensation program to attract, engage, and retain executives key to driving our strategy, generating strong financial and operating results, and delivering value for our members. Our compensation programs align the interests of our leadership team with our members and promote a pay-for performance culture.

Role of Compensation Committee

The Compensation Committee (“Committee”), consisting of independent directors is responsible for establishing, reviewing, and approving compensation for all Executive Officers and for overseeing REI’s employee compensation and benefit programs. This review and approval include the compensation of the President & CEO, all Executive Officer pay changes, incentive payments, retirement plan contributions, changes to current year incentive plans, performance goals for incentive plans, methodology used in executive compensation analysis, peer group selection, and certifying incentive plan results.

For REI’s CEO, the Board of Directors (“Board”) determines his pay, with no involvement from the CEO, based on a recommendation from the Committee and input from the Committee’s independent compensation consultant and REI’s Human Resource division.

For REI’s Executive Officers, the CEO submits compensation recommendations to the Committee which then assess these recommendations. Upon review, the Committee determines the appropriate total target compensation for each Executive Officer.

Role of Independent Compensation Consultant

During fiscal 2023, Meridian Compensation Partners, LLC (“Meridian”) served as the Committee’s independent compensation consultant. Based on the terms their engagement, Meridian does not provide any other services to the co-op and reports directly to the Committee, advising on all material matters relating to Executive Officer and Non-Employee Director Compensation. Meridian takes its direction from the Committee and as needed, coordinates with the CEO, Finance, and Human Resource divisions to understand management proposals, financial objectives and to obtain relevant data to complete benchmarking and analysis in support of the Committee.

Factors Used in Determining Executive Compensation

In any given year, when establishing the total target compensation for Executive Officers, the Committee may take into consideration one or more of the following factors. The relative weight, if any, given to each of the factors below varies by individual Executive Officer and with respect to each element of compensation at the sole discretion of the Committee.

- REI’s purpose, values, and co-op structure
- REI’s performance results and business outlook
- Business and talent strategies
- Future potential contributions by the Executive Officer
- The nature of each Executive Officer role
- Individual performance and contributions (based on specific financial and operating objectives for each Executive Officer and leadership behaviors)
- Internal comparison to other peer executives
- Comparison of the value and nature of each compensation element to each other and in total
- Retention risk

Role of Peer Group and Market Data in Executive Compensation

The Committee reviews relevant compensation information and data from both a custom retail industry peer group, as well as published compensation surveys. This market data includes summary statistics for the 25th, 50th, and 75th percentiles for base salary, target short-term and long-term incentive opportunities, and total target compensation. The Committee reviews the peer group on a two-year cadence, with the last evaluation completed in 2021. The fiscal

year 2023 peer group includes 14 companies that generally meet the following criteria:

- In the labor market where REI competes for executive talent.
- Maintain a similar market presence and complexity.
- Demonstrate comparable size to REI as measured by revenue, product mix, private label brand offerings, online and retail stores, number of stores, geographical footprint and sustained financial performance.

- | | |
|-------------------------------------|------------------------------|
| ✓ Academy Sports and Outdoors, Inc. | ✓ Peleton Interactive, Inc. |
| ✓ Big 5 Sporting Goods Corporation | ✓ Skechers U.S.A., Inc. |
| ✓ Columbia Sportswear Company | ✓ Stitch Fix, inc. |
| ✓ Deckers Outdoor Corporation | ✓ Under Armour, Inc. |
| ✓ DICK'S Sporting Goods, Inc. | ✓ Urban Outfitters, Inc. |
| ✓ Hibbett, Inc. | ✓ Wolverine World Wide, Inc. |
| ✓ Lululemon Athletica, Inc. | ✓ Zumiez Inc. |

4 Compensation Actions and Achievement for Fiscal 2023

In making fiscal 2023 executive compensation decisions for each Executive Officer, the Committee reviewed the total target cash opportunity (base salary plus variable performance-based cash compensation) for similarly situated executives of our peer companies and relevant salary survey results. The Committee considered the factors discussed in *Factors Used in Determining Executive Compensation* above, the specific compensation objectives for Fiscal 2023 and, for Executive Officers other than the President & CEO, the President & CEO's recommendation. The Committee did not use a formula or assign a particular weight to any one factor in determining each Executive Officer's target pay. Rather, the determination of the total target compensation and mix between fixed base pay and "at-risk" variable pay opportunities was subjective for each Executive Officer and was a function of the Committee's overall objectives for total pay positioning and balancing the pay mix. Resulting total target compensation for the Executive Officers was generally between the 25th and 50th percentile of the market for fiscal 2023. In approving this pay structure, the Committee was mindful of the executive pay philosophy, REI's mission, core values and co-op structure.

Base Salary

Base salaries are set at a level that the Committee believes will effectively attract, engage, and retain top talent, considering the factors described above under *Factors Used in Determining Executive Compensation*. In addition, the Committee considers the impact of base salary changes on other compensation components where applicable.

Annual Cash Incentive

REI's Summit Incentive Plan ("Summit Plan") is an incentive program that rewards employees based on co-op and divisional performance over a 12-month, or annual, performance period - for Executive Officers, performance is measured at the co-op level. Each year, the Committee reviews and approves the Summit Plan, which includes performance metrics, metrics weightings, and goals – both financial and operational. The co-op's annual operating plan, which is reviewed and approved by the Board, is used to help establish the performance metrics and goals. In addition, the Committee approves the annual results and related payouts under the Summit Plan shortly after completion of the performance period.

The 2023 Summit Plan for Executive Officers measured goals on an annual basis and included the following metrics and weightings:

- Total co-op operating profit weighted at 60%
- Total co-op sales weighted at 30%
- Total co-op membership sales weighted at 10%

Each metric has a threshold, target, and maximum performance level. Payouts occur only if total co-op operating profit threshold is met on a pass/fail basis. For Executive Officers, the 2023 Summit Plan award payout levels (as a

percent of the target award opportunity) associated with each performance level is 25% for threshold, 60% for target, and 100% for maximum. Actual results are interpolated between these points on a straight-line basis for performance falling within the range.

Based on actual performance of each metric and the goals established for each metric at the beginning of the performance period, the 2023 Summit Plan for Executive Officers resulted in a payout of 24.70%.

Total co-op operating profit	Total co-op sales	Total co-op membership sales	2023 Overall Performance
41.20%	0.00%	0.00%	24.70%

Long Term Cash Incentive

REI’s Long-Term Incentive Plan (“LTIP”) is an incentive program designed to reward eligible participants for the co-op’s profitable growth over a three-year performance period. The objectives of the LTIP are to link pay to sustained long-term REI performance, foster a pay-for-performance culture, and provide a competitive pay package to attract, engage, and retain high-performing leaders. In 2023, the LTIP covered all employees at the Director level and above, including all Executive Officers.

The LTIP is measured over a three-year performance period with a new performance cycle starting each year. This results in overlapping performance cycles and creates a sustained performance focus, maximizes our ability to engage and retain eligible participants and facilitates review and changes, as appropriate, in eligibility or the performance goals.

Annually, the Committee reviews and approves the performance metrics, metric weightings, and financial goals at the beginning of a new LTIP performance cycle. The co-op’s long-term strategic plan, which is reviewed and approved by the Board, is used to help set metrics and related goals in addition to consideration of general retail market expectations. The Committee also approves the three-year results and related payouts under the LTIP following the completion of each performance cycle.

Each year, REI’s financial and strategic goals are taken into consideration when determining the LTIP’s performance metrics and goals. The 2021-2023 performance metrics were return on capital and revenue growth equally weighted at 50% each. We believe that a balanced focus on the efficient use of capital and revenue growth provides a strong indicator for REI’s long- term success and sustained performance. Each metric has a threshold, target, and maximum performance level. Each year of the three-year performance tranche is calculated independently based on single-year goals. The final 3-year performance outcome is calculated on a pure 3-year average. The performance outcomes for each year, and the final 3-year performance outcome is detailed in the table below. Threshold and maximum performance percentages may vary by each individual performance year within the 3-year tranche. The performance metrics are evaluated separately and if actual performance in a single year on either metric falls below threshold, that full year will be calculated as zero in the pure three-year average.

For the 2021 plan year, both metrics met maximum performance and were calculated at 150% of target. For 2022, LTIP performance year result was aligned with the overall Summit result of 87.5%. For 2023, performance results for return on capital were above threshold, however, revenue growth was below threshold resulting in 0% achievement for the 2023 plan year. This led to an overall payout for the 2021-2023 LTIP tranche of 79.17%.

2021 Performance	2022 Performance	2023 Performance	2021-2023 Overall Performance
150.00%	87.50%	0.00%	79.17%

Retirement and Profit-Sharing Plan

REI's Retirement and Profit-Sharing Plan ("RPS Plan") is a qualified plan governed under ERISA and is intended to provide all eligible employees with the opportunity to save for retirement through the RPS Plan. There are specific eligibility requirements for participation in the RPS Plan. Under the RPS Plan, REI provides a retirement contribution equal to 5% of a participant's eligible earnings. This contribution is funded 100% by REI. In addition, all employees are eligible to defer a portion of their Summit Plan payout to the RPS Plan in accordance with IRS annual limits.

Compensation Recovery Policy

In November 2016, REI's Board adopted a compensation recovery policy ("Policy") effective January 1, 2017, which covers executives at the Vice President and above levels. Under this Policy, if we are required to prepare an accounting restatement to correct an accounting error on an annual audited financial statement due to material noncompliance with any financial reporting requirement, or a restatement, and if the Board or a Committee of Independent Directors concludes that our CEO, CFO, or any other Executive Officer received a variable compensation payment under REI's Summit Plan or LTIP that would not have been payable if the original annual financial statements reflected the restatement, then under the Policy our CEO, CFO, and other Executive Officers will be required to disgorge the net after-tax amount of that portion of variable compensation payment that would not have been payable if the original financial statements reflected the restatement.

5 Executive Compensation Tables

REI's HIGHEST COMPENSATED EXECUTIVES ¹
Year Ending December 31, 2023

Name and Title	Year	Base Pay ²	Annual Cash Incentive ³	Long-Term Cash Incentive ⁴	REI Retirement & Profit-Sharing Plan ⁵	Deferred Compensation Plan of 1990 ⁵	Total ⁶
Eric Artz ⁷	2023	\$875,000	\$302,575	\$1,530,924	\$16,500	\$27,250	\$2,753,689
President & CEO	2022	\$871,154	\$1,067,164	\$2,026,370	\$15,250	\$28,308	\$4,013,886
	2021	\$850,000	\$1,657,500	\$2,007,672	\$14,500	\$28,000	\$4,563,312
Ben Steele ⁸	2023	\$616,000	\$121,722	\$415,837	\$16,500	\$14,300	\$1,186,519
Executive Vice President	2022	\$607,384	\$425,169	\$550,345	\$15,250	\$15,119	\$1,613,628
Chief Customer Officer	2021	\$558,461	\$628,269	\$518,809	\$14,500	\$13,423	\$1,739,822
Kelley Hall ⁹	2023	\$560,000	\$103,740	\$320,859	\$16,500	\$11,500	\$1,014,039
Executive Vice President	2022	\$560,000	\$367,500	\$409,814	\$15,250	\$12,750	\$1,370,954
Chief Financial Officer	2021	\$525,192	\$487,211	\$284,371	\$14,500	\$11,760	\$1,328,674
Cameron Janes ¹⁰	2023	\$521,538	\$77,292	\$189,026	\$16,500	\$9,577	\$815,373
Senior Vice President	2022	\$500,192	\$262,601	\$121,922	\$15,250	\$9,760	\$911,165
Chief Commercial Officer							
Apple Musni ¹¹	2023	\$375,000	\$55,575	\$59,378	\$0	\$18,750	\$508,702
Senior Vice President							
Chief People Officer							

¹ This summary reflects the pay of the co-op's President & CEO, two Executive Vice Presidents, and two Senior Vice Presidents during the calendar years shown. Information reported in this table includes all base pay, annual incentive awards, long-term incentive awards and other cash compensation paid to each of the Named Executive Officers.

² Base pay reflects actual employee earnings from regular base salary and vacation, sick, holiday and sabbatical pay during the calendar years shown paid during the three-year period. Annual salary increases include merit and market adjustments. 2023, 2022, and 2021 included 26 paychecks within the calendar year.

³ The annual cash incentive (“Summit Plan”), is a performance-based plan which includes sales and operating profit performance metrics. Targets in the Summit Plan are consistent with the co-op’s pay-for-performance philosophy and focus the leadership team on the co-op’s short-term or annual performance. The awards for 2023, 2022, and 2021 reflect the co-op’s annual performance over those periods.

⁴ The long-term cash incentive (“LTIP), is a performance-based plan which includes return on capital and revenue growth performance metrics. Targets in the LTIP are consistent with the co-op’s pay-for-performance philosophy and focus the leadership team on the co-op’s long-term performance. The awards for 2023, 2022, and 2021 reflect the co-op’s performance for the three-year cycles applicable during each plan year.

⁵ For 2023, a 5% contribution was awarded for all eligible employees under the Retirement and Profit-Sharing Plan. IRS Compensation Limits for contributions to the Retirement and Profit-Sharing Plan are observed for all employees. These limits cap the amount the co-op can contribute to the Retirement and Profit-Sharing Plan for certain Executive Officers. For an Executive Officer with base salary earnings in excess of the IRS Compensation Limits, the co-op applies the Retirement and Profit-Sharing contribution percentage to the earnings above the IRS Compensation Limits and contributes the resulting amount to an account in the Executive Officer’s name under REI’s Deferred Compensation Plan of 1990. The combination of the co-op’s contributions to an Executive Officer’s Retirement and Profit-Sharing Plan account and Deferred Compensation Plan of 1990 account results in the same percentage contribution provided to any eligible employee who is not affected by IRS Compensation Limits.

⁶ The total includes other allowances. For 2021 and 2022, this consisted of a monthly allowance for car expenses and a communication device. For 2023, this consisted of a monthly allowance for a communication device.

⁷ In 2021, all eligible employees received an additional one-time bonus of 5% of eligible earnings. For 2021, Mr. Artz received a supplemental bonus of \$42,500 not shown in the table.

⁸ In 2021, all eligible employees received an additional one-time bonus of 5% of eligible earnings. For 2021, Mr. Steele received a supplemental bonus of \$27,923 not shown in the table. In 2023, Mr. Steele received a \$1,000,000 supplemental retention bonus payment, earned over the 3-year period from 2020-2023, not shown in the table.

⁹ In November 2021, Ms. Hall was promoted to Executive Vice President, Chief Financial Officer. Ms. Hall joined the co-op as Senior Vice President, Chief Financial Officer in November 2019. In 2021, all eligible employees received an additional one-time bonus of 5% of eligible earnings. For 2021, Ms. Hall received a supplemental bonus of \$26,260 not shown in the table.

¹⁰ In January 2022, Mr. Janes joined the co-op as Senior Vice President, Chief Commercial Officer. In 2022, Mr. Janes received a sign-on bonus of \$250,000 not shown in the table. His annualized base salary for 2022 was \$510,000. In 2023, Mr. Janes received the remaining \$200,000 of his sign-on bonus not shown in the table.

¹¹ In March 2023, Ms. Musni joined the co-op as Senior Vice President, Chief People Officer. In 2023, Ms. Musni received a sign-on bonus of \$250,000 not shown in the table. Her annualized base salary for 2023 was \$500,000.