



2016 STEWARDSHIP REPORT

Belonging to the REI Co-op means being a steward of the outdoors.



16 M members and growing



+ 300 nonprofit partners



+ 12,000 employees



"As our community grows, so does our collective impact."

2016 Co-op sales: **\$2.56 B**



When you gear up, we give back.

Nearly 70% of our profits go back to the outdoor community.

\$193.7 M

member dividends*
*includes CO rebates

\$57 M

profit sharing and employee incentives

\$9.3 M

nonprofit partner investments

"Since 1976, we have shared more than \$77 M with nonprofit partners that care for the places where we love to play"



Together, we've helped to **build our nation's trail network**



As part of a **multi-million dollar investment** in honor of the **National Parks Centennial**, we donated a portion of proceeds from national parks trips and gear to the National Park Foundation—more than **\$850,000**

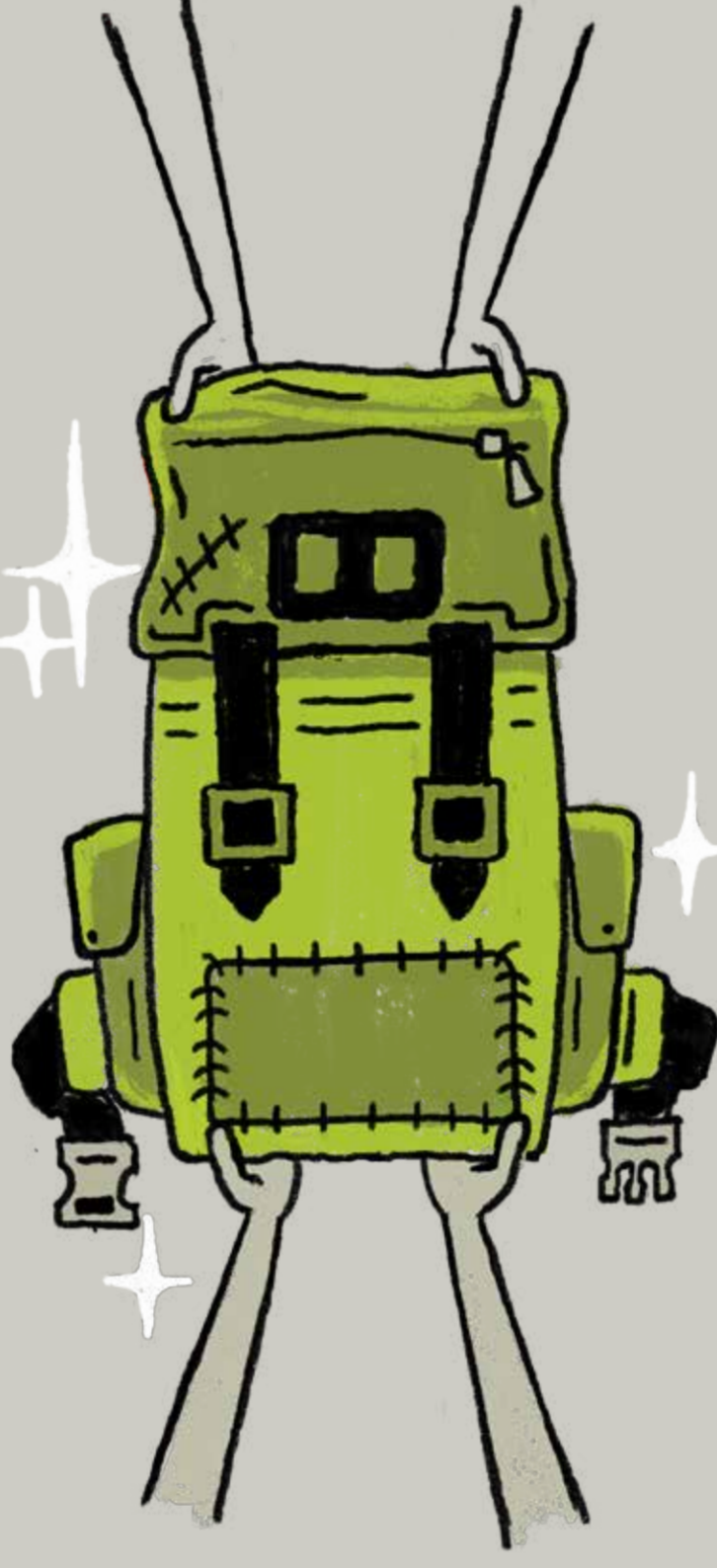


Launched 5 Rewilding Projects—a multi-year, multi-million dollar program to connect cities to the outdoors and the outdoors for all

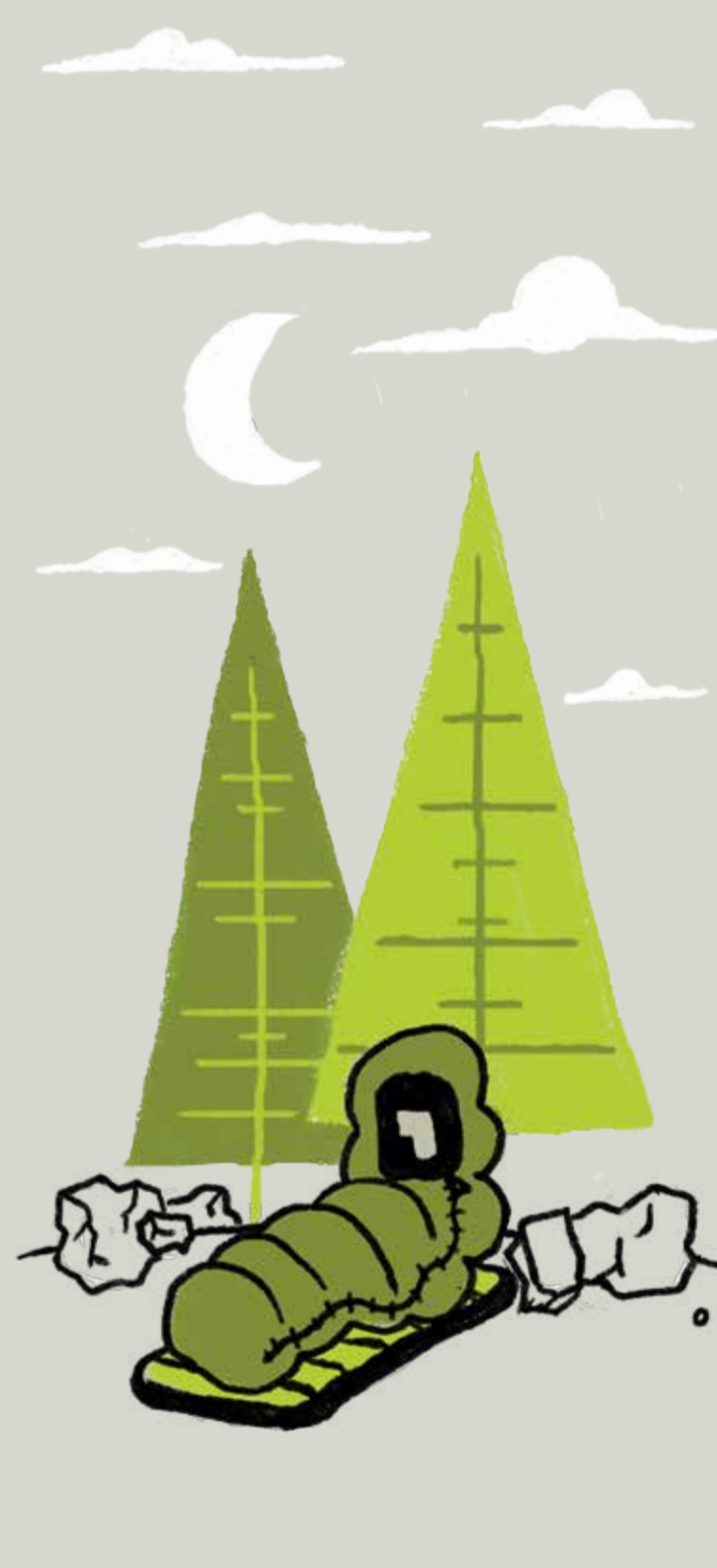
"Part of protecting the places we love means choosing better materials and building gear that lasts."



Established sustainability partnerships with **66 of our largest brands**

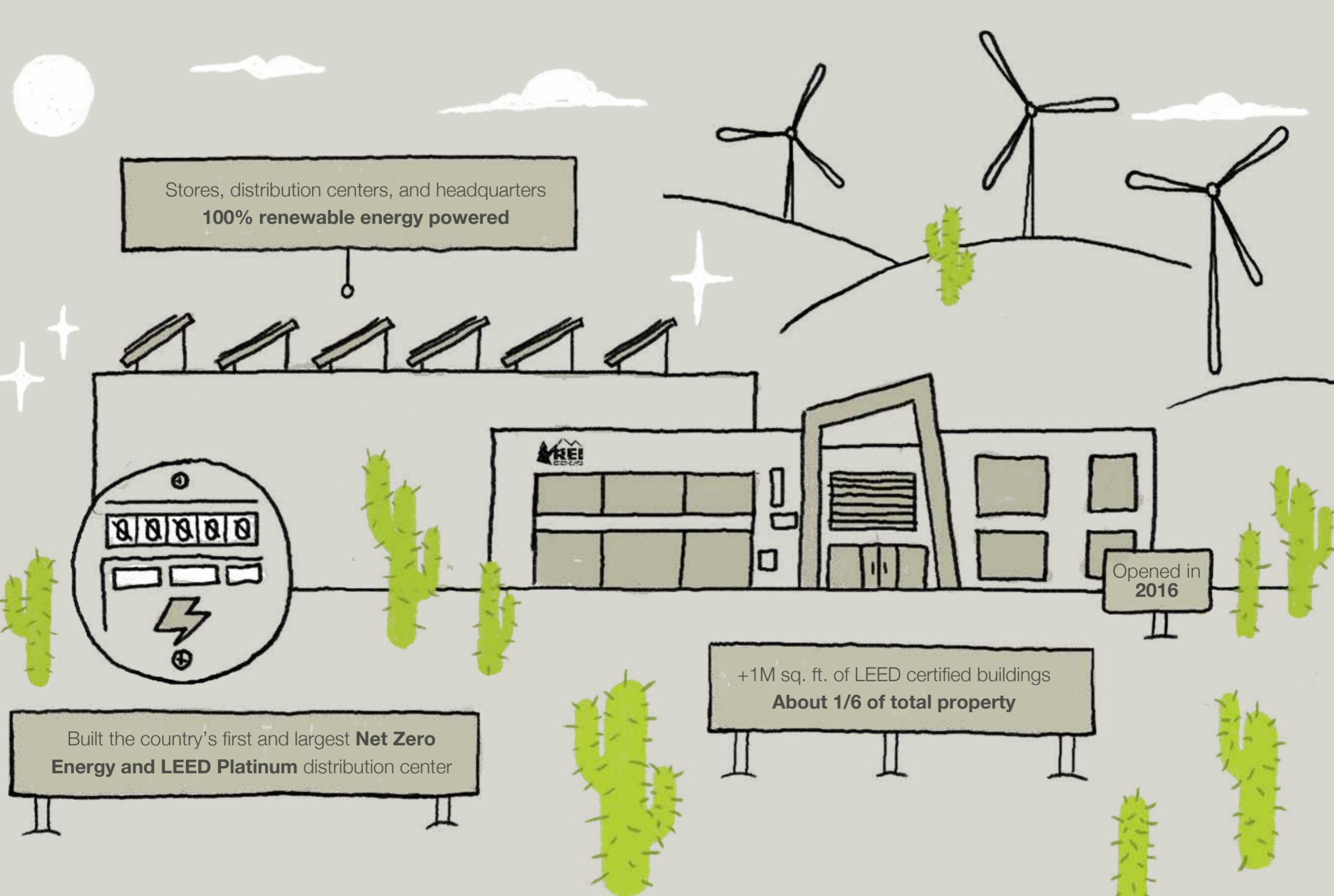


Hosted product repair workshops, gear swaps, and sold **+1M used products**



Used 100% Responsible Down Standard in all REI down products

"We invest in the future of the outdoors by building sustainability into our day-to-day operations."



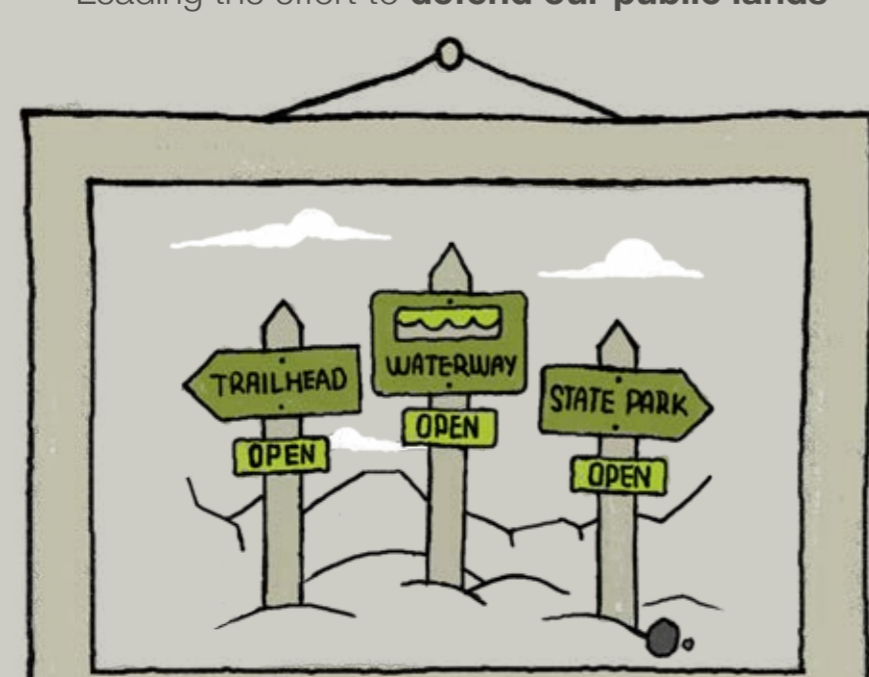
"We're a different kind of company, uniting our community around shared values."

—Jerry Stritzke, REI President and CEO



Leading the effort to **defend our public lands**

Inspired **+6M people to #OptOutside** on Black Friday



and brought together a coalition of **700 organizations**

Learn more at REI.com/stewardship





Product sustainability

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Introduction



At REI, we believe a life outdoors is a life well lived. We were founded in 1938 by a group of mountaineers in pursuit of high-quality climbing equipment. Today, REI continues our commitment to scouring the world for the best outdoor gear.

The gear we bring to our members presents one of our greatest platforms for advancing sustainable business practices. In each stage of its life, a product interacts with the surrounding environment and

the local community. Addressing the sustainability of the products we sell presents both a responsibility and an opportunity for REI.

The approach we take to product sustainability reflects the values of the REI community. We're committed to ensuring that our products are made in a manner that respects workers and the environment. It begins with a safe, fair and nondiscriminatory working environment for both our own employees and those manufacturing our products.

We also seek to minimize the impact of our products on the natural environment. Our first step: to objectively measure our products' footprint. Where are the biggest areas of impact, whether immediately visible or deep in the supply chain? Where can we improve the most? This is an enormously complex challenge, and we're not alone in tackling it. We actively collaborate with other retailers and manufacturers to create common tools and solutions.

We're proud of the products we sell under our own name. REI Co-op and Co-op Cycles products are an embodiment of the co-op's values. We're also fortunate to retail the leading outdoor brands. While we don't oversee their supply chains, we influence responsible choices through education, engagement and collaboration—and by holding the brands we sell to high standards, just as we do for ourselves.

Multistakeholder Collaborations



REI is deeply committed to collaborating on sustainability solutions. We like to say that sustainability is a team sport. Individual organizations innovate new solutions, and it's through partnerships that those benefits can be scaled broadly.

Collaboration is also critical for harmonizing how we measure social and environmental impacts. This is essential to creating common understandings about what's important and how we solve challenges.

In addition to our own brands, REI Co-op and Co-op Cycles, we sell over 1,000 outdoor brands. Many of the products from these brands overlap in some way, whether through shared supply chains, how they're used in the field, or what pathways exist for eventually recycling the materials.

We've learned that the most effective approach is to connect with like-minded organizations to influence this ecosystem for the benefit of our membership and the planet. We are active in multistakeholder collaborations and we challenge ourselves by regularly asking hard questions, such as:

- **How does the outdoor industry convene to address our most important sustainability challenges?**

REI's approach: [The Outdoor Industry Association Sustainability Working Group](#)

REI is a founding member of this industry-leading forum composed of more than 300 outdoor industry brands, suppliers, manufacturers and other stakeholders. The Sustainability Working Group launched the industry's first environmental assessment tool, now known as the Higg Index. Efforts driven by the Sustainability Working Group include social responsibility, material traceability, chemical management and more. The forum serves as a source of best practices for the REI Co-op brand and as our platform for sharing experiences with brands retailed by REI.

- **How do the apparel and footwear industries establish a globally harmonized methodology for measuring supply chain sustainability?**

REI's approach: [The Sustainable Apparel Coalition](#)

REI was an early member of the Sustainable Apparel Coalition (SAC), helping evolve tools created in the outdoor industry and scale them across the global footwear and apparel markets. By some estimates, the SAC now includes 40% of the apparel value in the world. The centerpiece of the SAC is the Higg Index, a suite of groundbreaking assessment tools that empower brands, retailers and manufacturers to measure their environmental and social impacts at each stage of the value chain. REI uses the Higg Index with our own brands and is driving its adoption across our leading brand partners.

- **Where do product design teams find guidance and certifications for sustainable materials?**

REI's approach: [Textile Exchange](#)

This nonprofit organization was founded to inspire and equip people to accelerate sustainable practices in the textile value chain. Originally focused on organic cotton, Textile Exchange (TE) has become one of the industry's leading sources of material sustainability knowledge and traceability standards. REI has worked with TE to better understand the environmental impact of our supply chains. We have also partnered to create, pilot and launch material traceability standards that now serve as the foundation for many of the most common consumer-facing labels.

- **How can factories improve their global competitiveness through stronger workforce relationships?**

REI's approach: [International Labour Organization Better Work Programme](#)

The Better Work Programme is a unique partnership between the International Labour Organization (ILO) and the International Finance Corporation to improve labor standards and competitiveness in global supply chains. The ILO Better Work staff partner with factories to implement best practices in labor management. Their model ensures an ongoing, coordinated dialogue between factory employees and owners. REI strongly encourages participation for qualifying factories that create the REI Co-op products. We also partner with the ILO team to continuously strengthen the collaborative approach to ensure worker well-being.

- **How do we support good wages for factory workers?**

REI's approach: [Fair Trade USA](#)

A nonprofit that is well known for its work in agriculture, Fair Trade USA recently expanded to include apparel products. Fair Trade USA audits and certifies transactions between U.S. companies and suppliers to guarantee that workers producing Fair Trade Certified™ goods are paid fair wages, work in safe conditions, protect the environment, and receive community development funds to empower their communities. A collection of REI Co-op products are manufactured in Fair Trade Certified factories, and we are proud to carry certified products from a number of our leading brand partners.

- **Where can brands collaborate in managing supply chain sustainability data?**

REI's approach: [Fair Factories Clearinghouse](#)

This nonprofit was launched in 2004 with support from the U.S. Department of State to create sustainable, cost-effective monitoring systems for workplaces around the world. At the time, there was no comprehensive industry tool for managing or sharing labor audit information. REI uses the Fair Factories Clearinghouse (FFC) database as our primary system for maintaining reliable information on the REI Co-op brand supply chain, including factory audits, remediation plans and multibrand collaborations with shared suppliers. We contribute to the technical advisory group to continuously strengthen the FFC platform.

- **How do we reduce the environmental impact of material manufacturing and minimize hazardous chemicals?**

REI's answer: [bluesign®](#)

We believe that bluesign is the gold standard in sustainable chemistry for textile manufacturing. REI was one of the first North American brands to become a “system partner” to this Swiss-based organization. The bluesign system addresses the root cause of the textile industry's environmental impact by helping eliminate harmful chemical substances before they enter the manufacturing process. The system also assists suppliers in managing energy consumption, water consumption, air emissions, water emissions, and worker health and safety.

- **Where can customers find consistent, accurate guidance for recycling product packaging?**

REI's answer: [GreenBlue's How2Recycle Label™](#)

How2Recycle is a standardized labeling system that clearly communicates recycling instructions. It involves a coalition of forward-thinking brands that want their packaging to be recycled and are empowering consumers through smart labels. REI was one of the first brands

to adopt the How2Recycle Label for our REI Co-op and Co-op Cycles product packaging. We encourage other brands and retailers to join us in this commitment.

Engaging Our Brand Partners

REI has extensive experience working with outdoor gear manufacturers. The REI Factory Code of Conduct was established in 1993 to guide our partnerships with manufacturers. The standards outlined in the code are based upon International Labour Organization principles and internationally accepted fair labor practices. When REI standards differ from local regulations, suppliers are required to meet the higher standard.

REI also requires that our brand partners have comparable standards for factories in their supply chains, whether those factories are contracted or directly owned. This provides us with a basis for engaging brands in advancing fair labor practices across supply chains.

The Higg Index

The Higg Index is a suite of sustainability tools developed by the Sustainable Apparel Coalition (SAC). It provides us with a standardized platform for understanding product sustainability, particularly apparel and footwear.

Each of the Higg Index tools—called “modules”—is used to assess aspects of product supply chains. The modules provide different lenses for understanding the effects of our business and for setting improvement targets. For example, the environmental modules are based on leading life-cycle thinking and address the environmental impact of raw materials, product manufacturing, packaging, transportation, use and end of life. The social/labor modules were built on the best practices outlined by leading nonprofit organizations with expertise in improving factory working conditions, including the Fair Labor Association, Social Accountability International and the Global Social Compliance Programme.

REI played a founding role when this work began under the auspices of the Outdoor Industry Association. We were then one of the early members of the SAC, an organization that brought global scale to this endeavor. The SAC now includes more than 100 companies in the apparel and footwear industries that have committed to having a positive impact on the people, environment and communities associated with manufacturing their products.

As the Higg Index has grown, so too has our use of the modules. What started as an initiative within the REI Co-op brand is now expanding to the other brands retailed at REI. We are using the Higg Index's Brand Environment Module with our strategic brands in apparel and footwear. We will continuously expand the adoption of these tools across our product portfolio, with the goal of operating more efficiently and with less impact on the planet.

Gear That Lasts

REI was founded to pursue high-quality gear for people who build their lives around the outdoors. Today, that commitment remains core to the co-op. We seek to provide our members with great gear that stands the test of time.

Maximizing a product's life is one of the best ways to reduce environmental impact. It also improves outdoor experiences and reduces financial costs. That's a win-win-win in our book.

The co-op provides a number of services to extend the life of our products. Some of these are long-running programs that are core to our role as a co-op. Others are relatively new services that we are piloting and aim to expand.

- **Shop services**

To help support our members and their gear, we have bicycle service centers in nearly every store. These shops are led by REI's master technicians. In our bike shops, over 180,000 cyclists each year get their bikes tuned up, repaired or overhauled for the road or trail. And nearly 100,000 skiers and snowboarders have their gear prepped for the slopes in our snowsports shops.

- **Rentals**

Our gear rentals in select stores give members and customers an affordable way to try out a new activity or use a pay-as-you-play model whenever they get the urge to go outside. By making rentals available where there is demand, we give people an affordable way to try out the gear they need for hiking, backpacking, camping, paddling, skiing, snowshoeing and mountaineering—while minimizing financial cost and environmental impact.

- **Garage Sales**

Outdoor gear can be expensive, and sometimes what you buy might not work out as you had hoped. Through our satisfaction guarantee, we take that product back and, via our now-famous Garage Sales, ensure that lightly used returned products stay out of landfills and deliver awesome value to other members. Each year, REI members score great deals on nearly a million pieces of gently used gear through these Garage Sales.

REI Co-op and Co-op Cycles



Sustainable Materials

REI is committed to sourcing more sustainable materials. We align our business practices with our stakeholders' expectations and industry best practices.

It's not an easy task. We create lots of complex products and use around 300 fabrics and 800 components each year. These supply chains are often intricate and dynamic in nature.

Our approach is to use our influence to drive positive impact across the industry. In supply chain matters, this means continuous improvement toward a desired end goal. As REI is only one part in a large supply chain ecosystem, we also believe in using collaboration to increase visibility and more sustainable materials.

- **Cotton**

We seek cotton grown using sustainable farming practices. The majority of our cotton is organically grown, and we continuously explore opportunities to progress toward a target of 100%.

- **Lyocell and modal**

Protecting our forests is important to REI and our members. For cellulosic fibers made from trees, such as lyocell and modal, we work only with suppliers that formally commit to protecting ancient or endangered forests and supporting long-term forest conservation.

- **Down and feathers**

We source down from birds that are responsibly raised and cared for. This means enabling them to live healthy lives, express innate behaviors, and live free from pain, fear or distress. To honor this commitment, we have adopted the [Responsible Down Standard](#) for 100% of our down and feathers.

- **Wool**

We are committed to using wool that comes from sheep that have not been mulesed, a painful practice used to ward off parasites. In addition, we support the [Responsible Wool Standard \(RWS\)](#), an emerging certification that will provide additional assurance that farmers follow best practices for responsible animal husbandry and sustainable land management. REI is adopting the RWS as it becomes commercially available.

- **Cow leather**

We do not endorse cattle farming in the Amazon Biome, a region undergoing rapid deforestation. REI Co-op does not source full-leather hides. Should we ever do so, we will track country of origin and pursue certification by the Leather Working Group to ensure that environmental impacts are managed effectively.

- **Materials we don't use**

REI Co-op does not use certain materials because of animal welfare concerns, environmental harm, the existence of safer alternatives, or the absence of traceability mechanisms. This includes materials like angora, bamboo rayon, exotic leathers and fur. We have also eliminated PVC from all of our apparel and camping products.

Packaging

Effective packaging is critical for safely transporting products. The perfect packaging design finds the optimal balance of product protection, sustainable materials and minimal waste.

We're proud of our role in aligning the broader packaging industry around the How2Recycle Label. It is a voluntary, standardized labeling system that clearly communicates instructions to consumers on how to recycle packaging.

The vast majority of the primary packaging for our products is now labeled with the How2Recycle guidance. Our paperboard is either 100% FSC-certified or 100% certified post-consumer waste—or both. Additionally, nearly all packaging is made from widely recyclable materials and constructed to be easily recycled.

In terms of secondary packaging—the stuff behind the scenes—we have successfully eliminated individual plastic bags, “polybags,” on most products. We also track, manage and report our carbon footprint from product shipping. You can find that information [here](#).

With the assistance of the Outdoor Industry Association and the Sustainable Packaging Coalition, REI also has [sustainable packaging guidelines](#) to encourage and educate our vendors. These guidelines support REI Co-op and Co-op Cycles, the brands we sell within our stores, and the greater outdoor and cycling industries.

Sustainable Chemistry

REI works closely with peer brands, the Outdoor Industry Association, and leading academic institutes to research, understand, reduce and eliminate chemicals of concern used in the manufacture of our products.

Our approach begins with input-stream management, which ensures that chemicals are selected with due diligence before entering the manufacturing process. Our program also supports implementation of chemical management best practices for safe chemical storage, handling, use and treatment of waste.

The following key tools serve as the building blocks for our Sustainable Chemistry Program:

- [bluesign®](#) is the world's leading system for managing the impacts of textile manufacturing. Rather than just focusing on testing finished items, the bluesign standard is a textile certification system that works to prevent chemicals of concern from entering materials at each step of the manufacturing process.
- The [REI Restricted Substances List \(RSL\)](#) is based on the bluesign® system, current legal restrictions, and additional requirements voluntarily adopted by REI. We use the RSL as the basis for our materials chemical testing program.
- The REI Chemical Management Guidelines further support our internal staff. Supplier partners learn about and adopt robust systems for managing chemicals used in production.

REI is voluntarily eliminating from our products certain potentially hazardous substances that may be found in outdoor performance products because safer, effective alternatives exist. In instances where alternatives that meet both our environmental and performance requirements do not exist, such as those outlined below, we proceed cautiously while working to identify and develop better options.

- **Antimicrobials and biocides**
The health and environmental impacts of many antimicrobial treatments are not thoroughly understood. We are selective in our application of these treatments. As of 2016, we select only bluesign®-certified antimicrobials to ensure thorough evaluation for toxicity and efficacy.
- **Flame retardant (FR) chemicals**
Certain classes of FR chemicals introduce potential hazards to human health and the environment. We carefully track the use of FR chemicals, use only where required to meet regulations, test materials to ensure compliance with REI's RSL, and constantly seek better alternatives.

- **Long-chain perfluoroalkyl substances (PFAS)**

Concerns about the toxicity and environmental persistence of certain durable water repellents (DWR) is driving a transition in the industry. REI has committed to eliminating DWR treatments that contain long-chain PFAS from our supply chain. We have made significant progress in transitioning most DWR treatments to short-chain PFAS in both apparel and technical gear. This is a positive stepping stone while we introduce nonfluorinated alternatives, which we believe will eventually provide the best balance of performance and environmental stewardship.

- **Polyvinyl chloride (PVC)**

REI restricts the use of PVC due to human and environmental health risks in manufacturing and use. We have eliminated PVC from all products except certain bicycle subcomponents, where alternatives are being studied for efficacy.

Fair Labor

We believe that everyone should have access to working conditions that are safe, fair and nondiscriminatory. Our goal is to extend REI's values in the supply chain by supporting the people behind our products and working with suppliers in achieving industry-leading practices.

[Our Factory Partner List](#) is publicly accessible and identifies the locations around the world where we source gear and apparel. Depending on the country, relying solely on local laws and enforcement may not be sufficient for meeting our expectations. For that reason, REI introduced its Factory Code of Conduct in 1993. The [current code](#) establishes standards of workplace conduct for the factories that manufacture products we sell.

To advance the principles outlined in the code, our sustainability and production teams collaborate on process alignment, supplier approval and audit remediation. REI is selective about our factories. We only work with capable, responsible partners. Additionally, each year we audit a percentage of the factories in our supply chain. Audit data and findings are uploaded to a shared industry database, the Fair Factories Clearinghouse. REI then works with suppliers to identify the root cause of each finding that doesn't align with our standards. We develop a corrective action plan and commit to specific completion dates. REI regularly consults with our suppliers throughout the process.

For information about our work to prevent human trafficking and forced labor in supply chains, we encourage you to review REI's disclosures for the [California Transparency in Supply Chains Act of 2010](#).

The breadth of fair labor compliance cannot be accomplished solely by one brand. Accordingly, REI has developed partnerships with associations such as the Outdoor Industry Association, the Sustainable Apparel Coalition and the Fair Factories Clearinghouse. As an active member in these organizations, we enhance, leverage and build trust with suppliers and brands and work together to address systemic causes of fair labor violations.

We also support innovative programs designed to empower workers. Examples include [Fair Trade USA](#) and the [International Labour Organization Better Work Programme](#).



Creating Access

Introduction Community

Investment

Advocacy for the Outdoors

Introduction



Since 1976, REI and The REI Foundation have invested more than \$77 million in organizations across the country that share our goal of creating, improving and sustaining access to inspiring outdoor places. Our co-op model means that as we grow, so does our ability to support these partners and places. We give 70 percent of our profits back to the outdoors community, including more than \$9 million in 2016.

REI is in a unique position to support and convene organizations on the front lines of this country's most important outdoor issues. We advocate for a range of national, state and local legislative measures aimed at sustaining and increasing recreational opportunities that meet the needs of a changing population. We continue to strengthen our existing advocacy partnerships and build new ones in allied fields, such as public health, transportation and public land protection. Our objective, now and in the future, is to forge meaningful connections that transform the recreational landscape for the better.

We appreciate hearing from our members about their values and how the co-op can continue to reflect those values in our community investment and advocacy efforts. Please feel free to drop us a note at stewardship@rei.com.

Community Investment and Engagement



Community Investment

Each year, the co-op invests in local, regional and national nonprofits throughout the country that work to increase access to and steward our most iconic outdoor recreation places. For local grants, our outdoor programs and outreach teams, in partnership with local store managers, identify the places and partners that we invite to apply for grants. Applications are evaluated based on the applicant's ability to successfully maintain and enhance diverse, accessible and popular areas where our members play outdoors. Our regional and national grants are also by invitation only. They support stewardship, outdoor programs and advocacy efforts that align with human-powered recreation activities.

In 2016, REI and The REI Foundation invested more than \$9 million in 300 local, regional and national nonprofits that supported outdoors infrastructure, preservation and restoration in over 1,000 locations. See a full list of our partners [here](#), our annual giving history [here](#), and check out some recent examples of the work we support:

- **[National Park Foundation \(NPF\)](#):** Our multiyear, multi-million-dollar partnership with the NPF is focused on getting people to go deeper into our national parks, especially during the centennial year of the National Park Service. We funded a variety of engagement programs—such as Find Your Park and the [REI Co-op Guide to the National Parks](#)—and supported stewardship projects throughout the park system. The co-op also donated 10% of the retail price for [REI Adventures](#) national park trips and REI brand products to NPF.
- **[Camber Outdoors](#):** The co-op has been a longtime supporter of Camber Outdoors (formerly the Outdoor Industry Women's Coalition). REI CEO and president Jerry Stritzke signed a CEO pledge in 2015 to accelerate women's leadership in the outdoor industry. We committed \$1.5 million to Camber to spark innovation by, and mentorship of, women entrepreneurs.
- **[21st Century Conservation Service Corps \(21CSC\)](#):** The REI Foundation invested an unprecedented \$1 million in 21CSC to inspire, educate and engage the next generation of outdoor stewards. This investment funded stewardship projects in 19 national parks throughout the country, providing real-world work experiences to young people.
- **[Fresh Tracks](#):** Inspired by the Obama administration's commitment to connect more young Americans to the outdoors, and in support of the My Brother's Keeper initiative, Fresh Tracks enables young leaders to experience diverse cultures, explore the outdoors, and build critical leadership and workforce development skills.
- **Local/regional nonprofits:** We support hundreds of nonprofit partners across the country that make significant impacts on local outdoor places. These are just three highlights from 2016:
 - Our support of the [Colorado Fourteeners Initiative](#) allowed the organization to hire a two-person crew to perform important trail reconstruction and maintenance work. They facilitated 200 days of volunteer stewardship projects focused on improving the 3.4-mile Quandary Peak summit trail.
 - The [Greater Houston Off-Road Biking Association](#) used the co-op's investment to support volunteer efforts to enhance a regional trail in 100 Acre Wood Preserve, which is directly accessible to tens of thousands of local residents.
 - Our investment in the [Tennessee Scenic Rivers Association](#) supported the construction of new river access to the Stones River in Nashville, opening up an additional 2.5-mile segment of this popular outdoor recreation area.

Rewilding Projects

REI is increasingly focused on a more collective and catalytic model of community investment that increases our impact beyond our historic investment model. We aim to help dramatically reshape how people living in large urban and suburban areas connect with the outdoors. That's why we kicked off our Rewilding Projects in 2016. It focuses on ways we can use our influence and network to accelerate change in select regions. Starting in five cities, we are supporting multi-year projects that are connecting cities to the outdoors – and the outdoors for all.

- **Bay Area Ridge Trail:** When complete, the Bay Area Ridge Trail will total 550 miles and circumnavigate the Bay Area, surrounding 8 million people. Currently, 365 miles of the trail are open to the public. REI's investment is helping accelerate completion by increasing the Bay Area Ridge Council's capacity and supporting efforts to convene key stakeholders.
- **San Gabriel Mountains National Monument:** The San Gabriel Mountains National Monument in the Angeles National Forest provides recreational opportunities for millions of

people in the Los Angeles area. REI's investment in the National Forest Foundation and The Wilderness Society supports sustainable access, restoring and rerouting trails, enhancing infrastructure, and increasing connectivity between the city and Monument by linking urban trails and developing alternate transportation.

- **Duwamish River Valley Trail Connectivity:** This project will create a 15-mile mixed-use trail from the Seattle waterfront to South Park and Georgetown when complete. In partnership with the Seattle Parks Foundation, Forterra, Cascade Bicycle Club, Trust for Public Land and Mountains to Sound Greenway, this project seeks to advance environmental justice, address racial and neighborhood-level disparities, reduce health inequities, and create strong economic opportunities through trail and open space connectivity.
- **Southeast Chicago:** REI's investment is supporting the long-term transformation of the Calumet area into a thriving outdoor recreation hub. This project will develop a brand and raise awareness for the area, plan and implement transportation that will improve access for the community, and develop the Big Marsh property to include one of the biggest mountain bike parks in the country, mixed-use trails and paddling opportunities. The co-op is partnering with the Chicago Parks Foundation, Active Transportation Alliance and Friends of Big Marsh.
- **Washington, D.C., Capital Trails Coalition:** In partnership with the Washington Area Bicyclist Association, Rails-to-Trails Conservancy and The Trust for Public Land, REI's investment is supporting the completion of a multi-use trail network in the Washington, D.C., region. This project will connect existing trails with new ones to provide outdoor recreation and alternative transportation to more communities.

Community Engagement

Our investment in nonprofit partners extends beyond grants. Many of the outdoor places where people love to play can remain open and accessible only with the contribution of volunteer hours and hands-on stewardship. At REI stores across the country, we support and promote nonprofits' efforts (whether grantees or not) to engage volunteers in caring for those outdoor spaces. Our employees also regularly volunteer for stewardship projects, often as team-building activities.

Trail Chats

We launched our trail chats program in 2015 in partnership with some of our [Every Trail Connects](#) partners. The goal of the program is to engage nonprofits, thought leaders, government agencies, elected officials, local businesses, community members, and co-op employees in meaningful discussions about the outdoors while enjoying an outdoor space. We have learned that convening these conversations outside on local trails and waterways helps ignite and inspire discussion in ways that a typical indoor conversation cannot. We believe that listening, learning, sharing, laughing and exploring outdoors also helps connect diverse groups of people to tackle important issues that impact the outdoor community and their lives at large.

Gear Donations

Through our retail stores and distribution centers, we donate a limited amount of REI Private Brands gear to nonprofits whose mission is focused on caring for or increasing access to outdoor recreation places, or connecting people to the outdoors. Our store and outreach teams determine which partners to support in their markets based on available budget and local strategy.

The REI Foundation

The REI Foundation is a separate 501(c)(3) with a multi-million-dollar corpus that helps us sustain long-range projects. Its primary mission is to connect the next generation of adventurers and environmental stewards to the outdoors by partnering with key organizations that promote the benefits of the outdoors. The Foundation is focused on connecting with diverse audiences and empowering youth with important outdoor leadership skills.

See the amount of annual Foundation grants [here](#).

The REI Foundation researches and invites grant proposals connected to its mission; it does not accept unsolicited proposals. We file a federal Form 990 disclosure each year that details expenses, grant-making and other operating details. The 2015 Form 990 disclosure is the most recent and is available [here](#).

Advocacy for the Outdoors



REI drives industry collaboration, establishes community partnerships, and engages public officials with a goal of improving the recreational landscape through public policy. We believe such advocacy is in the best interests of members, employees and society. Our advocacy efforts focus on:

- **Ensuring Access to Public Lands.** REI is unwavering in our commitment to the public lands, waters and parks that Americans have enjoyed for generations. Policymakers need to ensure that all Americans and all demographics have access to inspiring outdoor opportunities – both close to home and in the backcountry.
- **Supporting Connected Communities.** REI supports policies that create safe routes for biking, walking and running. As America urbanizes, people need safe access to low-impact

outdoor experiences. We are committed to working with policymakers to help create better connected communities.

- **Promoting Health and Wellness.** REI supports policies and initiatives that increase active, healthy living, and encourage outdoor engagement across demographics. We want all Americans to reap the physical and mental benefits of an outdoor life.
- **Sustaining the Co-op.** We engage on public policy matters that directly impact our daily business operations and the broader outdoor industry.

Collaborating with Industry Partners

To complement our own advocacy efforts, we invest in organizations that advocate on behalf of the outdoors in an effort to transform the recreational landscape in our own backyard and across the country. Our national reach puts us in a unique position to convene outdoor industry partners, policymakers, volunteers, vendors, nonprofits and trade associations to support the outdoors. Our goal is to catalyze stakeholder collaboration, amplify our shared voice, and realize our collective potential to influence and enact change. We are poised and eager to articulate the message that the outdoor recreation industry is a top contributor to the U.S. economy, generating more than \$646 billion every year.

The Outdoor Industry Association's government affairs team is one of our core partners in this effort. On a state by state and a regional basis, we work with them to create or join coalitions that share our objectives. For instance, in the run up to the recent elections REI lent support to the [Outdoor School for All](#) initiative in Oregon. That broad-based, successful effort will assure funding for a week of environmental education for each 5th or 6th grader across the state, and give each child in Oregon an important foothold in an outdoor life. At our home base in Seattle, we endorsed the Sound Transit 3 (ST3) ballot initiative. ST3 will help fund extensive improvements in mass transit in the Seattle area over the coming decades. For issues that specifically affect retailers, we participate in some of the policy initiatives driven by the Retail Industry Leaders Association. In Washington State, we are members of the Washington Retail Association.

Public Disclosures

Federal and state laws require REI to file forms describing certain, more detailed, aspects of our work on policy matters. These disclosures are updated on a regular basis. We believe the most useful tools for tracking the data are:

- [Public disclosure for federal policy advocacy](#)
- [Lobbying disclosure for federal policy advocacy](#)
- [Policy advocacy in Washington state](#)

With respect to financing campaigns for public office, REI as a company makes no contributions to candidates, either directly or indirectly via super PACs. REI employees and executives may choose to make personal contributions to political campaigns. In addition, the OIA operates a political action committee, and eligible REI employees may make contributions to it. At both the federal level and the state level, there are systems in place that capture and disclose information about campaign contributions. In our view, the best tools for tracking that data are:

- [Federal campaign contributions by individuals and PACs](#)
- [Contributions to Washington state campaigns by individuals and organizations](#)



Core Practices

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Introduction



REI connects people with the outdoors, and our co-op's health depends on the environment's health. That's why we believe that our success demands that we operate with a total view of our environmental impact and why we are mindful in all our business activities, striving to do the right thing and to live up to our members' expectations.

Our business operations include everything from how we move products to how our employees commute and how we operate our stores and facilities. Each of our important stakeholders—our members, employees, vendor partners and nonprofit partners—has expectations for how REI should prioritize its efforts in these areas. We prioritize by focusing on the things that matter most and have the greatest potential impact while staying true to our values.

We must run a strong business—for our members and for our employees—so that we can advocate for the outdoor community far into the future. And running a strong business to us means that we meet our traditional business objectives while doing the right thing for the planet. The core practices described in this section are the foundation on which we build an environmentally responsible business.

We appreciate hearing from our members about their values and how the co-op can continue to reflect those values in our core practices. Please feel free to drop us a note at stewardship@rei.com.

Operations



Green Building

Green building aspiration: Create buildings that reflect REI's values and minimize environmental impact.

REI's built environment—our stores, headquarters and distribution centers—is an important connection point to members, customers and employees. Collectively, our buildings account for one of our largest and longest-lasting environmental impacts, and they offer rich opportunities to shrink our environmental footprint.

We strive to reflect REI's core purpose and values by integrating sustainable design elements into our new stores and existing buildings. Whether we're retrofitting an existing facility or building from the ground up, energy efficiency is our goal, and we design and operate all of our buildings to reduce environmental impact and operating cost.

From our Seattle flagship store to our most recent distribution center in Goodyear, Arizona, REI has been at the forefront of the green building movement. In 1993, we began designing and constructing our Seattle flagship store, which opened three years later. Our process started with community and member involvement, which helped identify and prioritize the green design elements developed for the store. Many of these features became part of the [U.S. Green Building Council's Leadership in Energy and Environmental Design \(LEED\)](#) evaluation criteria.

Since 1996, we've built on the work done for our Seattle store and enhanced the use of green design elements in all of our new store construction projects. We currently have seven LEED-certified facilities, with a combined total size of more than 1.1 million square feet.

- In 2004, our Portland, Oregon, location became the first retail store in the country to earn LEED Commercial Interior (CI)® Gold.
- In 2008, REI's distribution center in Bedford, Pennsylvania, received LEED Silver certification for new construction.
- As part of the LEED for Retail pilot program, REI Boulder—as well as the co-op's second prototype in Round Rock, Texas—received LEED-CI Gold certification.
- Our Lincoln Park, Illinois, store received LEED Gold certification in 2009, and our Pittsburgh, Pennsylvania, store received LEED Silver.
- Our new distribution center in Goodyear, Arizona, received LEED Platinum certification in 2016. It is also net-zero energy, meaning that it produces as much energy as it consumes annually.

Greenhouse Gas Emissions and Climate Change

Greenhouse gas emissions aspiration: Become climate-neutral in our operations by 2020.

The health of the outdoor places we love is closely tied to the impacts of climate change. As part of our commitment to being climate-neutral by 2020, we've implemented a comprehensive effort to identify, track, report and reduce our greenhouse gas emissions.

As we grow, our more than 16 million REI members expect the co-op to play a larger role in the effort to make renewable energy more available and affordable in our own operations, as well as in the communities where we operate. We recognize the effects of climate change, and we're taking action on behalf of our members. We're one of more 100 Washington businesses that signed the Washington Business Climate Declaration, calling for strong action on climate change in our home state to protect our growing economy and the outdoor places people enjoy. REI partnered with Climate Counts Industry Innovators to address global climate change and gain a better understanding of what motivates consumers and the marketplace to view climate change as a chance to improve the retail environment. We engage in the right conversations where it matters most and will continue to do what's right for our members, our environment, our business and the outdoor community.

One example of work that impacts the climate is our installation of electric vehicle fast-charging stations at our stores to support cleaner transportation to the outdoor places where our members recreate. Currently, we host chargers in Salt Lake City, Colorado Springs and Seattle as pilot locations.

See our greenhouse gas performance [here](#).

Energy

Energy aspiration: Grow our business while managing our total energy use.

Like many businesses that operate across the country, energy use is one of the largest contributors to REI's climate impact. By actively managing our energy consumption and expenses, we gain insight into fundamental risks and opportunities and also minimize our exposure to financial and business continuity risks. The energy choices we make now will have impacts for decades to come.

Sustainable energy use is part of protecting the outdoors. We take a straightforward approach:

- Seek to use less energy through good building design and energy-efficiency measures
- Generate our own energy (e.g., rooftop solar panels)
- Contract directly with utilities for long-term renewable energy
- If needed, commit to purchasing renewable energy certificates for the remainder of our purchases from the grid

This strategy includes steps to decrease costs and increase energy efficiency, which both make good business sense. Our 100% green power commitment is just one example of how we translate our values into action and how we strive to have a positive impact on the world. It ensures that renewable energy powers REI.

We take a variety of approaches to manage our energy use and increase our efficiency:

- **Solar:** We have 26 REI locations equipped with solar technology. We first installed solar panels on 11 REI stores in 2008 and increased our investment to 12 additional stores and our distribution center in Bedford, Pennsylvania, in 2011. In 2016, we added a 2.2 MW solar array on our Goodyear, Arizona, distribution center—by far our largest installation. With solar rooftop panels in place, a store can generate 10%–100% of its own electricity. This investment makes great sense for REI because it reduces greenhouse gas emissions, reduces operating costs and mitigates our exposure to the volatile energy markets.
- **Renewable energy buyers group:** In 2014, we became one of 12 original signatories of the Buyers' Principles, a joint statement by a coalition convened by our nonprofit partners the World Wildlife Fund and the World Resources Institute. In 2014, the U.S. Environmental Protection Agency named us a Green Power Leader.
- **Green power contracts:** When we do purchase electricity from the grid, we do it wisely. Long-term power contracts from renewable power sources provide environmental benefits along with a financial hedge against expense volatility. Seven of our stores are currently on green power contracts. We are limited in many locations by a lack of offerings that meet our criteria. We actively look for long-term power purchase agreements that meet our financial and environmental criteria.
- **Partnering with utilities:** One example of innovation is our partnership with a utility in the Pacific Northwest to develop a new local, renewable energy resource. As this resource comes online, we expect it to provide renewable energy to our headquarters, our Washington distribution center and six of our local stores.
- **Data center retrofit:** REI's data center houses servers and backup systems for computers, software systems, REI.com and point of sale for more than 130 stores. Completed in 2013, our retrofit added “free cooling” via a rooftop evaporative cooling tower that keeps our servers at optimal temperatures. We also have improved efficiencies that increase business resiliency

and stability in the event of a regional power outage. Overall, this retrofit has resulted in a 93% reduction in the cooling energy used to operate the facility. This saves enough to power six REI stores—2.2 million kilowatt hours each year.

- Lighting: We eliminated incandescent bulbs from our retail stores and replaced them with more efficient and longer-lasting lights. Most of our stores are built with skylights that offer natural illumination. Occupancy sensors and a centralized energy management system also help minimize the amount of time each day that our lights are in use.
- Heating, ventilating and air conditioning (HVAC): We're in the process of retrofitting the HVAC systems in our stores and are on track to eliminate units that use Freon, a substance harmful to the ozone, by 2020. We are replacing outdated units with safer, more efficient equipment. The new HVAC units are all connected to a sophisticated energy management system that optimizes their use.

See our energy performance [here](#).

Methodology: Greenhouse Gas Emissions, Energy and Climate Change

Product Transportation

One of the ways we help scale our impact on sustainability is by looking at how products get to our distribution centers, stores and customers. To create our greenhouse gas (GHG) inventory, we account for the carbon impacts of the shipment of goods that we own. We take responsibility when a vendor ships products from its location to our distribution centers because we control the method and timing of deliveries. We also include the emissions that result from sending products by truck from our distribution centers to our stores or from fulfilling a direct-to-consumer order by shipping a package via a carrier, such as UPS.

This approach means that REI assumes responsibility for emissions in three areas:

- Goods inbound—from vendors or factories to our distribution centers or stores
- Intracompany transfers—shipments to/from our distribution centers to our stores and between stores
- Direct fulfillment—sales shipped directly to customers

Increases in REI's GHG impact can result from the growth of our business, such as increasing the number of stores we operate or the factories that supply our goods, and by using additional air transport to fulfill direct, next-day customer orders.

Corporate Travel and Employee Commuting

To measure the climate impact of corporate travel, we count the impact of transportation, such as air flights and rental car usage. We do not currently include indirect impacts, such as the energy used in the hotel where the employee stays. For air travel, we use an emissions factor per passenger mile that includes a multiplier to account for the increased climate change impact of radiative forcing. We do not calculate CO₂ based on flight segment length, carrier or class of air travel (economy versus business or first class). We continue to seek rigorous flight and carrier level CO₂ factors so that we can more accurately measure our impact and also shift our business to the most efficient carriers. To calculate CO₂ for rental cars, we measure the number of rental days booked by REI employees and use industry averages for average miles per day and fuel mileage for the classes of cars we rent.

Miscellaneous Greenhouse Gas Emissions

A portion of REI's climate footprint comes from small sources. Miscellaneous emissions include the climate impact of fuel for fleet vehicles and the leakage of refrigerants from HVAC systems at our facilities where we control maintenance. These are tracked through invoices, vehicle logs and bills.

REI Adventures

In an effort to fully account for the GHG associated with our travel business, we estimate the GHG impact of our customers' door-to-door travel, including flights—even if REI did not include the flights in the trip package. We add the in-country impact of our trips to the travel impact to show the total climate impact of our REI Adventures business. This level of transparency goes beyond typical disclosure of climate impact in the adventure travel industry.

Waste

Waste aspiration: Become a zero waste-to-landfill organization by 2020.

REI's aspiration is to become a zero waste-to-landfill organization by 2020. This aspiration drives us toward more efficient business and environmental practices as we seek ways to reduce solid waste and the costs associated with it, such as packaging, disposal and shipping. Eliminating waste is good for our co-op and good for the environment.

We think beyond the traditional "reduce, reuse, recycle" model to eliminate waste at the front end of the manufacturing process. And we examine and re-engineer practices attached with waste generation throughout our operations, from manufacturing to product placement in our stores to our work with local waste utilities and haulers.

Here are a few ways we're working toward our aspiration of zero waste to landfill by 2020:

- Increasing recycling and recovery options for materials in our waste stream
- Partnering with waste vendors and other retailers to expand recycling options in markets around the country
- Composting food waste and paper towels at our headquarters location
- Working with our suppliers to design out waste materials that affect our business operations
- Eliminating excess packaging, such as plastic bags destined for the landfill
- Working with the Outdoor industry Association's Sustainable Working Group initiative to identify shared industry solutions to reduce packaging waste throughout the supply chain

See our waste performance [here](#).

Methodology: Waste

REI counts waste to landfill from all of our owned and leased facilities, including waste generated in regular operations and waste from one-time and one-off projects, such as new store construction and major remodels. In our largest facilities, we pay for waste to landfill based on weight, which allows us to track our progress. For the majority of our facilities, however, our waste is not measured by weight and our dumpsters are picked up whether they are full or empty. We quantify waste in tons, using direct weights (from compactors, etc.) when possible, and industry density estimates when not.

For standard "roll-off" dumpsters picked up on a regular schedule at our retail stores, and sometimes at our support facilities, we count the dumpster as full in volume regardless of its actual fill percentage, and then we convert this volume to tons using a standard density conversion. We also

count the occasional additional pickup that our stores call for at times of heavy volume. For stores where waste disposal is shared with other tenants (often in shopping malls), we estimate waste to landfill by assuming that the waste to landfill per sales dollar is the same as in the stores where we control waste disposal. This approach gives us a clear, simple methodology that aligns our reduction in waste with direct expense savings from reducing landfill service.

Paper and Sustainable Forestry



Paper aspiration: Align our use of paper with our values through efficient use and strategic sourcing.

Access to healthy forests is essential for people to enjoy the outdoors. It's also essential to REI's business. We use fiber and the resulting paper products throughout our operations—flyers, cardboard, shopping bags, hangtags and more. As a co-op that inspires our members to spend more time outside, sustainable forestry is a natural focus for us. Part of our approach is the responsible use of resources and leveraging our purchasing power to help motivate sustainable practices within our supply chain. We are also committed to mitigating negative environmental impacts from the harvest and processing of paper products that we purchase. REI fully supports practices that promote forest sustainability, biodiversity and long-term shared environmental, social and economic benefits.

Our paper and paper products purchasing policy is a direct reflection of our values. It's designed to positively influence paper supply chains well beyond our immediate sphere. We also intend our policy to support sustainable forestry systems. We believe that forestry products can be a much-preferred alternative to other materials—if sourced and produced by sustainable methods.

When we purchase paper products, we strongly prefer post-consumer waste or virgin fiber harvested from Forest Stewardship Council-certified forests. We avoid buying products where the fiber comes from unknown or unwanted sources.

Our paper buyers continually work on innovative solutions to reduce waste paper. For example, we resize print pieces in order to match the width of stock paper. We have also redesigned the packaging of our REI-brand gear and apparel to minimize the amount of paper it contains.

See our paper performance [here](#).

Paper Policy

REI has established the following policy commitments:

- Responsible and efficient use of forest products: Wood and paper are renewable natural resources that, when sourced under a responsible program, can represent a sustainable material choice. We will create and maintain purchase specifications for the responsible sourcing of each category of paper products, and we will always strive to use paper products responsibly. Recycled content and alternative fiber sources will be evaluated on a total life-cycle-assessment basis.
- Known origins (chain of custody): REI will strive to know with reasonable, verifiable certainty the source of our paper, including the source of all virgin wood fiber we purchase. This will be accomplished through contractual supply chain agreements, audits and oversight of suppliers. The most desirable assurance is a credible, third-party-certified chain of custody.
- Sources of fiber: REI aims to ensure that all paper and wood fiber is legally harvested and traded and is not obtained from controversial sources, such as:
 - Harvesting and processing areas that violate human rights
 - Areas where the timber trade is driving armed conflict
 - Areas that are being actively converted from natural forests to plantations
 - Nonforest uses or that use timber from genetically modified trees

We also strive to eliminate wood or fiber harvested in ways that promote environmental degradation, and we will not knowingly source from high conservation value forests (HCVFs) unless such forests are certified under a credible certification program.

- Environmental and social performance of supply chain partners: REI is committed to sourcing from supply partners, sub-tier suppliers and mills that demonstrate a high level of environmental and social performance. Compliance with applicable regulations is a minimum, but we give preference to suppliers that demonstrate a commitment to sustainable operations and have a track record of continuous improvement through a formal environmental management system.
- Commitment to recycling at REI: REI is committed to the principle of “closing the loop” for paper and paper products. We strive to ensure that the paper and wood products used in our operations are recycled or reused.

Definitions

Unknown: Paper and wood fiber that does not have a traceable chain of custody.

Undesirable: Paper and wood fiber that is the product of illegal logging or is obtained from controversial sources in areas that:

- Contribute to human rights violations
- Drive armed conflict from timber operations
- Actively convert natural forests to plantations or nonforest uses
- Use timber that is from genetically modified trees or sourced from HCVPs—unless the source is certified under a credible certification program

Recycled: The amount of post-consumer recycled content in our paper products.

Acceptable: Sources of fiber that are not undesirable but have not been formally certified.

Certified: Sources of fiber that have received certification by a credible certification program.