Search for great gear & clothing

SIGN IN 8 STORES O CART 1.

Travel Deals More REI OUTLET>





REI Co-op invests in the future of the outdoors by giving back nearly 70% of our profits to the outdoor community. As our community grows, we're able to connect more people to a life well lived in the outdoors.

### 2017 Highlights





**S2.62B** 

in co-op sales during 2017



members and growing, plus 12,000+ employees



**\$8.8M** 

invested in 400+ non-profits

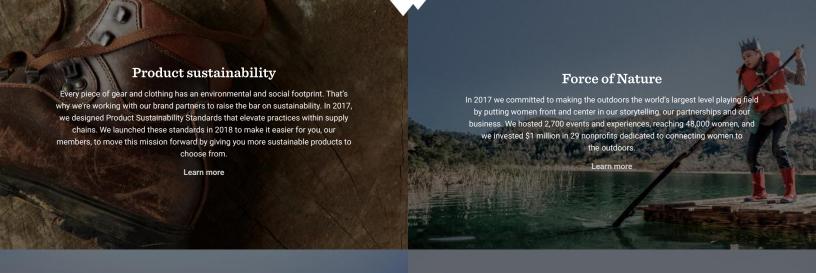


\$196.3M

distributed in member dividends

# Co-op in action

As a co-op, we know great things can happen when people come together. Here are four ways we rallied the outdoor community in 2017.



# Public lands

REI led hundreds of outdoor companies in defending our national public lands. We also inspired and equipped thousands of our members—of all political persuasions

to share their love of the ese iconic outdoor places directly with the federal

# #OptOutside

Over the past three years, the co-op has created a national movement that's inspired more than 15 million Americans, plus hundreds of companies, to join us

outdoors on Black Friday. In 2017 alone, 8 million people took part. Together we're helping reshape what the holidays mean to American families.

# A different kind of company

Because we're a co-op, we measure our success differently than most companies. For us, success means running a healthy business and making a positive impact on our employees, members and society.



### **Employees**

- 12,000+ employees were given two Yay Days (paid time outdoors), plus a day off on Black Friday
- Employees received \$56.5 million in profit-sharing and employee incentives
- Voted one of Fortune's "100 Best Companies to Work For" for the 20th straight year

#### Members

- Generated 8.2 million inspiring moments during #OptOutside on Black Friday
- Membership increased to 17 million people who love the outdoors
- Members received \$196.3 million in dividends and REI credit card rewards

### Society

- Invested \$8.8 million in more than 400 nonprofit partners working to create and protect access to the outdoors
- Through grants, advocacy and stewardship projects, we impacted more than 1,000 outdoor places across the U.S.

#### Business

- · Earned \$2.62 billion in sales
- Nearly 70% of profits were given back to the outdoor community
- We sourced 100% renewable energy to power stores, distribution centers and headquarters

# More about what we do



Making gear more sustainable

We create, source and sell products that reflect the values of the co-op.

Learn more



Creating outdoor access for all

We advocate for our public lands and help build healthier, happier communities through outdoor experiences.

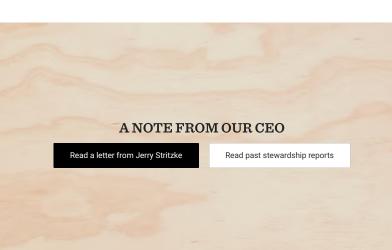
Learn more



**Everyday practices** 

We work hard every day to run a business that has a positive impact on the future.

Learn more







How are we doing? Give us feedback on this page.



Sign me up!

# Sign up for REI emails

Co-op offers, events & cool new gear

Enter your email address

WHO WE ARE

At REI, we believe that a life outdoors is a life well lived. We've been sharing our passion for the

BECOME A MEMBER

Join the REI Co-op community to get an annual dividend, access exclusives and give back.

WHERE-TO-GO WITH MAPS & MORE

Free, community-built maps and resources connect you and your

APPLY FOR REI CO-OP MASTERCARD®

Earn a \$100 REI Gift Card when you apply, get approved and

Search for great gear & clothing

SIGN IN 8 STORES 9 CART 1.

Cycle Paddle Travel Yoga Men Women Kids Deals More REI OUTLET>



### Product sustainability

Introduction

**Industry Partnerships** 

**REI Co-op and Co-op Cycles** 

### Introduction



The gear we bring to our members presents one of our greatest platforms for advancing su 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 because we work with over 1,000 outdoor companies every day.

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. You can read more about how we collaborate with leading outdoor brands in the Engaging our Brand Partners section.

# **Industry Partnerships**



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 applied 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. In addition to our own brands, REI Co-op and Co-op Cycles, we sell more than 1,000 outdoor brands. We've learned that the most effective approach for elevating product sustainability is to connect with like-minded organizations to influence this ecosystem for the benefit of our membership and the planet. We are active in industry partnerships 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, chemicals management and more. The forum serves as a source of best practices for the REI Co-op brand and as a key 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.

 What can we do to evolve the dialog between brands and manufacturers to benefit people working in the supply chain?

### **REI's approach: The Social Labour Convergence Project**

Our industry is spending vast amounts of resources on social compliance audits, which are often duplicative and not necessarily the best tool for creating improvements. To meaningfully improve labor conditions, we must change the way we work. The Social Labour Convergence Project has convened over 160 signatories representing a diverse group of brands, manufacturers and labor rights groups. As one of the first signatories, REI plays an active role in developing an industry-wide protocol and verification process to objectively collect social and labor data, identify opportunities for improvement, and track progress for the people behind our products.

 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 Coop products are certified to the Fair Trade Certified factory standard, and we are proud to carry certified products from other leading brand partners.

 $\bullet \ \ Where \ can \ brands \ collaborate \ in \ managing \ supply \ chain \ sustainability \ data?$ 

# 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. In 2008, REI became one of the first North American brands to become a formal 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 apparel, gear and bicycle manufacturers. The REI Factory Code of Conduct was established in 1993 to guide our partnerships with manufacturers for REI products. The standards outlined in the code are based on 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.

In 2018, we took another step in helping our partner brands create more sustainable product. REI launched Product Sustainability Standards, which apply to all brands and products sold at REI. The standards provide clear expectations of brand partners, encourage them to integrate leading sustainability features into products, and provide a platform from which REI can offer support and guidance. This model enables us to greatly expand our positive impact.

# The Higg Index

The Higg Index is a suite of sustainability tools developed by the Sustainable Apparel Coalition (SAC). It provides outdoor gear manufacturers 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

REI is a leading source for expert outdoor knowledge you can trust. We strive to provide information to learn new skills, choose great gear, prep for your trips and have amazing adventures. We have expanded on our extensive library of gear care and repair guidance to help maximize the lifetime of our high-quality products and minimize environmental impacts. We how have over 65 articles and videos, from how to repair a tent to replacing your bike chainrings.

### · Expert Advice articles and videos

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.

#### 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 and Used Gear Beta

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 and new online Used Gear Beta, ensure that lightly used returned products stay out of landfills and continue to deliver value to other members. While Garage Sales are one-day events at the store, Used Gear Beta, launched in 2017, provides an always on source to access handpicked and inspected top quality used gear and apparel. Each year, REI members score great deals on nearly 1 million pieces of gently used gear through Garage Sales and Used Gear Beta

# 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.

We 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.

# • Cotto

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 moda

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.

# • Woo

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.

When possible, we seek ways to eliminate packaging altogether. We have largely eliminated the use of individual polyethylene plastic bags - commonly referred to as "polybags" – by switching to using a single "master" bag per large shipping box from the factory to REI's distribution centers. To increase packing efficiency and reduce packaging waste, we are implementing the "roll-pack" or "sushi-roll" packaging method with appropriate apparel styles. Products are loosely rolled and secured with a small piece of FSC certified, undyed paper.

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 and meets or exceeds global regulatory requirements. We use the RSL as the basis for our materials chemical testing program.
- In partnership with the Outdoor Industry Association (OIA) and leading outdoor brands, REI participated in
  creation of the OIA Chemicals Management Guide. This guide is a compilation of resources that supports the
  outdoor industry in aligning around a common set of chemicals management practices and helps our supplier
  partners 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.



How are we doing? Give us feedback on this page.



HOP REI REI OUTLET. USED GEAR. REI ADVENTURES. CLASSES & EVENTS. EXPERT ADVICE. CO-OP JOURNAL. GET OUTSIDE



### **Creating Access**

Introduction Community Investment

Advocacy for the Outdoors

# Introduction



At REI, we're working to reduce the barriers to life outside. The co-op business model itself is focused on that work. Our philanthropy and advocacy work helps us push ourselves and our partners to imagine a world where green, outdoor natural space is within an easy walk from every American's home or work place. A lot of our work supports rural communities across the United States that serve as connection points to our iconic outdoor places. We're also committed to "rewilding" our big cities by developing green spaces and creating sustainable transportation alternatives because close to 80% of the American population lives in cities now.

Since 1976, REI and The REI Foundation have invested more than \$87 million in organizations across the country that share our goal of creating access to outdoor places and enabling transformational experiences in the outdoors for all people. Our co-op model means that as we grow, so does our ability to support these partners and places. In 2017, we reached another high-water mark in annual philanthropy, supporting over 400 organizations with community investments totaling \$8.8 million.

REI also is in a unique position to support and convene organizations on the front lines of this country's most important outdoor public policy issues. With our partners, we advocate on a range of national, state, and local legislative measures with the goal of sustaining, and increasing, recreational opportunities to meet the needs of a changing population. We continue to strengthen our advocacy partnerships and build new ones in allied fields, such as public health, transportation, and public lands.

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 reigives@rei.com.

# Community Investment and Engagement

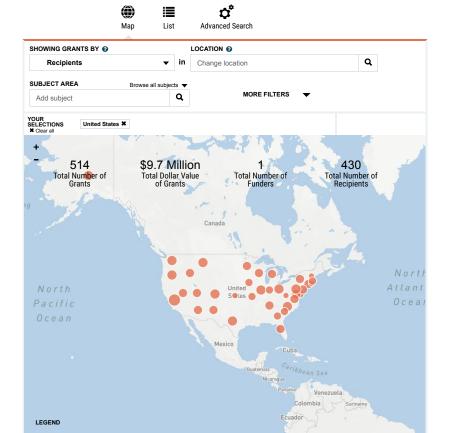


# Community Investment

Each year, the co-op invests in local, regional, and national nonprofits throughout the country. At the very local level, our outdoor programs and outreach teams work with local store managers to identify partners that we invite to apply for grants. Applications are evaluated according to the applicant's ability to successfully maintain and enhance diverse, accessible, and popular areas where our members play outdoors. Our broader-scoped national and REI Foundation grants are also by invitation only. They support more expansive landscapes (like National Parks), innovative ways of connecting people to transformational outdoor experiences, and advocacy work that aligns with human-powered recreation.

About EAC

Contact (mailto:maps@foundationcenter.org?subject=Foundation Maps for 2017 REI Co-op Giving and 2017 REI Foundation Grants)



A .....

This map includes data from our strategic philanthropy programs and does not include all gear donations, cause marketing initiatives, sponsorships or REI Adventures grants.

**National nonprofits:** At the national level, we work with organizations that are looking at and working on systemic issues that affect the future of life outdoors. Here are just three examples from 2017:

- National Forest Foundation (NFF): Our multi-year, multi-million-dollar partnership with the NFF supports on-theground restoration projects and youth engagement efforts in National Forests and Grasslands across the country. From Midewin National Tallgrass Prairie in Chicago to the Nantahala National Forest in North Carolina, the ten projects in 2017 benefited hikers, paddlers, and urban recreationalists.
- Outdoor Alliance: The co-op continues to support the mapping capabilities of the Outdoor Alliance, an advocacy
  organization that works to unite the voices of outdoor enthusiasts to conserve America's public lands and
  protect the human-powered outdoor recreation experience.
- Protect our Winters (POW):In 2017, REI supported POW, an organization comprised of professional athletes, industry brands, and the outdoor community, in its work to quantify the impacts of a changing climate on the snow snorts industry.

**Local nonprofits:** At the very local level, we are again supporting more than 300 nonprofits that positively shape their local communities. Here are just three highlights from 2017:

- A \$30,000 REI grant to the Georgia Conservancy helped the organization steward nearly 60 established trails at Len Foote and Cumberland, Ossabaw and Sapelo Islands, and advocate for 160 miles of multi-purpose trail of the Coastal Georgia Greenway. In total, these projects impacted over 625,000 hikers, bikers and paddlers; and engaged 500 volunteers. REI has invested over \$250,000 in Georgia Conservancy's stewardship efforts since 2010.
- Friends of Boundary Waters Wilderness works to protect, preserve, and restore the Boundary Waters Canoe Area Wilderness (BWCAW) in Minnesota. The BWCAW encompasses an estimated 1,175 lakes, 1,200 miles of canoe routes, 500 miles of trails, and 2,050 campsites. A 2017 \$10,000 REI grant helped support the Superior Wilderness Volunteer Connection program, which engages volunteers to help maintain and improve portage trails, campsites and much more for the 200,000 hikers, campers and paddlers that visit the BWCAW each year. This was their twelfth REI grant.
- The San Diego Mountain Biking Association (SDMBA) is a nonprofit organization that works to improve and
  create more legal trails for all users. A \$10,000 REI grant in 2017 helped build more than 80 miles of new trail in
  the Pamo Valley/Orosco Ridge area of the Cleveland National Forest. Mountain bikers, hikers, and equestrians
  will benefit from this project. This was their tenth REI grant.

# Even More Inventive Philanthropy

Since the co-op's inception 80 years ago, we have supported a wide variety of stewardship and trail maintenance work. In recent years, we've deliberately begun investing in more innovative ways of connecting people to nature.

We launched the Force of Nature Fund. Across the co-op, we focused our efforts in 2017 on creating more opportunities for women and girls to take part in life outdoors. Why? Because we believe the outdoors is—and should always be—the world's largest level playing field.

REI supported this effort in many ways, including issuing 29 grants totaling \$1 million to organizations that connect women and girls to the outdoors. Approximately \$500,000 supported current partners and another \$500,000 supported organizations that applied through the 2017 Force of Nature Fund (our first ever open grant call).

• The National Park Conservation Association (NPCA) received a \$25,000 Force of Nature Fund grant to support a national pilot program called "EmpowHER for National Parks." EmpowHER seeks to educate, engage, and empower a diverse group of 60-100 young women ages 13 and up to serve as park advocates within their local communities and at a national level starting in Los Angeles and San Antonio. Through meaningful, hands-on experiences interacting and connecting with nature and wild spaces through National Parks, these young women will become empowered, gain leadership skills, and grow in confidence to become pioneers as the next generation of environmental advocates.

We entered year three of our rewilding projects. The average American spends 95 percent of their life indoors. One way we help address that problem is by reimagining how people connect to the outdoors in large cities across the country, where so much of our population now resides. Our Rewilding Projects use our broader influence and network to accelerate change in select regions. These are multi-year projects that connect city-dwellers to outdoor spaces.

 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. Our investment is helping accelerate completion by increasing the Bay Area Ridge Council's capacity and supporting efforts to

- 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. The co-op'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 transit-to-trails transportation options.
- Southeast Chicago: The co-op's investment is supporting the long-term transformation of the Southeast side into
   a thriving outdoor recreation hub. This project has supported the development of a brand that raises awareness
   for the area; planning and implementing transportation options that will improve access for the community; and
   developing the Big Marsh property to include mixed-use trails, paddling opportunities (in the future), and one of
   the biggest mountain bike parks in the country. REI is partnering with the Chicago Parks Foundation, Active
   Transportation Alliance, and Friends of Big Marsh on this project
- Washington, D.C. Capital Trails Coalition: In partnership with the Washington Area Bicyclist Association, Rails-to-Trails Conservancy, and the Trust for Public Land, the co-op's investment is supporting the work of the Capital Trails Coalition to complete a more than 500-mile 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.
- Duwamish River Valley Trail Connectivity: In partnership with the Seattle Parks Foundation, Forterra, Cascade
  Bicycle Club, Trust for Public Land, and Mountains to Sound Greenway Trust, this project seeks to advance
  environmental justice, address racial and neighborhood-level disparities in access to trails and open space,
  reduce health inequities, and create strong economic opportunities through trail and open space connectivity.
- The Evolution of the Middle Fork Snoqualmie: This wilderness playground is 20 miles from the 15th largest
  metropolitan area in the nation (Seattle). Few other major population centers stand so close to such vast,
  accessible, public natural lands. We are partnering with The Greenway Trust to help chart a sustainable future for
  the Middle Fork, not only by building trails and facilities, but by forging a new model for locally-driven, cooperative
  land management.

The REI Foundation continues to innovate in connecting people to nature. The Foundation is a separate 501(c)(3) affiliate with a multi-million-dollar endowment 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.

See the amount and recipients of annual Foundation grants here. Examples of REI Foundation grants include

- 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.
- Demonstrating the Health and Nature Connection: The REI Foundation continued a series of investments in university-led research into how time in nature provides physical and mental health benefits. For instance, at UCSF Benioff Children's Hospital, the REI Foundation is supporting Dr. Nooshin Razani's research into nature's impact on children's health and development, especially in low-income communities. The foundation has been funding research at UC Berkeley on how time outdoors more generally reduces neurological stressors and is conducive to pro-social behavior. And in 2017, it initiated a line of research at the University of Washington examining how group-based expeditions help reduce PTSD symptoms in war veterans.
- Fresh Tracks: Recognizing that time outdoors, especially among groups, can strengthen relationships and open
  the mind for deep, inspired learning, the REI Foundation again supported the Fresh Tracks initiative. Fresh Tracks
  enables young leaders from diverse, disadvantaged backgrounds to experience different cultures, explore the
  outdoors, and build critical leadership and workforce skills using the outdoors as an educational platform.

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 2016 Form 990 disclosure is the most recent and is available here.

### Community Engagement

The co-op's 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 teambuilding activities.

# Trail Chats

We launched our trail chats program in 2015 in partnership with some of our Every Trail Connects partners. The goal of this program is to engage nonprofits, thought leaders, government agencies, elected officials, local businesses, community members, and co-op employees in meaningful discussions about challenges and opportunities facing the future of the outdoors. 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, 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 Co-op Brand 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.

# Advocacy for the Outdoors

REI drives industry collaboration, establishes community partnerships, and engages public officials with a goal of connecting more Americans to the outdoors through public policy. We believe that a love for the outdoors is one of the rare issues that transcends party lines. That belief grounds our working philosophy on public policy, which is always anchored in the belief that we should be #UnitedOutside. We believe such advocacy is in the best interests of members, employees, and society. Long term, 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 and the Planet. We engage on public policy matters that directly impact our daily business operations and the broader outdoor industry. Where we feel the co-op's voice has out-sized impact, we engage in policy debates on how to address climate change.

In 2017, we leaned into two specific bodies of work: defending the Antiquities Act at the federal level and assuring that state government leaders fully appreciate the outdoor sector's economic and societal contributions.

# Defending the Antiquities Act

Nationally, 2017 proved to be one of the more tumultuous political years in decades. Of particular concern to the co-op were steps taken to dramatically reduce access to our public lands. The Department of Interior reviewed 27 National Monuments, and took several steps to reduce acreage that had been conserved for adventure and solitude in nature. This equated to the largest rollback of protected lands in American history. We believe that actions affecting the Bears Ears and Grand Staircase-Escalante Monuments in Utah not only limit recreation access in that state, but threatened to undermine the integrity of the Antiquities Act of 1906. The Antiquities Act has been used by 16 presidents of both parties for more than a century to conserve for all Americans the richness and beauty of the nation's most unique outdoor places.

In response to the Administration's review of monuments, the co-op engaged constructively and in an effort to unite across party lines. We leveraged our cooperative spirit, REI and our industry and nonprofit partners came together like never before. We helped assemble industry letters to our lawmakers, eventually attaining signatures from hundreds of CEOs; we posted op-eds; helped lead an industry and NGO walk to the Utah state capitol; and brought this issue to the attention of our members and staff, helping millions of Americans constructively share their views with the Department of the Interior. Through this work, we believe the co-op helped build a cohesive view of the value – economically and societally – of our public lands and, in so doing, helped the outdoor community realize the strength of its collective voice. This work will continue.

### Raising Awareness of the Sector's Breadth and Depth

The U.S. Department of Commerce recently estimated that outdoor recreation accounts for at least two percent of GDP (more than either mining/extraction or utilities). However, the heft of the sector is not fully appreciated by either state or federal policymakers. One fundamental challenge is that outdoor enthusiasts are spread from coast to coast, living in both rural America and urban centers, and not organized like a singular population. The places outdoor enthusiasts love also are diverse. And many of the businesses we frequent are Main Street, mom-and-pop operations. So despite the amount of time and number of dollars Americans spend outdoors, unifying our voices is not easy.

As steps to overcome that challenge, REI continues to support efforts that quantify the size of the recreation economy. We have come to appreciate that lawmakers more fully embrace the importance of the outdoors when it is seen as not only good for the adventurous individual, but also good for the economy. To this end, in 2017 REI helped unveil the latest industry assessment of the sector's size. Per industry economists, Americans annually spend \$887 billion on outdoor recreation, and the sector directly supports over 7 million jobs.

On a parallel track, the co-op and our industry and nonprofit partners have been working in state capitals to assure that governors and legislators know the full value of outdoor recreation to their individual states' quality-of-life and economic well-being. Many states take pride in their high-tech employers and manufacturers. Our sector is on a path to ensure state decision makers know that outdoor recreation is integral to their states' success. At the beginning of 2017, three states had created advisors to their governors, or "outdoor recreation sector leaders." By the end of the year, five more had joined those ranks. And in January of 2018, all eight states, plus a collection of delegates, came together in Denver for the first-ever "confluence" or congress of state recreation leaders and advocates. The goal is to advance principles and best practices that elevate the outdoors to the top-tier of state lawmakers' priorities.

### Collaborating with Industry Partners

To complement our own advocacy efforts, we invest in organizations that likewise advocate on behalf of the outdoors. These organizations share our goal of maintaining recreational access and transforming 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. The Outdoor Industry Association's (OIA'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 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



How are we doing? Give us feedback on this page.



# Sign up for REI emails

Co-op offers, events & cool new gear

Email

Enter your email address

Sign me up!

# WHO WE ARE

At REI, we believe that a life outdoors is a life well lived. We've been sharing our passion for the outdoors since 1938. Read our

# BECOME A MEMBER

Join the REI Co-op community to get an annual dividend, access exclusives and give back.
Lifetime membership is just \$20.
Learn more and join us

# WHERE-TO-GO WITH MAPS &

Free, community-built maps and resources connect you and your outdoor passion to trails and routes. <u>Get the guides then go!</u>

# APPLY FOR REI CO-OP

Earn a \$100 REI Gift Card when you apply, get approved and make any purchase within 60 days of card approval. Details

Have it? Manage your card

About REI

Your Online Account
Purchase Status
Shipping Info
Return Policy
Membership

Find Member Number

Annual Dividend Lookup

Expert Advice
Classes & Outings
Store Events
REI Adventures Trips
Co-op Journal

Camping Project

Find Trails

Gift Cards
Gift Registry
Wish Lists
Coupons, Rebates & Disco

Coupons, Rebates & Discounts
Free Shipping Details

Stewardship
Jobs
Newsroom
Technology Blog
Sell at REI
Affiliate Program
Corporate & Group Sales
Store Locator









as we can.

Mon-Fri, 5am-10pm PT Sat-Sun, 6am-9pm PT

LIVE CHAT



Find answers online anytime.

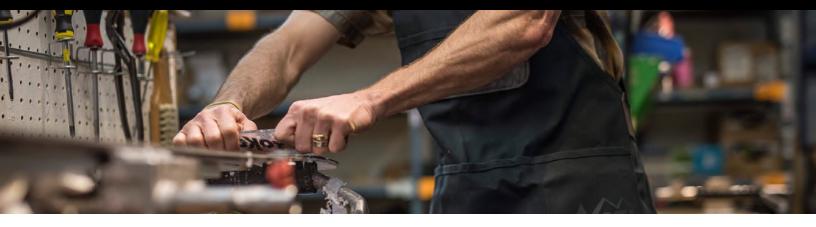
Search for great gear & clothing

SIGN IN 8 STORES 9 CART 1.

np & Hike Climb Cycle Paddle

Travel

Men Women Kids Deals More REI OUTLET>



### **Core Practices**

Introduction Diversity Operations Sustainable Forestry

### Introduction



REI employees work every day to awaken a lifelong love of the outdoors for everyone. Our long-term health as a co-op is inextricably linked with the planet's long-term health. This mindset forces us to operate with a total view of our environmental impact, and that's 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 we recruit and retain a diverse workforce, as well as 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 have the greatest impact while staying true to our values

We must run a strong business. A healthy business allows us to support our employees, our members and our nonprofit partners 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

# Diversity



As a different kind of company, REI fosters a vibrant community of employees who love the outdoors and work to make it more accessible for people across the country. We believe that when we do this well, we succeed as a business. People love working at REI because it's a place where you can be yourself, be heard and be respected working alongside people who share values and passion for the outdoors. Employee engagement at REI is very high. We measure engagement yearly and trend well over industry benchmarks. For example, in our annual employee survey, 96% of survey participants say they "fully support the values for which REI stands." We're tremendously proud of that. We also enjoy one of the lowest employee turnover rates in the retail industry (32%).

We're proud to be a nationally-recognized employer with competitive pay and benefits programs. Here are just a few examples:

- · Employees are eligible for high quality, affordable health care benefits if they work an average of 20 hours.
- We have a generous retirement plan, and every employee is eligible for bonus pay when the co-op performs well via our Summit Incentive Plan.
- Time away from work promotes a balanced life. That's why our benefits include paid holidays, vacations and sabbaticals. Plus, every employee receives two "Yay Days"—a paid day off to get outside.

Our commitment to our employees and our work environment have helped make us one of FORTUNE magazine's "100 Best Companies to Work For" in 2017 for 21 years in a row—one of only a handful of companies to do so.

#### For All

At the co-op, we understand that workforce representation matters, and requires continued focus over time. Our progress to-date is built on a long legacy of women's leadership throughout our 80 year history, going back to our co-founder, Mary Anderson. Building on that strong foundation, we've focused over the past few years on improving gender equity in our employee base and our broader community. In particular, we've focused on improving the presence of women retail leaders in stores, and we've made significant headway there. From 2014 to 2017, we saw a 7% jump in the percentage of retail leaders who are women, going from 35% to 42%.

In 2018, we will continue our focus on gender equity. As we work to attract, recruit and retain a diverse employee base, we will also create a baseline of shared understanding around inclusion and cultural competence across the co-op. From 2016 to 2017, we increased the racial diversity of our board of directors from 25 to roughly 30 percent people of color, and we see opportunity at every other level of the co-op to continue to improve. Moving forward, we are committed to diversifying the places where we look for talent and to making the connection between the diversity in our communities and the employees in our workforce. See our percentages of women and people of color in the workforce here.

#### Force of Nature

In spring 2017 REI launched Force of Nature - our stake in the ground to declare gender equity in the outdoors. In many ways, it is a disruption of the status quo. It claimed the outdoors as a place to opt out of cultural pressures to conform—the "supposed-tos" and "shoulds" that underpin outdated stereotypes—especially for women.

First, we committed to changing the narrative by putting women—of all ages, races, sizes and gender expressions—first in all of our marketing and communications. That includes everything from social media and the stories featured on the REI Co-op Journal, to our advertising.

Second, we built community through events and experiences designed specifically for women. When we were preparing to launch Force of Nature, one of the primary things women told us is that they were looking for other women to get outside with. We responded with 2,700 women-focused events in 2017 (double what we did the year before), and nearly 48,000 women joined in.

Third, we focused on closing the gear gap. As women have known for years, there's more depth and breadth in outdoor assortments for men. In 2017, we redoubled our decades-long effort to source great women's gear, and used our marketing channels to drive visibility for great women's gear already on the market.

Finally, we invested in creating more opportunities for women and girls to get outside. For the first time ever, we issued an open call for grant applications to organizations that focus specifically on getting more women and girls outside. We received more than 500 requests. We read every single one, looking for innovation, diversity and impact. Ultimately, we awarded grants to 26 incredible efforts supporting everything from garden programs in women's prisons to boatbuilding and sailing in the Bronx.

When we set out with an intent to declare the outdoors "the largest level playing field on earth," we knew we were entering a long game. In 2018, we will continue dedicated work in each of our four areas. We've moved from a womenonly takeover of our marketing channels to what we call the "new normal": a commitment to highlighting women at least half of the time from now on. We are committed to shining a light on women's stories inclusive of race, age, gender expression and size. We are dedicated to not reinforcing the negative stereotypes and obstacles that hold women back in the outdoors. REI has plans to assort a much broader range of sizes from the REI Co-op brand and many of the brands we carry. We also have committed to increasing our events, classes and experiences designed for women year over year by 10 percent, and we will continue to invest in opportunities for women and girls through our partner organization.

#### Beyond REI

Partnerships are at the core of being a co-op and are integral to our belief that a life outdoors is a life well lived – for all. We strive to be a connector, a convener and a facilitator for everyone who has or aspires to have a connection outside.

### Philanthropic Partnerships

In 2017, we began asking our 200+ local philanthropic partners how they support gender and racial equity. We asked some specific questions: Does your organization have a diversity, equity and inclusion plan in place? How many people does your organization have on staff? Of the total number of people on staff, how many identify as people of color and how many identify as a woman? How many people serve on your organization's board of directors? Of the total number of board members, how many identify as people of color and how many identify as a woman?

We're actively looking at ways to support our nonprofit partners' efforts to increase diversity in their own operations. And we were happy to see an increase in the number of Force of Nature Fund grantees that were focused on racial and gender diversity.

# National Marketing Partnerships

Since 2008, we have also built marketing partnerships with organizations that encourage outdoor participation in multicultural communities. REI is proud to partner with organizations like Outdoor Afro, Latino Outdoors, Black Girls RUN, Unlikely Hikers, LatinXHikers, Brown Girls Climb, The Outdoor Journal Tour, 52 Hike Challenge and others who strive to make the outdoors more inclusive.

By partnering with these multicultural organizations, REI:

- Supported 250 local partner experiences across the country, reaching more than 3,500 participants,
- Through partner social media, REI is able to engage with a broader and more multicultural audience. In 2017, we
  reached more than 465,000 people through partners' social media accounts with compelling storytelling and REI
  content.
- Provided resources and trainings to partner organizations, including two risk management trainings of trainers for nearly 100 network leaders offering local experiences outdoors.

Through these partnerships, we strive to build authentic relationships with those enjoying the outdoors – today and in the future

# #OutsideWithPride - Supporting the LGBTQ Community

In 2017, REI participated in pride parades across country where employees, friends and family came together to march in support of equality and to represent REI's core belief in the outdoors for all. REI continues to support the work of the Human Rights Campaign (HRC), America's largest civil rights organization working to achieve lesbian, gay, bisexual, transgender and queer equality.

In the 16th edition of the HRC Foundation's Corporate Equality Index (CEI), REI received a 95% ranking. The CEI is a tool developed and used by the HRC to rate companies based on their treatment of and policies regarding GLBT employees, consumers and clients. The CEI rating criteria have four key pillars:

- Non-discrimination policies across business entities;
- Equitable benefits for LGBTQ workers and their families;
- $\bullet \ \ \text{Internal education and accountability metrics to promote LGBTQ inclusion competency; and,} \\$
- Public commitment to LGBTQ equality.

We also include gender identity and expression in our equal employment opportunity policies to create an atmosphere where employees feel comfortable living and sharing their gender identity. We have transgender guidelines to help our managers and employees create the most welcoming and supportive environment possible for transitioning teammates, and transgender reassignment surgery as a covered benefit under all of REI's medical plans.

# **Operations**





#### Green Building

n building aspiration: Create buildings that reflect REI's values and minimize environmental im

REI's built environment—our stores, headquarters and distribution centers—is an important connection point to members, customers and employees. Even though we run our stores, distribution centers and headquarters on 100% renewable power, our buildings still 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. dership 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's Boulder, Colorado store -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.

As a community of people who have built our lives around our outdoor passions, we are uniquely aware that the global climate is rapidly changing. The speed of this change is human-driven, and we believe that as individuals, and as a member-owned co-op, we can make a difference in the long term health of the planet collectively. Our efforts range from running a cleaner business to connecting people to the outdoors so that they care as deeply as we do about the wild outdoor places under threat. We also support smart public policy that advances sustainability, on our own and through our nonprofit partners. Across this work, our sights are set on supporting large scale societal changes that ensure the outdoors remains a transformative place for future generations.

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 emissio

As the co-op succeeds and we grow, our 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 acting on behalf of our members. We're one of more than 100 businesses in the state of Washington that signed the 2015 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. In 2010, 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 Seattle, Salt Lake City, and three Denver-area stores with active work to expand our hosting of chargers as opportunities arise.

See our greenhouse gas performance here.

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 minimize our exposure to financial and business continuity risks. The energy choices we make now will have impacts for decades to come, which is why we committed in 2013 to using 100% renewable energy for our

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 in 2011 to 12 additional stores and our distribution center in Bedford, Pennsylvania. In 2016, we added a 2.2 megawatt 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 Alliance: In 2014, we became one of 12 original signatories of the Buyers' Principles, a joint statement on renewable energy by a coalition convened by 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. Unfortunately, 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: For many years, we have partnered with aligned businesses, governments, and Puget Sound Energy to develop their Green Direct renewable energy tariff that maximizes environmental benefit and provides long-term price stability. As this new wind farm comes online in early 2019, it will provide renewable energy to our headquarters and five 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. We are shifting much of our lighting to efficient and long-lasting LED bulbs. 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.
- In 2017, we partnered with the Rocky Mountain Institute to pioneer a rigorous and deep energy efficiency
  assessment of our retail stores. This Portfolio Energy Optimization process has shown us significant additional
  efficiency opportunities for our stores, and will help other owners of large real estate portfolios identify
  significant opportunities in their buildings.

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 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 Emission

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

To more 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 is working 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 business 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 by partnering with waste vendors
  and other retailers in markets around the country
- Piloting additional strategies to maximize waste diversion in a subset of stores, bringing them to scale starting in 2018
- 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 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, thirdparty-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:
  - $\circ~$  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 HCVFs—unless the source is certified under a credible certification program

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

 $\label{thm:continuous} \mbox{Acceptable: Sources of fiber that are not undesirable but have not been formally certified.}$ 

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



How are we doing? Give us feedback on this page.



# Sign up for REI emails

Co-op offers, events & cool new gear

Enter your email address

Sign me up!