

# Patagonia's Preferable Purchasing Principles

## Overview

Implementing preferable purchasing practices is an effective way in which Patagonia can further its commitment to environmentally and socially responsible thinking and action. Not only can preferable purchasing decrease the environmental footprint of the company, but it can also facilitate sustainable behavior throughout product supply chains, support emerging "green" markets, and promote norms of sustainability to Patagonia affiliates and the local community.

Preferable purchasing refers to the purchasing of products and services that have a reduced impact on the environment and human health and/or a positive impact on society when compared to similar products and services. Such purchasing supports the procurement of energy- and water-efficient products, products and services derived from renewable energy, bio-based products, non-toxic and non-hazardous materials, recycled-content materials, services that support diversity, locally sourced products and services, and contracts with suppliers who implement sustainable environmental and social practices.

These principles should be applied to purchases that fall outside of our core apparel supply chain and fourfold business process. Examples of applicability include paper for office use, cleaning supplies, food and beverage for company functions, merchandising and packaging materials, and all outside vendor purchases.

These are meant to be overarching principles that guide purchasing decisions and help evaluate alternative product and service procurement. Since procurement by Patagonia departments is widespread, each one of these principles may or may not be applicable, feasible or relevant to every purchasing decision. Rather, they should inform overall approaches to procurement processes. More specific policies have been written for different purchasing categories. Please refer to these policies for more detailed guidance for purchasing decisions.

## Guiding Principles

The following is a set of overarching and general principles which should frame procurement practices of Patagonia departments and affiliates. Not all are applicable or can be achieved for each purchasing decision, but should be used to help frame our overall approach to procurement.

### 1. Evaluate the need to replace goods

Before purchasing goods, evaluate the need to replace them and attempt to use goods to the full extent of their effectiveness. By not excessively replacing goods, Patagonia can reduce the amount of waste it generates and can demonstrate behavior that values full product life-cycle use.

### 2. Consider full environmental and social life-cycle impacts

All goods should be analyzed in terms of their environmental and social impacts. Such an analysis will compare the materials used in the goods, method in which the good was produced, amount of energy put into transporting the good, footprint associated with its use, and impact it will have on the environment once it is disposed of. A comparison of goods that are either certified by a third party or originate from an environmentally committed supplier should be conducted.

### 3. Procure goods produced from socially and environmentally sensitive materials and processes

Analyze the materials used in the production of a good/package as well as the way in which it was produced. When feasible, seek to

buy recycled materials or those made of renewable, organic, biodegradable, or less environmentally harmful materials. Additionally, contracts should be extended to suppliers who practice environmentally sensitive production processes.

### 4. Procure goods from suppliers who show commitment to social responsibility

Research and evaluate the commitment that suppliers show to social responsibility within their own company and their supply chain. Preference should be given to those who report on their CSR practices and have a reputation for responsibility within their operations and supply chain.

### 5. Perform a long-term cost analysis

When comparing goods or services, take into consideration capital costs, operational costs and disposal costs. Analyze lifetime costs that take into account efficiencies and replacement costs.

### 6. Purchase goods and services from local vendors

The use of local vendors shows the investment and connection Patagonia has to the local community and economy. By investing in such services, Patagonia can help promote the development of green markets in the communities we operate in as well as reduce our environmental footprint by decreasing the amount of miles that goods travel to their end destination.

### 7. Emphasize renewable energy

Departments should focus on purchasing goods and services from suppliers who use renewable energy to manufacture goods or power their operations.

### 8. Minimize packaging and look for recyclable and compostable options

Choose goods and services that minimize packaging. By choosing such goods, Patagonia can significantly reduce the amount of waste it generates, minimize the energy and economic investment associated with waste disposal, and support suppliers who engage in packaging-reduction practices. Place preference on materials that can be recycled or composted rather than sent to the landfill. Vendors who have packaging and product take-back and reuse programs should be prioritized.

### 9. Purchase durable, recyclable, and compostable goods

Choose goods that are durable and long-lasting in order to prolong the use of products. Also, goods should be purchased that can either be recycled or composted rather than sent to the landfill.

### 10. Purchase recycled or FSC Certified paper products

Purchase paper products that have a minimum of 80% recycled content, with preference given to 100% recycled content. When recycled materials are not available, ensure that paper products are FSC-certified to ensure human rights protection and environmental responsibility. For more information, please reference the "Patagonia Paper Procurement and Use Policy."

## 11. Prioritize energy and water efficient products

Ensure all electronics meet US EPA Energy Star and Water Sense (or similar) certification where available. All lights should be the most efficient for their relevant purpose, emphasizing LED, CFL, and T8 or better lights.

## 12. Minimize the purchase of toxic and hazardous goods

Seek to replace toxic and potentially hazardous goods with organic, natural and environmentally sensitive items. No products should contain ingredients that are listed on our Restricted Substance List.

## 13. Purchase socially and environmentally preferable food

With myriad food certifications, all purchases of food should seek to ensure sustainable harvesting and processing. All agricultural crops should be organic at a minimum. Animal products should be free-range and organic. Place preference on those that are Fair Trade certified or sourced locally—both the food and processing.

## Purchasing Criteria

Below is a series of questions that can be asked when evaluating the need or alternatives to procurement decisions:

- Is the purchase of this good/service necessary or can the need be met in another way?
- Can the need be met by renting or sharing this product/service rather than buying it?
- Is the quantity ordered necessary or can it be reduced while still meeting demand?
- Can the product be used for something else after its initial purchase and use?
- Can the need for this product be met through a more sustainable product or service?
- Is the material of this product the most sustainable compared to other brands and/or options?
- Was this product produced with the least environmental impact compared to other brands or equal products?
- Were renewable forms of energy used to produce the product?
- Is the product produced from postconsumer or recycled material?
- Is the product designed to minimize waste in its use and operation?
- Does the product maximize energy efficiency?
- Can the product run on renewable fuels?
- Is the product reusable, recyclable or biodegradable (into non-harmful elements)?
- Can the product be disposed of in an environmentally friendly way?
- Is minimal or no packaging used?
- Is the packaging reusable, recyclable, biodegradable or able to be returned to the supplier?
- Is the packaging made from postconsumer waste?
- Is the producer of the product in compliance with all environmental laws and regulations?
- Does the producing business have a good history of environmental and social responsibility?
- Does the supplier use renewable forms of energy or implement energy-efficient operations?

- Does the supplier use third-party certification or can they internally verify the sustainable nature of their products and operations?
- Can the product be obtained from a local source or by existing suppliers?

## Definitions

The following is a list of terms that commonly appear in literature, contracts, and conversations regarding Environmentally Preferable Products:

### 1. Environmentally Preferable Products

Products and/or services that have a reduced negative impact on the environment and human health when compared to similar products and/or services that serve the same purpose. Impact should be measured in terms of materials used, raw material acquisition processes, production, manufacturing, packaging, distribution, operational resource use (i.e., energy and water), maintenance and disposal.

### 2. Life-Cycle Analysis

A complete examination of a product or service's economic and environmental impacts throughout its entire lifetime. Includes the life-cycle cost analysis of a product, which is the amortized cost of a product including the capital, transportation, installation, operating, maintenance and disposal costs. It also entails the product environmental life cycle, which analyzes the environmental footprint associated with extraction, manufacturing, installation, transportation, operation, maintenance and disposal.

### 3. Postconsumer Material

An end product that has completed its life cycle and would otherwise have been disposed of but instead is reused as part of a new product

### 4. Recycled Content Product

A product manufactured with material that has been recovered or diverted from solid waste. Materials may be derived from postconsumer material, manufacturing waste, agricultural waste or other forms of scrap and/or waste. Does not always imply 100% content, but the higher the percentage indicated, the higher the level of diverted material used.

### 5. Compostable

Compostable: the ability for a substance to decompose in a way that is harmless to the environment—generally in the time frame of months or years rather than centuries.

### 6. Recyclable Product

A product that can be diverted from the solid waste stream after its intended end use and reused as a raw material for further manufacturing.

### 7. Reusable Product

A product that can be used several times for its intended use before being disposed of.