

patagonia works[®]

Annual Benefit Corporation Report

**Fiscal Year 2021
May 1, 2020 – April 30, 2021**



Introduction

Patagonia Works (“Patagonia”) is an outdoor apparel company with an almost 50-year history of environmental conservation and activism. In 2018, we changed our official reason for being to amplify this directive: “We’re in business to save our home planet.” Patagonia became a registered benefit corporation in 2012, on the first day we were legally able to in the state of California. In doing so, Patagonia and our subsidiaries, Patagonia, Inc., Great Pacific Iron Works, Patagonia Provisions, Inc. and Fletcher Chouinard Designs, Inc., adopted six specific benefit purpose commitments (which you’ll find listed and described within) that govern our operations at the most fundamental level. This report shares the work we’ve done during our fiscal year 2021 (May 1, 2020 - April 30, 2021) to advance public benefit and implement our specific benefit purposes.

Patagonia Benefit Purposes

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1% for the Planet[®]

Each year, we contribute one percent (1%) of our annual net revenues to nonprofit charitable organizations that promote environmental conservation and sustainability.

1% for the Planet®

A nonprofit we cofounded in 2002 that commits Patagonia to donating 1% of net revenues in cash and in-kind donations every year, primarily to grassroots environmental nonprofits.

\$161,000,000

Dollars, and dollar value of other forms of assistance, given to support environmental work since we started our tithing program in 1985.

705

Grants funded in FY21.

\$5,700,000+

In grants made to groups fighting to protect lands, waters and wildlife.

\$2,500,000+

In grants made to groups fighting to stop climate change, with particular focus on mitigating greenhouse gas emissions and improving human and ecological resiliency.

\$2,700,000+

In grants made to groups working to scale many of the tenets of Regenerative Organic and help more farmers implement practices to improve soil health.

\$2,300,000+

In grants made to groups focused on supporting environmentally marginalized communities and giving a voice to the groups of people who are impacted most by environmental disasters, climate change, pollution and other environmental degradations.

769

Employees who are actively involved in grant-making and deciding which environmental organizations Patagonia supports.

\$201,933

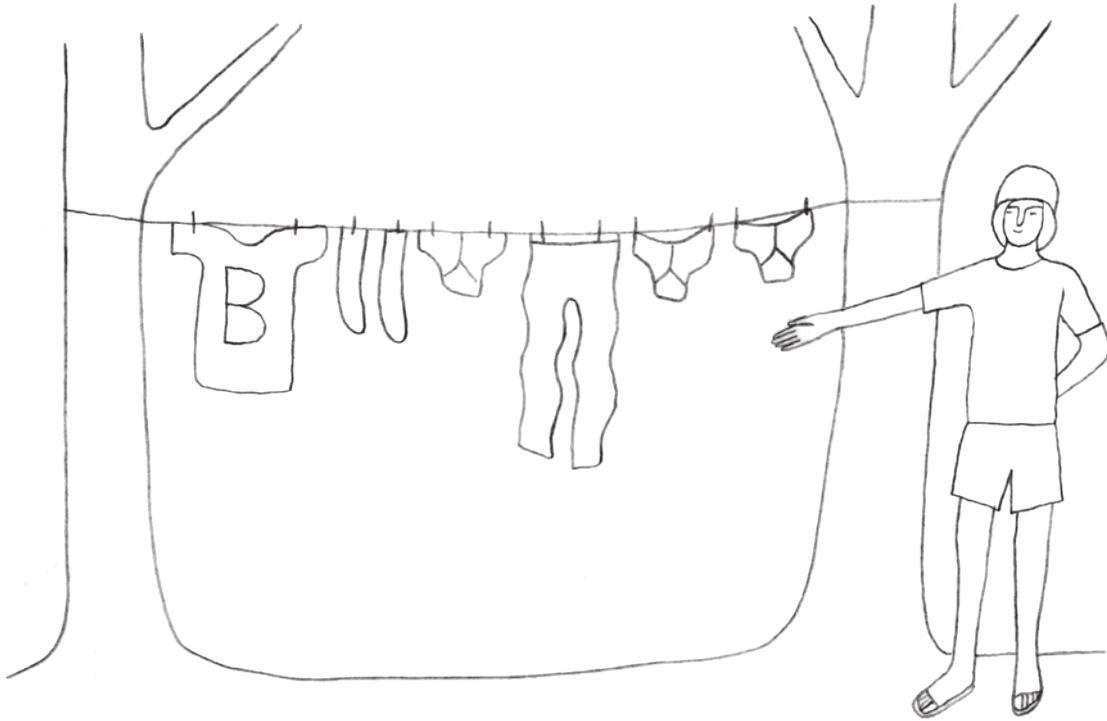
Dollars given to our grantees through Patagonia ActionWorks donations.

All

Of Patagonia's U.S. operations were closed on November 2, 2020 so our employees could vote.

20,843

Hours of skill-based volunteering donated (valued at over \$3M) through Patagonia Action Works.



Build the Best Product with No Unnecessary Harm

We endeavor to build the best products,
while causing no unnecessary harm to the planet or its inhabitants by:

- 1) Designing and fabricating the highest quality products as defined by durability, multifunctionalism and non-obsolescence; 2) designing and fabricating products that are easily repaired and made from materials that can be reused or recycled;
- 3) designing and fabricating products with minimal impacts throughout the supply chain—including resource extraction, manufacturing and transportation—on water use, water quality, energy use, greenhouse gas emissions, chemical use, toxicity and waste; and 4) partnering with customers to take mutual responsibility for the life cycle of our products, including their repair, reuse and recycling.

8.81

Average quality score on a 1-10 scale (10 being best), against our internal Patagonia Design Quality Attributes rating system. This rating process serves as a way to push our design teams to improve the overall quality, performance and environmental and social responsibility of our products.

0.21%

Percentage of quality returns in FY2021 as a percentage of sales, down from .39% in the same period last year.

60+

Patagonia product care and repair guides, in six languages, available on WornWear.com, Patagonia.com and ifixit.com/patagonia.

72

Global product repair centers (including our repair facility in Reno, Nevada, with 98 repair technicians; and our largest in-store repair center in our Bowery store in New York City).

85,670

Products we fixed at our repair centers around the globe.

29

Of our top 40 material suppliers are bluesign® System Partners.

75,000

Number of factory apparel workers who have earned a Fair Trade premium for their labor and received improved benefits from Patagonia's participation in the Fair Trade USA program.

185

Number of people who attended virtual workshops and discussions on topics including how to create upcycled yarn hosted by our Worn Wear team.

1,913

Number of people who attended Worn Wear Tour events in Korea.

1,286

Number of people who attended Worn Wear Tour events in Taiwan.

83%

Percentage of our styles that are Fair Trade Certified™ sewn, up from 73% in FY20.

800

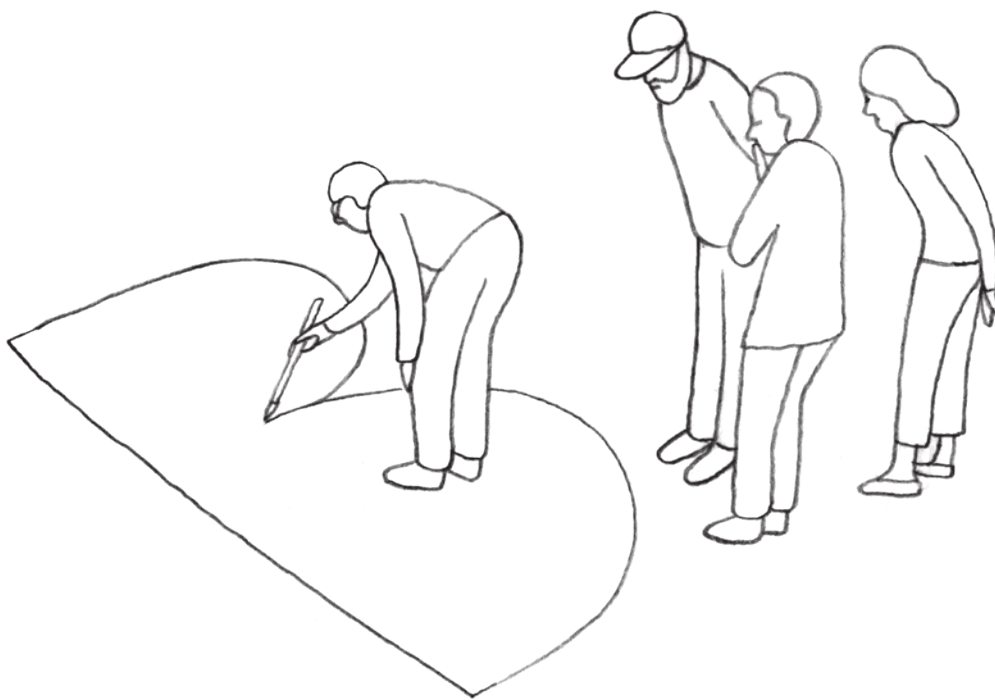
Number of organic cotton farmers involved in Patagonia's Regenerative Organic Certification pilots in India.

169,944

Pounds of old Patagonia garments that could not be repaired or reused that were responsibly recycled.

PATAGONIA APPAREL MATERIAL SOURCES

	2018	2019	2020	2021
Virgin petroleum-based products (POLYESTER/NYLON)	49%	48%	20%	18%
Recycled materials	35%	31%	65%	66%
Virgin cotton and other plant-based materials	15%	16%	14%	15%
Virgin wool and other animal products	1%	5%	1%	1%



Conduct Operations Causing No Unnecessary Harm

We will conduct our operations in a manner causing no unnecessary harm by continually seeking to reduce the environmental footprint and impact of our operations in water use, water quality, energy use, greenhouse gas emissions, chemical use, toxicity and waste.

2025

The year by which we have committed to becoming a carbon-neutral company.

100%

Percentage of our electricity use for our owned and operated facilities in the U.S. met with renewable sources.

82%

Percentage of the electricity use for our global owned and operated facilities met with renewable sources. We aim to be at 100% by the end of 2022.

679

Kilowatts of solar energy installed on farmland we've leased in Japan, which allows harvesting of both sun and food.

15

Classrooms in our Child Development Centers participating in zero-waste efforts.

100%

Percentage of our retail store receipt paper in the U.S. that is recyclable and uses a nontoxic thermal coating.

3,900,000

The number of kilowatt hours produced from the solar arrays at our Reno Distribution Center and office buildings.

555,200

The number of kilowatt hours produced from the solar arrays at our Ventura Campus.

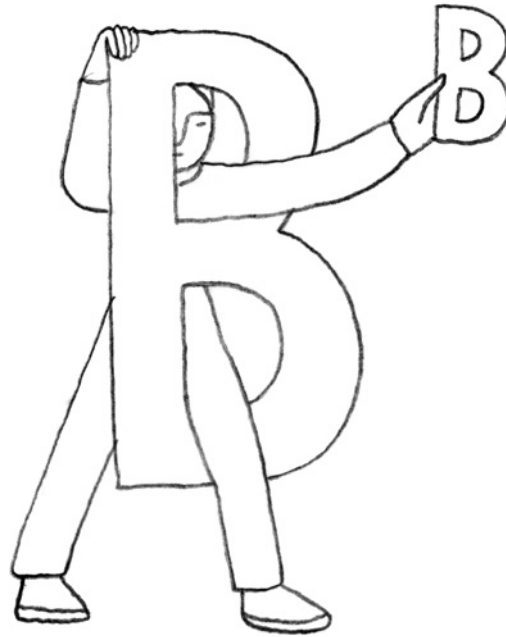
PATAGONIA'S GREENHOUSE GAS FOOTPRINT

(In metric ton carbon dioxide equivalent)

	FY18	FY19	FY20	FY21
Scope 1	1,082	1,041	1,442	1,085
Scope 2	3,027	4,114	3,744	2,607 ¹
Scope 3	162,948	223,285	219,379	98,966
TOTAL	167,057	228,440	224,565	102,658²

¹ Calculated using location-based emission factors, rather than market-based emission factors which were used previously.

² The significant decrease in emissions from FY20 to FY21 is largely due to a decrease in our product inventory and the operational shutdowns due to COVID.



Sharing Best Practices with Other Companies

In support of our commitment to “use business to inspire and implement solutions to the environmental crisis,” we will share proprietary information and best practices with other businesses, including direct competitors, when the board of directors determines that doing so may produce a material positive impact on the environment.

14

Number of responsible businesses and funds invested in, to date, through our venture capital fund, Tin Shed Ventures®.

These businesses focus on building renewable energy infrastructure, practicing Regenerative Organic methods, conserving water, diverting waste, and creating sustainable materials.

29,754

Pounds of fishing net repurposed into products through our investment in Bureo, Inc.

100

Speaking engagements (mainly virtual due to COVID-19) – at which Patagonia employees shared information related to our culture, reason for being and operations – at universities, sustainability and ecofashion events, outdoor industry gatherings, fabric and textile conferences, HR conferences and others.

1,965

The number of companies that joined the Time to Vote movement ahead of the 2020 election and gave their employees time and resources to vote.

578

The number of times the media mentioned our Worn Wear clothing recycling and resale program.

102

The number of times the media mentioned our work as a B Corp.

439

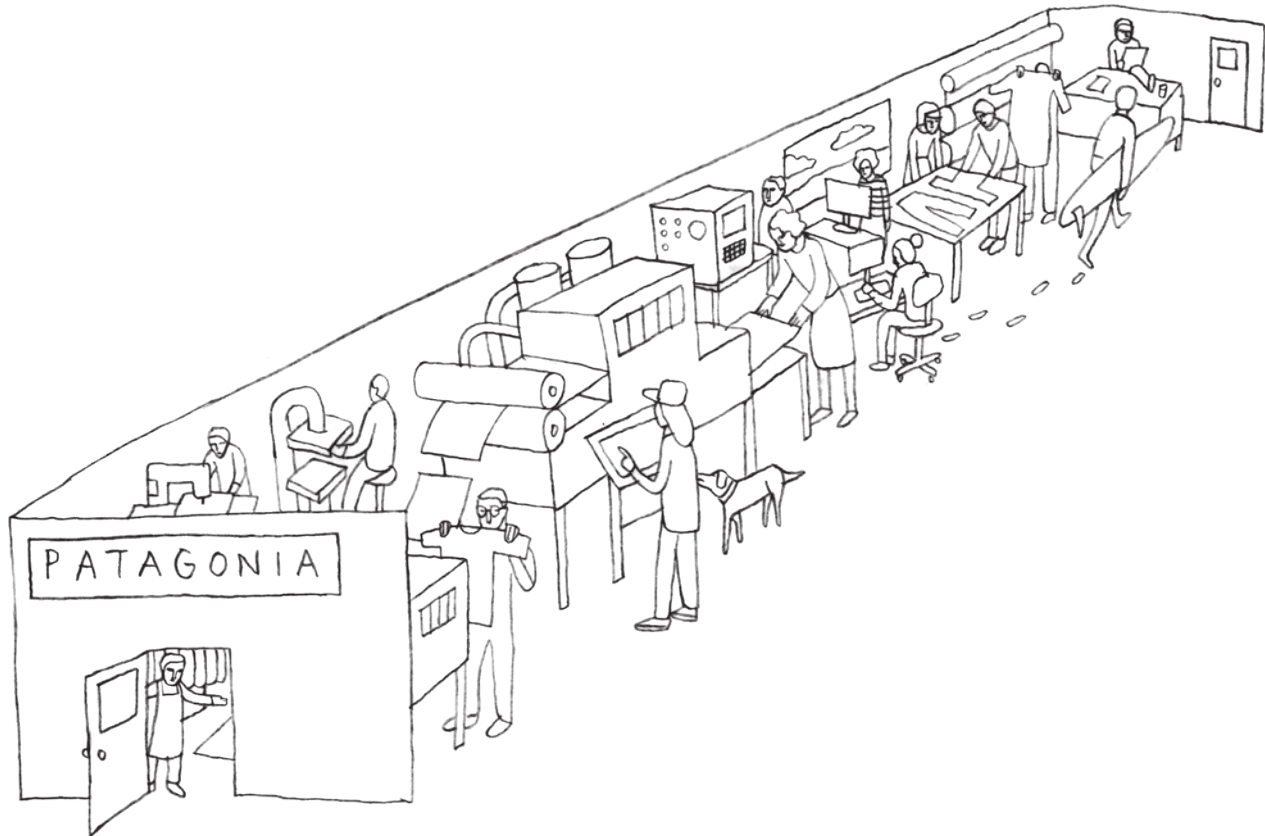
The number of times the media mentioned our work with 1% for the Planet.

165

The number of times the media mentioned our work on Regenerative Organic agriculture.

1,500+

Number of households that installed solar energy through our Tin Shed Ventures solar investment.



Transparency

We will provide information through our website and print catalogs that describes the environmental impact of representative items across our different product lines based on the best science and data practicably available.

18

Years since we first posted a list of the factories we work with worldwide, which remains a leading practice in our industry.

62

Pages on our website that are devoted to explaining the impacts of our business.

50+

Posts on our blog, *The Cleanest Line*, in FY21 that address various social and environmental issues, including the fight to protect the Blue Heart of Europe, climate and environmental justice activism, and the way we are addressing our carbon footprint.

130

Teams of university students that participated in the 5th Annual Patagonia Case Competition to propose solutions to reduce waste generated throughout the entire life cycle of our products—from design and manufacturing to the consumer behavior side.



Providing a Supportive Work Environment

We will endeavor to provide a supportive work environment and high-quality health care through measures including, but not limited to, providing on-site child care at our corporate headquarters or subsidized child care at our other facilities.

100%

Cost of medical premiums for employees covered by Patagonia. In spite of continuous cost increases, Patagonia has continued to pay for those increases to keep medical and mental healthcare premiums flat for all employees for the past 5 years.

100%

Percentage of Patagonia employees in the U.S., EMEA, Korea, Japan, Argentina and Australia who are paid at least Living Wage.

97%

Percentage of Patagonia's eligible U.S. employees who put money away for retirement through the company's 401(k) plan, matched up to 2.5%. Patagonia also contributed an additional 10% to employee 401(k) accounts.

1.2

The number of men who took advantage of three months fully paid parental leave for every woman who did the same.

53%

Percentage of Patagonia's workforce comprised of women, higher than the national average of 46%.

46%

Percentage of Patagonia senior leaders who are women, compared with the national average of 23%.

8%

Annual voluntary turnover percentage in Patagonia corporate headquarters in the U.S., compared to the national average of 11.6%.

2.3%

Annual voluntary turnover percentage in Patagonia Japan, compared to the country industry average of 15.4%.

826

Employees attending "Coffee Breaks" across North America (Retail, Reno, Ventura, Provisions). These informal gatherings are designed to facilitate community and connection across the organization. Topics of conversation vary from protecting our public lands to raising the next generation of activists.

\$1.58 Million

Precautionary pay hours paid to hourly employees who were unable to go into a Patagonia facility due to COVID safety shutdowns of our stores, distribution centers and offices.

100%

Percentage of an employee's eligible annual bonus paid out despite the company not meeting sales targets due to COVID-19 closure.

\$175,635.85

Dollars matched through our Employee Charity Match Program. Patagonia matches charitable contributions made by employees, doubling the funds donated to the organizations and causes employees care about most deeply.

1,336

Hours employees participated in volunteering for Patagonia's Activism Hours Program, for which employees are encouraged to use paid time off to engage in activism and support non-profits.

102,189

Texts sent by employees who participated in Patagonia-arranged volunteerworkdays supporting the civic engagement group, Environmental Voter Project, in their texting efforts for the 2020 Elections.

\$642,000

Dollars invested in employees' ongoing learning through our Tuition Reimbursement program.

100%

Percentage of permanent retail staff that were paid their full salary throughout multiple government imposed COVID lockdowns and store closures in Australia, EMEA and Japan.

Patagonia Child Care-Related Benefits in FY21

133

Children enrolled in Patagonia on-site child care.

56

Teachers employed by Patagonia.

15

Number of child care classrooms.

15

Number of child care classrooms with a full-time bilingual teacher.

39,718

Square feet of outdoor learning space on our Ventura and Reno campuses.

\$48,098

Subsidies provided for Patagonia child care programs.

\$23,200

Total stipends paid globally for child care (to employees who don't have access to Patagonia child care).



In Closing

Patagonia is a Certified B Corp, which means that our company's overall environmental and social performance is measured and independently verified by third-party B Lab. To be a Certified B Corp, a company must score a minimum of 80 out of 200 points on B Lab's Impact Assessment. We chose B Lab for the third-party verification required under the California Benefit Corporation statute because we believe their experience certifying thousands of companies and their social and environmental performance standards are the most comprehensive and aspirational available. The score from our most recent assessment performed in calendar year 2019 was 151.4.

Patagonia's B Corp Scores

	2012	2014	2016	2019
Governance	14.7	17.1	17.3	16.9
Workers	25	24	24.9	20.8
Community	19.9	30.9	58.7	63.8
Environment	47.5	34.7	44.8	43.5
Customers	-	7.1	5.8	6.3
OVERALL	107.3	113.9	151.5	151.4