The climate crisis is no longer a forecast—for millions, it’s become a frequent, difficult, even devastating reality, and every part of Patagonia’s business is implicated. We are enmeshed in carbon emissions: making polyester thread from oil, weaving fabric on machines run on fossil fuels, dyeing fabrics with chemical dyes and waterproofing jackets, sewing shirts in factories, transporting pants from one country to another or from one city to another, shipping clothes in plastic mailbags to the people who order them, driving to work.

If we’re to keep earth livable in the future, we must change our ways. We’re going to have to undertake “rapid and far-reaching” transitions in land, energy, industry, buildings, transport, and cities,” the Intergovernmental Panel on Climate Change said in its October 2018 report. What’s more, if we’re to reduce the risk of calamity, we must act fast to keep global temperatures from rising more than 1.5 degrees Celsius, which will require cutting human-caused emissions of carbon dioxide (CO₂) by about 45 percent from 2010 levels—and achieving “net zero” CO₂ emissions—removing as much CO₂ from the air as we add—by 2050.¹

Living our mission—we’re in business to save our home planet—Patagonia’s goal is to be carbon neutral across our entire business including our supply chain by 2025.

The supply chain is what textile and other manufacturers use to describe everything from the crops grown to make yarn and the sewing of the fabric into garments to shipping finished clothes to warehouses, stores, and our customer’s front porch. Patagonia’s supply chain accounts for 97
percent of our carbon emissions. “Net zero”, or “carbon neutral,” means that we will eliminate, capture or otherwise mitigate all of the carbon emissions we create, including those from the factories that make our textiles and finished clothing and farms that grow our natural fibers.

And we won’t stop there. Our aim is to become carbon positive—taking more carbon out of the atmosphere than we put in, even as our company grows. How? We’re glad you asked. Below are some key steps we’re taking to get us there.

- “We will use only renewable electricity for our Patagonia retail stores, distribution centers, regional and global offices and headquarters by 2020. As of fall 2018, we are at 100 percent renewable electricity\(^\text{I}\) in the U.S. and 76 percent globally.”
- We will use only renewable\(^\text{II}\) or recycled materials in our products by 2025. As of fall 2018, 51 percent of our materials by weight are renewable or recycled; by fall 2019 we will be at 69 percent.
- Reduce energy use throughout our supply chain, work with suppliers to convert to renewable energy and invest in renewable energy projects to cover the remainder of our carbon footprint.
- Using the new Regenerative Organic Certification, expand regenerative organic agriculture as the source of fiber for our apparel and our food for Patagonia Provisions to restore topsoil and capture carbon out of the atmosphere.
- Invest in other carbon-capture projects, like reforestation, across the globe.
- Grow our Worn Wear\(^*\) program and make it a robust business unit that supports various initiatives that encourage reuse, repair and recycling to extend the life of products and reduce their environmental footprint.
- Double down on grassroots climate action and our support of nonprofits fighting to protect our planet.

Please follow these links for further detail about our climate action plan in our business, grants and investments, and our voice.

\(^{\text{I}}\)https://www.ipcc.ch/

\(^{\text{II}}\)We are currently in the process of getting these calculations verified by Center for Resource Solutions, an external firm that specializes in and certifies renewable energy claims under their Green-e certification program.

\(^{\text{III}}\)Renewable is defined as any natural material that can be grown or harvested on an annual basis (e.g., wool, organic cotton, etc.)
To eliminate or mitigate all of our carbon emissions by 2025, Patagonia has embraced a four-part process. Each part of this plan will work in concert with the others to help us keep our carbon footprint at zero as the company grows. Parts 3 and 4 in particular will help us become carbon positive—taking more carbon out of the atmosphere than we put in.

1. **Measure Our Impact.**
A third-party validated system is in place to measure our impacts so we can make informed decisions and track our progress.

2. **Reduce Our Impact.**
Avoid the need for energy where we can, improve efficiency where we can’t.

3. **Convert to Renewable Energy.**
Move away from fossil fuels to cleaner, renewable energy sources for everything we do.

4. **Capture Carbon.**
Invest and test ways to remove warming gases from the atmosphere (i.e. carbon setting™ sequestration programs). Think of these efforts as the difference between stopping the mess, and cleaning it up.

### 1. Measure Our Impact

Accurate data is essential to dispelling myths and making informed decisions. In 2017, we underwent a comprehensive greenhouse gas audit—an inventory of our company’s emissions, from extraction of raw materials to material creation to delivery of products to customers. We drew upon energy bills, transportation reports and life-cycle analysis of different materials, then had our analysis verified by a third party, just as scientists submit their research for peer review.\(^1\)

Our fiscal year 2017 emissions amounted to 141,003 metric tons of CO\(_2\), or CO\(_2\) equivalent emissions.\(^2\) (“CO\(_2\)e” is a bit technical, but useful. It’s a standard unit of measure for various greenhouse gases, including methane, nitrous oxide, and fluorinated gases, that vary in potency, i.e. how much heat they trap, and for how long they linger.) Following a protocol developed by the World Resources Institute and the World Business Council for Sustainable Development, these CO\(_2\)e emissions are categorized as belonging to one of three “scopes.”\(^3\) Scope 1 refers to direct emissions from the organization, effectively natural gas that we burn to heat the buildings that
Patagonia owns or leases. Scope 2 emissions are from electricity that Patagonia purchases from utility companies. Scope 3 reflects the emissions from all other business activities, including those beyond our immediate control. For example, emissions resulting from the manufacturing of raw materials, cutting and sewing products, or moving products from one place to another. Here is a breakdown of our emissions per scope:

- **Scope 1:** 3,617 tCO\(_2\)e
- **Scope 2:** 385 tCO\(_2\)e
- **Scope 3:** 137,001 tCO\(_2\)e

### 2. Reduce Our Impact

**Materials and Technology**

Discovering that nearly 86 percent of our total carbon emissions as a company come from the creation of the materials we use in our products has galvanized our staff to incorporate recycled materials wherever possible and support circular economies at every opportunity.

Whether they’re synthetic like polyester and nylon, or natural like wool and cashmere, recycled textiles are a solution that any apparel brand can adopt to reduce their carbon footprint. A switch from virgin polyester to recycled polyester can cut carbon dioxide emissions by 17 percent and keep plastic soda bottles out of landfills—without compromising the durability of our products.

The preferred materials we use throughout our line include:

- **Natural fibers:** hemp, organic cotton, TENCEL® lyocell, Yulex®, down, wool
- **Recycled fibers:** recycled nylon, recycled polyester, reclaimed cotton, recycled wool, recycled cashmere, recycled down

Recycling isn’t the only solution to using better materials. Some textiles use chemicals that can’t be recycled safely, or require processes that haven’t been invented yet. We’re supporting our supply chain partners to develop new recycling methods and ways to incorporate nontraditional raw materials (such as fishing nets). And we’re funding research into future materials that are biobased, biodegradable and even carbon positive.
Quality and Worn Wear®

The longer our products last, the less impact they have, so creating products of superior quality is one of the most ecological things we can do. “Extending the life of clothing by an extra nine months of active use would reduce carbon, waste and water footprints by around 20-30%.” Therefore, creating durable products is one of our highest priorities and is the foundation of the Ironclad Guarantee on our products.

Since 2013, our WornWear.com program has encouraged customers to repair, reuse, recycle and change their relationship with their Patagonia products. Through Worn Wear, we fix our customers’ gear in our stores, on the road and at our garment repair center—the largest sewing repair facility in North America. (We repaired over 55,000 pieces in 2018 alone). Worn Wear also buys back used Patagonia goods from our customers, refurbishes them and resells them on WornWear.com. This “re-commerce” business has so far extended the life of over 80,000 products.

Shipping Products

Our products are shipped all over the place. To reduce our shipping footprint, we analyze our shipping routes to minimize distances traveled, switch to less energy intensive modes of transportation (i.e., ocean freight over air) and increase "drop shipping" where products ship directly from factory to regional distribution centers. In Summer 2018, we added a new distribution center in Pennsylvania, which significantly reduces the carbon intensity of shipping products to customers on the East Coast of the U.S.

Our Supply Chain Task Force

Patagonia is often a small portion of our suppliers’ business; our textile suppliers and contract sewing manufacturers assemble products for a lot of different customers. Each of our finished garments has been worked on by several partners by the time it reaches our shelves. Moreover, our partners face very different political, social and environmental challenges, depending on where they operate. Taken together, this makes implementing consistent environmental standards throughout our supply chain incredibly complex, and that’s why we created our Chemical and Environmental Impacts Program (CEIP). This global team manages environmental impacts in our global manufacturing supply chain from the textile mills to the subcontractors of our sewing factories.

The program has a robust set of requirements and we work with our partners to set progressive action plans in five key areas: environmental management systems, chemicals management, waste management, water use, energy use and air emissions. One immensely helpful step for CEIP has
been adopting existing industry certifications such as bluesign®. The CEIP team works with suppliers to calculate and reduce greenhouse gas emissions by switching to more efficient practices and adopting low-carbon or zero-carbon energy sources.

**Patagonia Buildings**

We currently have over 75 Patagonia operated stores across the globe, seven regional headquarters and two distribution centers. When opening new locations, we’ve long prioritized the use of existing buildings over new ones and have developed a set of sustainable building principles to guide their development. These include low-impact construction techniques, energy efficiency and renewable energy, passive heating/cooling, reclaimed materials and low-VOC paints. For example, in addition to our on-site solar arrays (more on this below), our Reno distribution center has a “night flush” system that brings cool air into the warehouse each evening, eliminating the need for any cooling equipment.

**Sustainable Commuting**

In 2010, we launched our Drive-Less Program to encourage employees to avoid single-occupant vehicle commuting. Each year Patagonia rewards employees who carpool, ride a bike, skateboard or take public transportation by reimbursing them $2 per trip, and up to $500 per year. This past year over 900 employees collectively avoided 951,482 single-occupant vehicle miles.

**3. Convert to Renewable Energy**

**Owned and Operated Locations**

One hundred percent of the electricity we use in our global owned and operated locations will come from renewable energy by the end of 2020. Reaching this goal requires that we improve operational efficiencies, change some of our energy providers and invest in renewable energy. We’re doing all three.

In the U.S., on-site solar arrays at our headquarters and distribution centers account for only three percent of our U.S. electricity use. However, as of fall 2018, we have four additional solar arrays being installed, which total an additional 1.6MW of on-site renewable energy. This will cover an additional 52 percent of our U.S. electricity use. To address the other 45 percent of our electricity
needs, Tin Shed Ventures®, our in-house investment arm, funds residential solar projects across the U.S. These arrays power over 1,500 households and yield Renewable Energy Certificates (RECs) that Patagonia applies to its U.S.-based electricity consumption.

In Japan, we’ve transitioned to a power provider to source a higher grid mix of renewable energy and have invested in a 150KW project that installs raised solar panels over an agricultural field, allowing for the land to produce clean power without sacrificing agricultural production.

At our European headquarters in Amsterdam, we worked with the other tenants of the building we occupy and convinced the landlord to adopt 100 percent wind power in the building.

Solar panels on our office in Australia and one of our retail stores meet 25 percent of Patagonia Australia’s energy needs.

Combined, these efforts pump electricity onto the grid greater than 100 percent of our U.S. electricity use and 76 percent of our global footprint. VIII

**Supply Chain and Non-Connected Investments**

Given that the lion’s share of energy use happens in our supply chain, we are also working with suppliers to invest in renewable energy projects at their facilities. In areas where we can’t transition suppliers to renewables, we are exploring significant investments in larger-scale renewable energy projects to offset our regional footprint. Work on this front is just beginning as we are analyzing country-specific policies, financial opportunities and hurdles, and potential investment and project development partners. As our supply chain converts over to renewables, we anticipate the need for offsite renewable energy projects will lessen.

**4. Capture Carbon**

**Regenerative Organic Agriculture**

If there’s one thing we’re convinced that we can do as a company that could actually solve the climate crisis, it’s regenerative organic agriculture. A collection of farming and grazing practices that emphasize the use of cover crops, rotating crops, composting and little or no tilling, regenerative agriculture employs people, yields healthy soil, protects and enhances biodiversity, and improves water quality and retention. Furthermore, and most exciting for us, is the potential of
these agricultural methods to capture carbon from the atmosphere, where it’s trapping heat and cooking our home planet, and store it deep into the soil. According to Rodale Institute, switching the world’s croplands and pastures to regenerative organic agriculture could remove more than 100 percent of the world’s annual carbon emissions.⁹⁸

We firmly believe in the potential of regenerative organic agriculture to supply our cotton (we have pilot programs underway), and sources of food for Patagonia Provisions (starting this year with mangoes). We also believe it can improve the way the world grows its food and fiber. Along with Rodale Institute, Dr. Bronner’s and other key partners, we’re supporting a **Regenerative Organic Certification**. This certification supports a holistic approach to agriculture encompassing pasture-based animal welfare, fairness for farmers and farm workers, and robust requirements for soil health and land management. We plan to widely adopt this standard throughout our supply chain.

**Reforestation**

We work with key suppliers and nonprofit partners to explore other types of carbon insetting projects, such as reforestation initiatives. The term “carbon insetting” is defined as a carbon reduction project, verified by an offset standard, which occurs within a company’s supply chain or supply chain communities.⁹⁹

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²Our GHG inventory currently looks at our impacts from raw material creation through to the delivery of products to our customers, and at this time only relates to our apparel business. In terms of the GHG protocol, this includes Scope 1 and Scope 2 emissions, and Scope 3 emissions tied to the following categories: purchased goods and services, upstream transportation and distribution, and downstream transportation and distribution.

We acknowledge that there are emissions associated with other parts of our value chain such as the use phase of our products. We have a phased approach to bring these other impacts into our overall GHG inventory and carbon neutrality plan. The third-party audit was done by SGS (started in fall 2017 and ended in early 2018).

³¹41,000 metric tons CO₂e is equivalent to: 15,225 homes’ energy use for one year, or emissions from 30,193 passenger vehicles driven for one year.

⁴The Greenhouse Gas Protocol breaks emissions into three different “scopes.” Scope 1 refers to any direct emissions from owned or controlled sources (i.e., natural gas burned on-site, fuel from company vehicles). Scope 2 emissions are a company’s own emissions.
from purchased electricity. Scope 3 emissions refer to any other emissions along a company’s value chain (upstream emissions such as those from creating materials to downstream emissions like those related to delivery of products to a customer).

Suppliers are required to have certified preferred fibers using one or more of these certifications: Traceable Down Standard, Responsible Wool Standard, Organic Cotton Standard, Global Organic Textile Standard, Forest Stewardship Council, Global Recycle Standard or Recycled Claim Standard.

“Valuing our clothes: the true cost of how we design, use and dispose of clothing in the UK.” Waste & Resources Action Programme, Page 5.

We guarantee everything we make. If you are not satisfied with one of our products at the time you receive it, or if one of our products does not perform to your satisfaction, return it to the store you bought it from or to Patagonia for a repair, replacement or refund. Damage due to wear and tear will be repaired at a reasonable charge.

We are currently in the process of getting these calculations verified by Center for Resource Solutions, an external firm who specializes in and certifies renewable energy claims under their Green-e certification program.

Report: Regenerative Organic Agriculture and Climate Change–A Down-to-Earth Solution to Global Warming (Page 2), “Simply put, recent data from farming systems and pasture trials around the globe show that we could sequester more than 100 percent of current annual CO₂ emissions with a switch to widely available and inexpensive organic management practices, which we term ‘regenerative organic agriculture.’ These practices work to maximize carbon fixation while minimizing the loss of that carbon once returned to the soil, reversing the greenhouse effect.”

The term “carbon insetting” is defined as a carbon reduction project, verified by an offset standard, which occurs within a company’s supply chain or supply chain communities.

1% for the Planet®

Since 1985, Patagonia has pledged 1 percent of sales to the preservation and restoration of the natural environment. Since then, we’ve awarded over $100 million in cash and in-kind donations to domestic and international grassroots environmental groups making a difference in their
In November 2018, we announced that we are giving away the $10 million in unplanned cash (we saw as a result of an irresponsible tax cut) to organizations responding to the climate crisis. To date, we’ve supported hundreds of organizations working to promote a sustainable-energy future and fighting for the rights of those most significantly affected by climate change.

Over the years, we’ve supported groups who fight pipelines and toxic oil refineries, and NGOs that recruit new leaders in the climate movement. Last year, in addition to our worldwide giving, we donated $1 million to support mainly state, local and regional efforts in the areas of climate policy, transitions to a clean-energy economy and climate justice—groups such as the Stand Up to Oil coalition, who successfully defeated the largest oil shipping terminal ever proposed in North America. We invested in groups such as California Environmental Justice Alliance (CEJA), who used Patagonia’s funds to pass groundbreaking pro-climate policies like California’s Senate Bill 100 to achieve 100 percent clean, renewable energy. We funded climate justice groups like Environmental Health Coalition, who developed an online Climate Justice Leadership program to organize and empower local environmental justice leaders.

**Tin Shed Ventures®**

In 2013, we launched Tin Shed Ventures an internal investment arm to support like-minded, responsible startup companies who use business to solve some of the most intractable environmental problems. Tin Shed Ventures’ goal is to show that businesses can be successful while demonstrating a deep commitment to environmental stewardship right from the beginning.

In addition to renewable energy investments, Tin Shed Ventures seeks out early stage innovations that can reduce Patagonia’s reliance on carbon-intensive practices, such as biobased materials and chemistries used in our garments, or processes that use less energy and water than traditional industrial processes. For example, Tin Shed Ventures’ first investment was made into Tersus Solutions to develop a closed-loop industrial washing technology that uses liquid CO₂ rather than water to clean and process materials and garments. Tersus’s technology uses approximately 35 percent less energy than traditional washing processes. To date, Tersus has saved over 110,000 pounds of greenhouse gas emissions.
Investing in Future Business Leaders

For the last three years, Patagonia and UC Berkeley’s Haas School of Business have hosted an annual case competition for graduate students from across the U.S., where we asked them to tackle the real-life issues facing Patagonia and our planet. Past cases have addressed the quality and environmental concerns of durable water repellent, and how to accelerate the adoption of regenerative organic agricultural practices. In 2018, students examined how Patagonia can reach carbon neutrality by 2025.

Activism

Patagonia’s mission is to save our home planet, and activism is central to our company’s philosophy. We use our platform and our community to advocate for environmental policies that protect us and our communities, hold our leaders accountable and support action on the climate crisis. We’re active members of the Business for Innovative Climate and Energy Policy (BICEP), where we join with other businesses to demand strong climate polices.

We sent an international delegation of employees to COP 21, where we vocally supported the Paris Climate Agreement and, after the current administration’s decision to exit the agreement, signed on immediately to the We Are Still In campaign. We’ve lobbied our state and federal governments on issues ranging from keeping offshore drilling off our California coast, to protecting the Arctic National Wildlife Refuge from oil and gas exploration, to opposing fossil fuel pipeline projects like Keystone XL, Line 3 and the Dakota Access Pipeline. We’ve marched in every major climate march on U.S. soil and across the globe to fight for more robust climate policies.

Globally, our employees are engaged in local climate fights: opposing the current push by the Japanese government to bring over 30 new coal-fired power plants on line, stopping deep-water oil drilling in the Great Australian Bight, and resisting the continued development of hydropower on pristine European rivers under the false pretense of renewable electricity.
In the U.S., we are currently suing the U.S. government to protect our public lands and keep fossil fuel-based activities out of these national treasures. We also vocally support policies, regulations, administrative appointees and candidates running for office that are committed to the planet and climate action.

**Patagonia Action Works**

In 2018, we introduced [Patagonia Action Works](#)–an online platform that boosts the efforts of the organizations we fund and connects our community to the nonprofits that we support. The initiative is designed to connect citizens who want to take actions with groups who can harness their talents to make a real difference. It's our answer for the many who’ve asked us over the years, “What can I do?”

Since we launched, Patagonia Action Works has supported more than 170,000 activities and helped arrange for 9,000 skilled volunteer hours on behalf of our grantees, resulting in more petitions signed, more donations received, more packed events and more action.

**Employee Engagement**

Our employees play a critical role in pushing our company to be responsible leaders in the climate movement, and we make a concerted effort to equip them with the tools they need to lighten their footprint on the job and in their personal lives. Throughout the year, we host clinics with nonprofits working on climate issues, provide opportunities for employees to get involved in their local communities and encourage low-impact living through our Bike to Work and Zero-Waste Weeks.

**Sharing Best Practices**
We need everyone in the fight, so we share proprietary information and best practices with other businesses, including direct competitors. Our business is a tiny fraction of the global apparel industry, and we know we can’t solve the climate crisis alone. We also know we don’t have all the answers. Through various organizations, such as the Sustainable Apparel Coalition, Textile Exchange and Organic Cotton Accelerator, we lead where we can, learn where we can’t, collaborate, and partner with those who share our determination to save our home planet.