



Eric Noll, lead designer of advanced concepts, works on the M10® Storm Jacket in the Forge, Patagonia's R&D lab, Ventura, California.

Ian Durkin

# Relentless Refinement

We determine the impact of every product right at the start of the design stage. Here are some of the questions that guide us:

- What material should it be?
- Is the product versatile and durable?
- Can it be readily repaired or re-sold to keep it in play, and repurposed or recycled at the end of its life?
- Does it demonstrate beneficial innovation that can be implemented by other brands?
- And, above all, is it the best it can be for its intended use? Not among the best, but the absolute best.

Building the best product requires constant iteration and improvement, and continually circling back to our guiding questions, as we test new materials that meet our high performance and durability standards while also minimizing negative environmental and social impacts. We obsess over the details and finishes of everything we make, and these questions keep us in lockstep with our values.

## Pushing the Edge of Product

We debuted the new M10® Storm Jacket, Pants and Bibs in Fall 2024. These hard shells are for those who need full-on weather protection with minimal weight. For the M10® Anorak, we dropped in some car battery tech. Most porous membranes for garments are made chemically, requiring a solvent bath and resulting in randomly sized holes. But automakers developed a nanoporous membrane that's made mechanically, stretching the material to get uniform, nano-sized holes. The Xpore® nanoporous membrane in the M10 Anorak is made like those in car batteries, with consistently sized pores that keep rain and snow out but still let sweat and heat escape, resulting in a highly waterproof/breathable material made without harsh chemicals. For all M10 styles, the fabric, membrane and durable water repellent (DWR) finish are made without intentionally added PFAS.

To create the M10 styles, our designers spent years testing weird prototypes and exchanging all-hours text messages with our ambassadors. “In climbing, you spend a lot of time with your arms above your head,” says Kelly Cordes, our field-testing coordinator. “You’re reaching for holds, you’re swinging your ice tools, and you don’t want any restriction. That was the brilliant thing that the design team did with the patterning—you have zero restriction for reaching overhead. The M10 is everything you need and no extra bullshit. It’s a Ferrari, a total race car.”



Andy Wyatt and Dylan Johnson put prototype fabrics to the test on an ascent of the Cirque Traverse, Cirque of the Towers, Wind River Range, Wyoming.  
Austin Siadak

“We didn’t start with patterning. We actually started by looking at dance, at jiu-jitsu. We wanted to see what else was out there and how we could apply it. That takes time and also conversation with our athletes to bring this product to where it is today.”

—Eric Noll Lead Designer of Advanced Concepts

## Our Design Pillars® at Play: The M10® Anorak

Our Men's M10® Anorak is a 3-layer alpine shell made for moving fast and light, and climbing through any weather. It was also built to stay true to our core design principles, and it's made in a Fair Trade Certified™ factory. Here's how we did it.

### PRODUCT EXPERIENCE

New articulation and refined fit for core alpine athletes, with hood and cuffs both designed to wear with or without helmet and gloves.



### LONGEVITY

Timeless, minimalist design ensures long-term appeal and utility.



### WATERPROOF PERFORMANCE

Durable water repellent (DWR) finish that exceeds our own waterproof-breathable standards; fabric, membrane and DWR finish all made without intentionally added PFAS (more on that on page 78).

### REUSING WASTE

3-layer H2No® Performance Standard shell made with 100% recycled nylon ripstop to reduce our reliance on virgin materials.

### FUNCTIONALITY

Improved arm and shoulder patterning for unrestricted motion and almost zero hem lift when reaching above the head. To improve breathability, Senior Material Innovation Engineer Natalie Banakis pulled inspiration for the waterproof membrane from battery separation technology. ("If you're really interested in learning how a battery works, I encourage you to Google it later," she says.)

M10®

# Quality Is an Environmental Issue

Poorly made products drive waste, pollution and overconsumption—outcomes that conflict with our purpose.

Responsibly made, high-quality products that are multifunctional, durable and repairable can be used for years and years. As a result, they reduce waste and take full advantage of valuable resources already extracted. Quality, for us, is an environmental attribute.

Since 2015, we've measured every product against our Ironclad Quality Index (IQI), an all-aspects evaluation of design, manufacturing and performance.

Merging our design philosophy rating with impact data, customer feedback and defect analysis, the tool pushes us to do better: assessing our products against our business and environmental goals, identifying areas for improvement and developing clear stepping stones for product evolution.

When we score a product—we're always striving for 10 out of 10—we're testing them against a robust set of questions:

## QUALITY OF DESIGN

- Are a product's materials, construction and design the best available for a clearly defined function and use?
- Do the materials help lower the overall environmental cost of the product?
- Does the design ensure the product can be easily repaired?
- Will it be widely adopted globally?

## QUALITY OF MANUFACTURE

- Can we achieve the product's intent and artistry at scale?
- Does the quality of work done by the manufacturers help minimize potential defects and maximize the product's lifespan?

## QUALITY IN USE

- Does the product fit well and perform as intended in the field?
- Is it durable enough to have a long life without needing repair or return?
- Is it easily maintained or cared for over time?



Wetsuit repairs technicians Buddy Pendergast (left) and Hector Castro (right) at our 2023 Wetsuit Forge repair event in New Hampshire.  
Ryan Strick

Here's our current company-wide average IQI scores for all products: Design, 8.8; Manufacture, 7.9; In Use, 7.9. The overall average score is 8.2.

We consider what causes less harm over a product's entire lifespan and then make decisions to achieve that. A recycled fabric, for example, is not automatically better if it means it only lasts a season.

A perfect 10 on the IQI is almost unreachable—it's a North Star, not a baseline, since products and processes can always be improved. Styles that are simple, useful and durable, however, come close to that perfect 10 score. Our beloved Baggies™ Shorts are a 9.4 because they are versatile, nearly indestructible, easy to repair and made from preferred materials. Never change, Baggies. (Unless, of course, we find a way to make up that last 0.6.)



## The IQI in Action

 Ironclad Quality Index PRODUCT RATING  
#0094218

**Black Hole® Duffel**

Every product we make undergoes an extensive environmental cost analysis. And when we're in a crunchy position between product longevity, environmental impact and customer needs, our IQI and core design principles help us make those calls. Case in point: our recent redesign of the Black Hole® Duffel.

Our haul-it-all duffel is one of our mainstays. In 2016, we rated it 7.2 on the IQI—high marks for functionality and customer satisfaction, but lower ones for reparability and materials impact. (How the product was made and by whom are not directly included in the IQI score.) Creating pre-sewn panels that allowed for easier servicing solved the repair issues, but the materials problem required a new supplier.

Accounting for almost half the fabric weight in each bag, the Black Hole Duffel's glossy, weather- and abrasion-resistant coating was made from thermoplastic polyurethane, or TPU, derived from virgin petroleum. We found a source of recycled TPU with the same uncompromising durability, but it had a matte look instead of the iconic shine—decreasing our petroleum dependence but also presenting a possible risk to sales.

Ultimately, we decided the commercial risk was worth it. And encouragingly, our customers have come to see it the same way too. For FY25, over 80% of our TPU is recycled\*—and the Black Hole Duffel is higher-quality, more responsible and higher-scoring on the IQI. Turns out they could go without the gloss.

<b>Score in 2016</b>	<b>7.2</b>
<b>Score in 2024</b>	<b>9.3</b>

\*Across all TPU in our line by weight, exclusive of trims

# Materials Matter

In FY25, over 93% of our polyester and 89% of our nylon are now recycled—a transition that has significantly reduced our use of petroleum and promoted new waste-recycling streams.

For most technical gear, synthetic fabrics are more durable and long-lasting, so they score higher in overall impact and quality on the IQI. They also provide indispensable performance, from breathable sun protection for tropical climes to waterproof shells for sub-zero alpine temperatures.

The problem with synthetics, however, has always been the extraction and processing of the petroleum used for virgin nylon, polyester and other synthetic materials. To help reduce our reliance on fossil fuels, we have focused on sourcing recycled synthetics that last and perform just as well as non-recycled synthetics, with a goal set in 2018 to completely eliminate non-recycled/virgin synthetic fibers made from petroleum by the end of 2025.

Patagonia Climb Ambassador Colin Haley atop Woolley's Shoulder en route to Mount Alberta, Canada. All our products featured here—including the Houdini® Jacket, DAS® Light Hoody and Ascensionist Pack 55L—are made with recycled materials.

Jason Thompson

## Work in Progress Report



## 84%\* of all our fabrics and trims are made with preferred materials.

Preferred materials—to quote our partners at Textile Exchange—are fibers or raw materials that consistently deliver reduced impacts and increased benefits for climate, nature and people versus the conventional equivalent, through a holistic approach to transforming production systems.

The majority of our preferred materials are backed by third-party certifications with rigorous social, animal welfare and/or environmental standards along with stringent traceability and chain of custody requirements—the Responsible Wool, Responsible Down and Global Recycled Standards are just a few examples.

In 2018, when 46.6% of our materials were preferred, we hoped to get to 100% by 2025. As with our goal to completely eliminate virgin petroleum fibers, we are not there yet—but we have made substantial progress and are now focused on finding better alternatives for the final stretch; this mostly includes coatings, trims, and hard plastics and metals used in components like buckles and zippers.

Our challenge: identify preferred alternatives that meet our rigorous performance and durability standards.

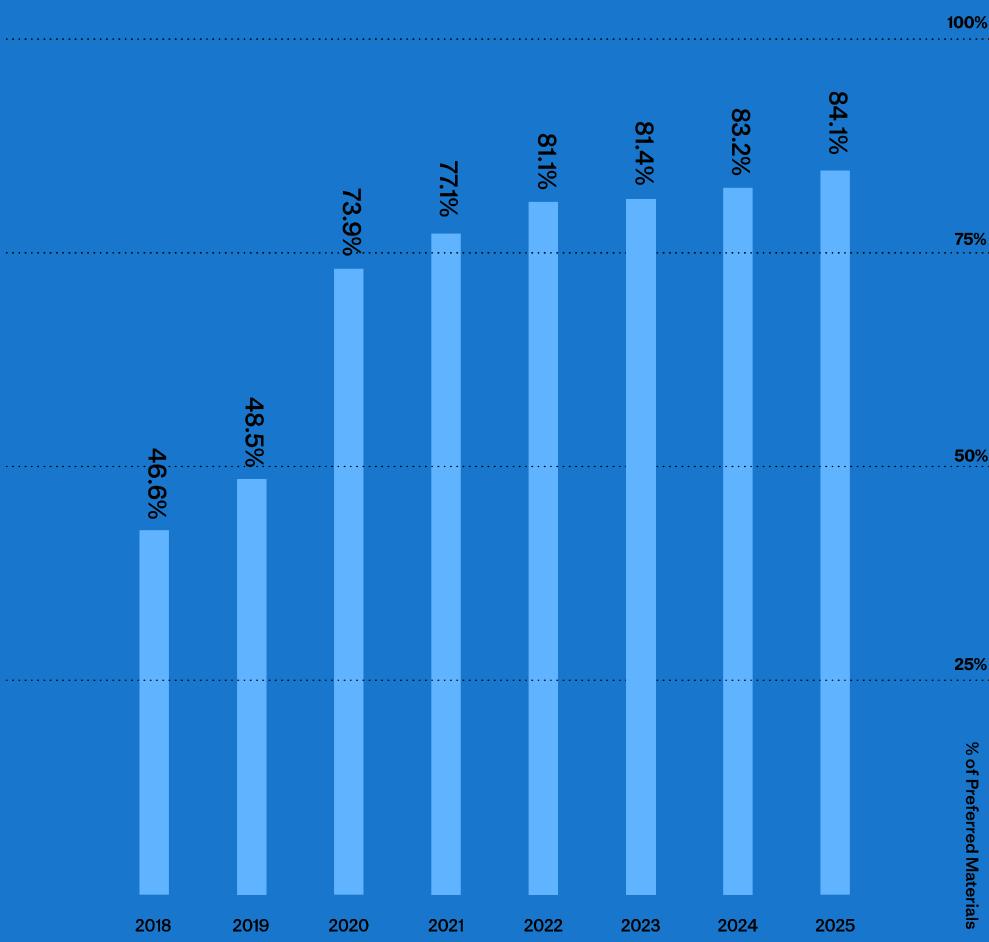
### PATAGONIA MATERIALS CONTENT BREAKDOWN (FALL 2024/SPRING 2025 SEASONS)

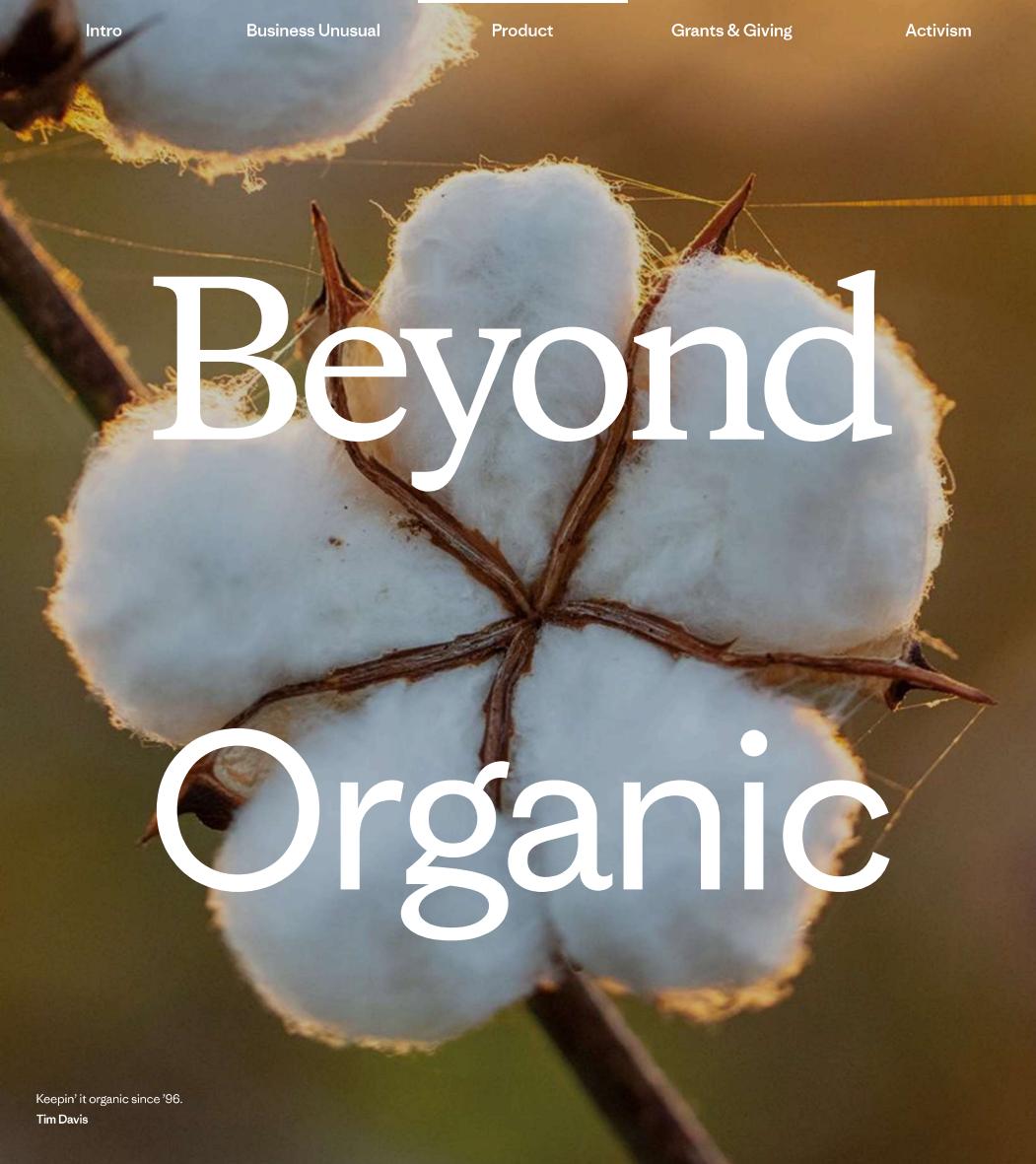
Content Type	% of Total Material By Manufactured Weight	Conventional (% of Specific Material)	Preferred (% of Specific Material and Type)
Polyester	55.8	6.4	93.6 recycled
Nylon	14.3	10.5	89.5 recycled
Cotton	13.5	0.0	100 (44.4 organic, 27.1 recycled, 17.1 Regenerative Organic Certified, 11.4 Cotton in Conversion)
Other <sup>†</sup>	11.8	84.9	15.1 recycled
Down	1.4	0.0	62.3 recycled, 37.7 Responsible Down Standard (RDS)
Hemp	1.1	0.0	100 (93.7 hemp, 6.3 organic)
Spandex	.9	96.6	3.4 recycled
Man-Made Cellulosic Fibers	.7	0.0	100 (42.3 TENCEL® lyocell, 36.1 modal, 21.6 Naïa® Renew)
Wool	.6	0.0	100 (75.7 recycled, 24.3 Responsible Wool Standard (RWS))
<b>Total</b>	<b>100%</b>	<b>15.9%</b>	<b>84.1%</b>

\*84% includes every material and trim listed on the Bill of Materials (BOM).

<sup>†</sup>Other includes coatings such as thermoset polyurethane (PU), thermoplastic polyurethane (TPU) and metals such as zinc.

### PREFERRED MATERIALS PROGRESS OVER TIME





# Beyond Organic

Keepin' it organic since '96.  
Tim Davis

We've been committed to organic virgin cotton since 1996. Today, we are on the path to an even higher standard.

**AS OF FY25 OUR COTTON WAS:**

- 44% certified organic
- 17% Regenerative Organic Certified® cotton, up from 0% in 2019
- 11% certified Cotton in Conversion
- 27% certified recycled

"We had to hike to get to these farms," says Wendy Savage, our director of social impact and transparency. "First a plane, then a bus, then a hike through the jungle. It was exhausting but rewarding, and the farmers were really proud to show us their plots and their cotton."

Last winter, Savage journeyed to the San Martín region of the Peruvian Amazon with supplier partners and members of our sourcing team to visit some of the family farms that supply Regenerative Organic Certified® cotton for Patagonia products.

"These are small farms in a region that mostly used to grow coca plants," she explains. "Over the past few decades, there have been a number of programs that helped them move away from coca and find other crops to grow for a living."

Now, with the help of Cotton Nation—an organization that helps support over 2,500 farming families and help get their organic and regenerative organic cotton to market—these families are helping revive carbon-capturing agricultural techniques that have been in practice for millennia, like intercropping, cover cropping, and low-till or no-till methods.

"This is how farming used to be, and they know it through generations, but they're learning how to do it better and with more yield," she says. "Cotton Nation saw how those farmers were growing their crops and knew there was an opportunity to have their cotton Regenerative Organic Certified, which would not only help build healthier soil but also help improve financial stability for farmers. The partnership is important to the farmers in other ways, too—they get financing, training, access to organic seeds and education from engineers who help them learn more about their soil and the best plants to use as companions for intercropping."

Producing high-quality, long-staple and extra-long-staple cotton, the farmers are also part of a farm-to-factory B Corp-certified supply chain local to Peru that includes spinners, ginners, fabric suppliers and a Fair Trade Certified® factory that produces finished goods.

"It took about 10 years to work through the vetting and approvals to start sourcing in Peru," Savage says, "and there were lessons we learned with the companies we partnered with along the way. But now, when I'm asked about the ideal supply chain, this vertically integrated partnership is it."

In contrast to mechanized, single-crop industrial cotton farms that rely heavily on chemical fertilizers and pesticides, regenerative organic farms are smaller, more hands-on and literally greener—the cover crops and intercrops between cotton rows are what can help support carbon-capture and give the soil new life. The certification itself is managed by the Regenerative Organic Alliance, a nonprofit we helped found in 2017 alongside Dr. Bronner's and the Rodale Institute.

Our goal was to inspire and drive radical change in how food and fibers are farmed by establishing the highest standard that can take organic farming to the next level: the Regenerative Organic Certified standard. This approach includes agricultural practices that improve soil organic matter from baseline levels over time, provide economic stability for farmers and ranchers, and create resilient ecosystems and communities.

In 2018, we began supporting farmers growing cotton using the Regenerative Organic Certified standard. We piloted a first crop of Regenerative Organic Certified cotton in India with more than 150 farmers and have since expanded to Peru. To date, our regenerative organic program has benefited over 2,000 farmers and 3% of our styles are now made with Regenerative Organic Certified cotton.

"To me, the feel of the soil is the most tangible difference," Savage adds. "On a chemical farm, it sort of crumbles in your hand. There's no warmth to it. In regenerative organic farming, you can feel that the soil is alive."

Though the benefits of regenerative organic practices are real and measurable, there are numerous challenges—on the ground for farmers and at a business level for brands. It's more labor-intensive to grow and, until demand rises, more costly.

"As good as it is for the Earth," Savage notes, "it's not a complete saving grace for the farmers. The price they get for regenerative organic cotton is higher, but they're still in poverty, and regenerative organic is a small program, even for us."



Wendy Savage (right) and the Patagonia team at Textil del Valle in Peru, where Regenerative Organic Certified® cotton yarn is spun into fabric.

Patagonia Archives | Christi Yung

The demand is the most frustrating part—it's difficult for sourcing teams to plan how much cotton they'll need years in advance, and without an upfront commitment from brands, the farmers and suppliers don't have the incentive they need to make the transition worthwhile."

That's why we advocate for regulated reporting and more broad government regulation, especially in a time when those regulations are rolling back at an alarming rate. To address some of the change that's needed now, we're also continuing to grow our Cotton in Conversion program, which helps support farmers financially during their three-year shift to organic methods. And while organic cotton—which we fully committed to in 1996 when we discontinued use of conventionally grown cotton in any of our products—prevents the use of chemicals, Regenerative Organic Certified cotton uses organic, low-till and no-till methods to actively build healthier soil, as well as adding standards that respect the welfare of people and animals.

"This goes above and beyond what we did in the '90s," Savage says. "This is our next step."

# "When I'm asked about the ideal supply chain, this vertically integrated partnership is it."

—Wendy Savage

Director of Social Impact and Transparency, on linking arms with supply chain partner Textil Del Valle S.A.

# What We've Learned Along the Way



A Regenerative Organic Certified® cotton farm in Peru's San Martín region that's part of Cotton Nation, an organization that helps support farming families and connect cotton to market.

Patagonia Archives | Christi Yung

We are proud to support Regenerative Organic Certified® cotton, but scaling it takes a collective effort. We need more brands on board to help build a stronger and more reliable marketplace for Regenerative Organic Certified cotton. But over the almost decade of commitment, we've learned a few things:

## FARM-LEVEL COTTON COMMITMENTS

Supporting farmers means committing early—often three or more years out—so they know how much cotton to plant. That kind of long lead time can be tricky for business planning, especially when demand is uncertain.

## EMERGENCE OF REGENERATIVE CERTIFICATIONS

"Regenerative" has become a buzzword, and without rigor behind its use, it can be misleading, like seeing "natural" on a label for processed foods. Multiple regenerative certifications do not require organic practices, making them easier for brands and farms to adopt. But organic is core to Regenerative Organic Certified—without that foundation, it's hard to ensure the long-term environmental and social benefits we are aiming for. The higher bar is meaningful, but it has led to lower adoption overall.

## MEASURING IMPACTS

This one is complex. The Regenerative Organic Alliance continues to work with soil-test data to understand Regenerative Organic Certified's impacts on carbon sequestration. When it comes to farmer well-being, we are working with external partners to better quantify the full impacts of Regenerative Organic Certified. So far, we have gathered valuable data on farm workers and cotton yields thanks to our partnership with the Organic Cotton Accelerator.

## PATAGONIA ORGANIC COTTON ACCELERATOR FARMERS HIGHLIGHTS IN INDIA: 2023-2024 SEASON\*

Organic cotton farmers involved

874

Total metric tons of seed cotton procured

660

Average premium paid to Organic Cotton Accelerator farmers in addition to market price

10%

Regenerative practices utilized across these key areas:

- Farm soil fertility and pest management
- Maintaining biodiversity
- Crop diversification
- Land and water management

Hectares of cotton production

430

Digital premium payments

100%

Average net income increase from cotton per hectare, compared to conventional farmers

16%

9

\*Most current data available at report publication date

# NetPlus® Recycled Nylon

DON'T WASTE IT. WEAR IT.



Pallets of end-of-life nets ready to be recycled in the Bureo warehouse in Concepción, Chile.

Jürgen Westermeyer

In 2014, we gave seed funding to Bureo—a California start-up—to help develop NetPlus® material. A versatile alternative to nylon and high-density polyethylene (HDPE), it's a 100% recycled material that reduces the need for virgin plastic and helps prevent used, discarded fishing nets from polluting our oceans. We first used it in hat brims in 2021, and we are now using it in over 150 styles that include Down Sweater® styles, Baggies® Shorts and kids' jackets. And it's catching on with other brands. Now, you can find NetPlus in Nike running gear, Yeti hats, Outerknown boardshorts and Costa sunglasses.

The program has crossed oceans, too. In the wake of a massive earthquake that hit the Noto Peninsula in Japan, affecting the fishing industry, our Japan-based employees helped launch NetPlus NOTO. It gives out-of-work fishermen steady income collecting and sorting discarded fishing nets. The program, aided by Bureo and local start-up Ellange, turns end-of-life nets into raw materials. So far, roughly 49 tons of discarded nets have been secured for the project.

# 500+

metric tons of Bureo NetPlus® material woven into Patagonia products across Fall 2024 and Spring 2025 seasons

# 2,000+

metric tons of fishing nets recycled into our products to date

## Fibers of the Future

We are incorporating synthetic fibers into our products that are sourced from unconventional recycling streams, stuff that would otherwise end up in landfills. This past year, those materials came to life in:

- Over 150 styles, like Down Sweater™ Jackets, Baggies™ Shorts and Wavefarer® Boardshorts, made with NetPlus® recycled nylon derived from recycled fishing nets
- 29 styles, including our best-selling Torrentshell rain jackets, made from ECONYL® 100% recycled nylon, an alternative sourced from industrial and postconsumer waste
- 12 Retro-X® styles made from 100% Repreve® recycled polyester, certified by OceanCycle and sourced from coastal communities at risk of plastic pollution

We also know recycled is not the fix-all solution. Recycled synthetics still take substantial amounts of energy to produce. It's less fossil fuel use, but not zero. There's also more work to do as we seek out less harmful coatings, finishes and production processes, building on long-term efforts like transitioning from silver- to plant-based odor-control treatments.

Here are the three questions that guide us to do better every day:

# 01

How can we improve our materials sourcing and selection to further divest from fossil fuel inputs?

# 02

Are our current materials the best materials we can use, both in impact and performance?

# 03

How can we generate more impact data and partner with other brands and suppliers to make well-informed decisions about future materials and help create a more responsible industry?

## Made with Stuff That Doesn't Belong in the Ocean

In 2024, we made big moves to one of our most iconic products, Baggies™ Shorts. They are now made from NetPlus® 100% postconsumer recycled nylon to help reduce ocean plastic pollution.





Surf Product Line Manager  
Hub Hubbard (right) and  
Product Developer  
Andrew Reinhart (middle)  
work with partners at the  
Sheico wetsuit factory in  
Thailand.

Ryan 'Chachi' Craig

# Making Our Products

## Forge to Factory

The Forge is our R&D lab at our Ventura, California, headquarters where our ideas for making better gear come to life—a creative space that embodies our commitment to experimentation, sustainability and long-term impact. Its name is a nod to founder Yvon Chouinard's early days forging pitons in his blacksmith's shop, and that same spirit of hands-on innovation still drives the work inside. It's where organic cotton, recycled down and durable water repellent finishes made without intentionally added PFAS got real. It's where countless more ideas are allowed to fail, evolve and sometimes become the next big thing.

Once design, prototyping and field-testing are complete, we work with our supplier partners to build our products at scale. Supply chains are complex, multilayered entities, and they're where the environmental and social impacts of making our products—both positive and negative—become exponentially greater.

## Our 4-Fold Approach

Since the early 2000s, we have been performing due diligence with our suppliers to ensure they can meet our standards for performance and responsibility.

The pre-screening is led by a cross-functional group of internal experts that evaluates all our finished goods factories and their sub-contractors, as well as our top fabric mills and trim suppliers, through what we call our “4-fold approach.” If we find a supplier is unable or uncommitted to complying with our 4-fold requirements, we will not place orders with them.

This vetting approach covers four key areas of supplier performance:

### 01

#### Business

Will meet our production requirements including capacity, price, innovation and development, and delivery timelines

### 02

#### Quality

Will make products that consistently meet our exacting quality specifications

### 03

#### Social Impact and Traceability

Will meet our social responsibility standards and ability to substantiate materials and labor claims

### 04

#### Environmental Impact

Will meet our environmental standards and reduce impact in production



An employee sorts factory scraps that will be recycled into cotton yarn and later made into Patagonia apparel. Giotex factory, Mérida, Mexico.  
Keri Oberly

## Percentage of Supplier Traceability by Material: Spring and Fall 2024

### SUPPLIER CERTIFICATIONS

Third-party certifications are essential to communicating the environmental and social performance of our supply chain, helping prevent exploitation of workers and greenwashing, and providing a higher level of assurance that our products contain the preferred, less harmful materials our designers intended. These globally recognized certifications—such as Regenerative Organic Certified®, Forest Stewardship Council®-certified, and the Responsible Wool and Responsible Down Standards—require sharing and tracing where and how the materials are sourced and processed.

We also require suppliers to follow strict guidelines to demonstrate where each fiber or material comes from. This is how we ensure that what we say is in our products is actually in there. The strong partnerships we have built with suppliers have allowed us to reach full certification status for our products. This means each link in the supply chain up to the brand level has to be certified for products containing organic cotton, recycled materials, virgin wool, and virgin down.

### PRODUCT CLAIMS SUBSTANTIATION

And then we double-check. We commit to lab tests to verify claims such as geographic fiber origin, compliance with geographic sourcing requirements and content of preferred materials. With validation by our own internal experts and scientific testing—as well as those third-party certifiers—we are able to compile and distribute clear and reliable product information that helps our teams make future design and sourcing decisions.

PERCENTAGE OF SUPPLIER TRACEABILITY BY MATERIAL



\*Most current data as of report publication date

## Our Supply Chain by Country\*

### TRANSPARENCY IN OUR SUPPLY CHAIN

Thorough vetting and credible and standardized data give us a comprehensive understanding of every entity involved in how our gear gets made, from fiber to final product. This transparency doesn't just support our rigorous social benchmarks, quality and environmental standards. It also allows customers to learn where and how their gear is made, and others to understand the industry better and identify more responsible paths to making products.

We are guided by three key pillars—supply chain mapping, supplier certifications and product claims substantiation—since we rely on the work of hundreds of independent suppliers to build our products. Farms, factories, fabric mills, spinners, processors, recyclers, to name a few. It is complex, but our pillars have enabled us to gain important insights into the manufacturing process—how our products are made and whether they meet standards.

### SUPPLY CHAIN MAPPING

Identifying every location involved in the product creation process is integral to our impact and quality monitoring. Once we know exactly where the work takes place, we can then assess any potential environmental risks, human-rights violations, or problems in sourcing or quality control and work with our partners to solve the issue.

Currently, our quality, environmental impact and social impact teams monitor 100% of the factories that make our products to ensure compliance with our standards and code of conduct. Same goes for our strategic materials suppliers. For preferred fibers with strict certification requirements, we also do further in-depth mapping with our own internal resources and those of our third-party certification partners.



\*Factories are all finished goods and subcontractors assembling the finished product, including washing, printing and embroidery (Tier 1). Mills refers to textile mills, which include suppliers involved in fabric formation, dyeing, finishing and trim production (Tier 2).

## Raising the Bar for Responsible Purchasing Practices

Our day-to-day business decisions on how we create and bring products to market help or hinder our suppliers' ability to uphold critical social and environmental requirements. Responsible Purchasing Practices (RPP) are a fundamental part of running a business and hold us accountable to our values. These practices are a commitment to establishing and implementing policies that consider the needs of both the brand and supplier to create a fair and mutually beneficial partnership. Think: clearly defining and adhering to agreed-upon order quantities, payment and terms, or the brand and supplier taking on the shared duty of social and environmental responsibility.

When the Fair Labor Association® (FLA)—a global organization we helped co-found—made RPP part of its required standards in 2011, it gave us the opportunity to formalize what we were already doing and build a more strategic, integrated approach.

RPP is a company-wide effort that starts with our CEO and involves our executive team and cross-functional key leaders. We formed an RPP task force to meet regularly, assess our performance in the multiple areas of RPP and improve our internal practices.

Our RPP program is also independently audited by the FLA. Their in-depth, multi-year audit evaluates how we align our planning and purchasing practices to support workplace standards, specifically: our policies and procedures, how we

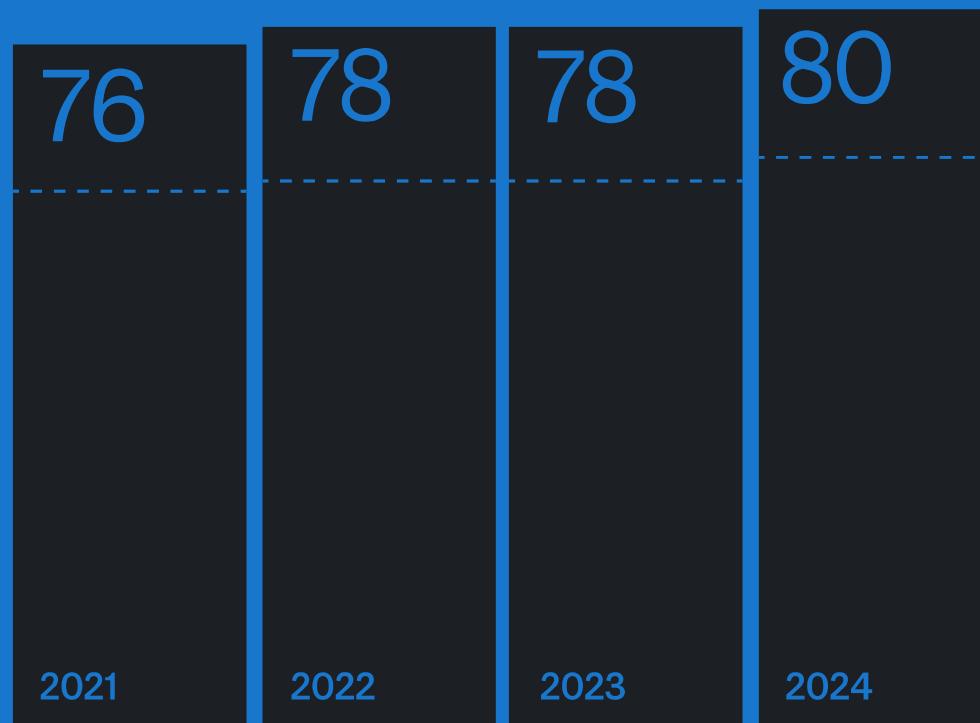
engage internally and hold ourselves accountable for our planning and purchasing decisions, and how we encourage suppliers to produce responsibly. In 2024, we received a 100% rating during FLA reaccreditation. In addition, we deepened our commitment to listening to our suppliers by partnering with the Better Buying Institute (BBI) to gather anonymous supplier feedback to guide improvements and measure performance.

2024 was our fourth year using the BBI Third Party Independent Purchasing Practices evaluation, a survey that asks suppliers to rate our purchasing practices on key areas like planning and forecasting, cost and pricing, payment terms, management of the purchasing process and sustainable partnership efforts. For the past four years, our average score was 78, which is higher than the industry benchmark average score of 70. See the chart to the right for score trends—the numerals indicate Patagonia's scores and the dashed lines are the industry benchmark scores.

Beyond our own operations, we also find it important to advance RPP across the industry. In partnership with the BBI and other like-minded brands, we co-developed an RPP eLearning course for internal use and broader industry access. We also support initiatives like the European Common Framework for Responsible Purchasing Practices and Better Work's Responsible Business Conduct framework to promote responsible business practices throughout global supply chains.

**RESPONSIBLE PURCHASING PRACTICES  
PATAGONIA SCORE VS. INDUSTRY\***

— — — — — Industry Benchmark



\*Reflects most current data as of report publication date

## Pioneering Standards and Certifications

We have forged partnerships with many third-party groups, and helped found others, to create new standards and certifications that guard against greenwashing and improve responsibility in sourcing and manufacturing.

This collaborative work also pushes us to constantly examine and improve our own practices. Most recently, for example, we partnered with Oritain for an additional layer of oversight in Regenerative Organic Certified® cotton sourcing.

These groups, companies and certifications have been integral to our ongoing efforts to increase responsibility across the industry as a whole.



### REGENERATIVE ORGANIC CERTIFIED™

Encompasses soil health, animal welfare, fairness for workers and rehabilitation of farmland to the highest organic standard. More than 2,000 farmers have benefited from our Regenerative Organic Certified® programs, which we helped create.



### ORITAIN

Adds transparency to our Cotton in Conversion, organic and Regenerative Organic Certified® cotton by testing the atomic structure of materials and determining the environment that influenced it; we have conducted sample testing for all of our Regenerative Organic Certified suppliers.



### FAIR TRADE

Pays a premium directly to workers for every item made in a Fair Trade Certified® factory; the certification also promotes strong social and environmental workplace standards. We make over 90% of our line in Fair Trade Certified factories.



### BLUESIGN® SYSTEM

Works in the supply chain to ensure that the raw materials, dyes and other chemicals that go into our textiles are safe for the environment, workers and customers. We were the first brand to join the network of bluesign® system partners, which now includes close to 1,000 brands, manufacturers and suppliers.



### RECYCLED CLAIM STANDARD (RCS)

Used to independently certify both pre-consumer and postconsumer recycled inputs from source to store, and helps us verify that our percentages of recycled content are correct.



### GLOBAL RECYCLED STANDARD (GRS)

Used to independently certify the recycled content in our products, helping us make sure our recycled materials are what they claim to be; we are committed to achieving GRS or RCS certification at 100% of our fabric mills by the end of 2025.



### ORGANIC CONTENT STANDARD

Used to independently certify our organic cotton at each stage of production, promoting transparency in our organic claims while giving organic farmers access to a global market for their products.



### RESPONSIBLE WOOL STANDARD (RWS)

Used to independently certify animal welfare and land management practices at farms, and track the certified wool from farm to final product. All our virgin wool is certified to the RWS to help ensure protection for the animals and the land they graze on.



### RESPONSIBLE DOWN STANDARD (RDS)

Used to independently certify animal-welfare practices at goose and duck down farms and slaughterhouses, and track the down feather process from the farm to the final product. 100% of the virgin down we source is certified to the RDS.



### FOREST STEWARDSHIP COUNCIL® (FSC®)

Standard used to independently certify responsible harvesting that aligns with strict criteria for biodiversity, worker safety and community rights.



### OCEANCYCLE®

Standard certifies chain of custody for recycled polyester sourced from plastic bottles collected from coastal areas that lack publicly funded waste management infrastructure.



### ORGANIC COTTON ACCELERATOR (OCA)

Helps scale and expedite the benefits of organic cotton farming; for 2023–2024 (the most recent data available), our own direct-to-farmer support work with OCA benefited over 870 organic farmers, offering them 16% higher average net income per acre compared to conventional farmers. See more on page 60.



### TEXTILE EXCHANGE

Helps set industry standards and brings key stakeholders together to help increase the adoption of organic, recycled, bio-based and responsible animal fibers. We helped found the nonprofit back in 2002, when it was called the Organic Exchange.

# Labor and Social Responsibility



Patagonia pays a premium for every item made in a Fair Trade Certified™ factory. That extra money goes directly to factory workers, who then vote on how to put it to use. Vertical Knits factory, Baca, Mexico.

Keri Oberly

## Care for Workers

We do not own farms, mills or factories. Yet what's done in our name can't be invisible to us, so we've put decades of tenacious effort into analyzing and managing the impacts of our business on people and communities.

We do this because every one of our products—before its first clip-in, drop-in or bottom turn—begins its life in the hands of factory workers, the majority of whom are women. We could not be in business without them, and doing business responsibly includes making sure workers are treated in accordance with strict labor and human rights standards at all levels of the supply chain.

That's why we've also established several of our key long-term priorities—wages, working hours, freedom of association, and reducing risks of forced and bonded labor in the supply chain—as Double Materiality Assessment topics (see page 11). Identified by the International Labour Organization as some of the most significant challenges facing workers around the world, these priorities are complex global issues with multiple root causes, and solving them for good will require multifaceted efforts involving our own practices, industry partners, governments and NGOs.

Helping improve labor conditions across dozens of countries is difficult, long-term work, but we continue to focus on building alliances, setting new standards of transparency and implementing a robust social-responsibility program that not only minimizes harm but also creates a positive benefit for everyone touched by our business.

## Bolstering Accountability for Human Rights

Since the early '90s, our social responsibility program has focused on protecting and elevating the rights of workers to ensure safe, fair and respectful workplaces that pay a decent wage. In 1999, we became a founding member of the [Fair Labor Association \(FLA\)](#).

Now including over 200 members (brands, NGOs and universities), the FLA holds us and other apparel companies accountable for responsible labor practices. The nonprofit sets rigorous expectations for members through its [Principles of Fair Labor and Responsible Sourcing](#), and our FLA accreditation requires us to undergo comprehensive annual audits to demonstrate that we have the systems, competency and commitment to comply with all FLA principles. Our own [Workplace Compliance Benchmarks for Suppliers](#) either meets or exceeds FLA human rights benchmarks, and [we proactively mitigate](#) the risk of human trafficking, modern slavery, forced labor and child labor in our supply chain.

Though our own teams pay rigorous attention to the treatment of workers in our supply chain, we're also committed to understanding other expert work that shines a light on the realities of our industry.

Long-term alliances with third parties and local organizations also help us provide important practical support to workers. Through our partnership with Fair Trade USA, we've been making Fair Trade clothing since 2014. Today, we are proud to offer more styles made in Fair Trade Certified™ factories than any other apparel brand. We've also partnered with [MAMATA](#), an NGO that provides health-care services and education to workers and their families in Bangladesh; since 2014, our contributions have helped more than 80,000 people access critical needs like prenatal care and treatment of infectious diseases.

## Supporting Women in Our Supply Chain

Traditionally, over 70% of workers in the apparel industry are women. In our supply chain, it's 75%. The apparel industry offers a way for women to enter formal employment, particularly in countries where opportunities to pursue education and job training tend to be more limited.

This coming year, we're launching supplier education on gender equity and pay parity in collaboration with other brands. And while wage increases are our main goal for all workers, we're also partnering with the Fair Labor Association and Fair Trade USA to implement new internal data gathering systems, gain direct access to workers' voices and formulate more tangible KPIs to measure progress on the issues that most affect women in our supply chain, including child-care availability, upskill training and financial literacy.

Number of workers in factories making finished Patagonia goods:

# 89,806

Percentage of female workers:

# 75%

Country	Total # of Workers	% of Female Workers	% of Male Workers
Bangladesh	7,587	55%	45%
Colombia	969	56%	44%
El Salvador	3,655	66%	34%
Indonesia	2,748	96%	4%
Mexico	3,330	46%	54%
Nicaragua	1,293	74%	26%
Peru	2,292	53%	47%
Sri Lanka	15,000	68%	32%
Thailand	2,877	75%	25%
United States of America	160	48%	52%
Vietnam	49,895	83%	17%
<b>Total</b>	<b>89,806</b>	<b>75% (67,132)</b>	<b>25% (22,674)</b>

### SUPPORTING COLLECTIVE BARGAINING

Many advances in workers' rights have come through collective, worker-led action. In recognition that workers themselves have the best understanding of their needs, we respect the role of unions and the right to freely associate.

Freedom of association is a core part of our supplier code of conduct, and we regularly audit our factories to determine whether our specific standards are being met. We also actively train workers on their rights and support both trade unions and other alternative systems that increase workplace solidarity.

Speaking in unison gives workers power they wouldn't otherwise have—so factory by factory, unionized or not, we continue to implement programs that help workers raise their voices.

## Worker Wages

THE FUNDAMENTAL RIGHT TO A LIVING WAGE

“When we started working on living wages in our supply chain 10 years ago, no company had ever broached the topic with our factories before.”

—Rachel Kepnes Manager of Social Impact and Compliance

### PATAGONIA’S LIVING WAGE ROAD MAP

01

2012-ONGOING  
**Fair Trade:  
Our First Step**

- Continue paying Fair Trade premiums to show commitment to raise wages in the supply chain

02

2015-2017  
**Taking Stock**

- 2025 living wage goal established
- Gathered detailed worker compensation data
- Trained suppliers
- Determined pilot strategies

03

2018-2024  
**Learning, Planning &  
Making Change**

- Piloted living wage strategies
- Updated webpage to communicate progress to stakeholders
- Explored Living Wage verification methodology

2025-2030  
**Verifying & Scaling  
Progress**

- Verify living wage payments
- Deepen engagement with governments for living wage legislation
- Collaborate with other brands in our industry to drive progress on living wages

The ability to earn a living wage—enough to ensure a decent standard of living for the worker and their family—is a basic right. But workers in the apparel industry are some of the lowest paid in the world, and the legal minimum wage in many jurisdictions falls below the threshold defined by the Global Living Wage Coalition.

Although our Workplace Code of Conduct and monitoring efforts ensure that workers in all of our supplier factories are paid according to local laws for minimum wage, overtime and benefits, that's often not enough to cover essential everyday needs like housing, health care, education and child care—as we've discovered over the years by taking an unflinching look at pay rates in our supply chain.

As part of our road map, we conducted pilots with factories over the past few years to determine how we as a brand can support wage increases through productivity gains or reviewing the compensation structure. We have also always engaged in transparent costing with our factories to ensure that we are enabling them to cover adequate wages for their workers. We know now that each factory needs a tailored support approach depending on where they are in the world. In every factory where our products are made, we share production with five to 10 other brands, and they may or may not be working on living wages. We cannot move the needle alone. Low wages are a systemic challenge in our industry, and so engagement with government is just as crucial.

As we approach the end of our 10-year road map to achieve living wages by 2025, we most likely won't hit 100% achievement at all factories, but we're proud of the progress we've made.

"We've developed long-standing relationships with suppliers, and they've entrusted us with comprehensive wage data on their workforces year after year," says Rachel Kepnes, manager of supply chain social impact. That's allowed us to do in-depth analyses of where our factories are relative to paying a living wage and gain a better understanding of the factors that make it hard for them to close the gap. But this is another one of those issues that we can't solve on our own, no matter how much we want to."

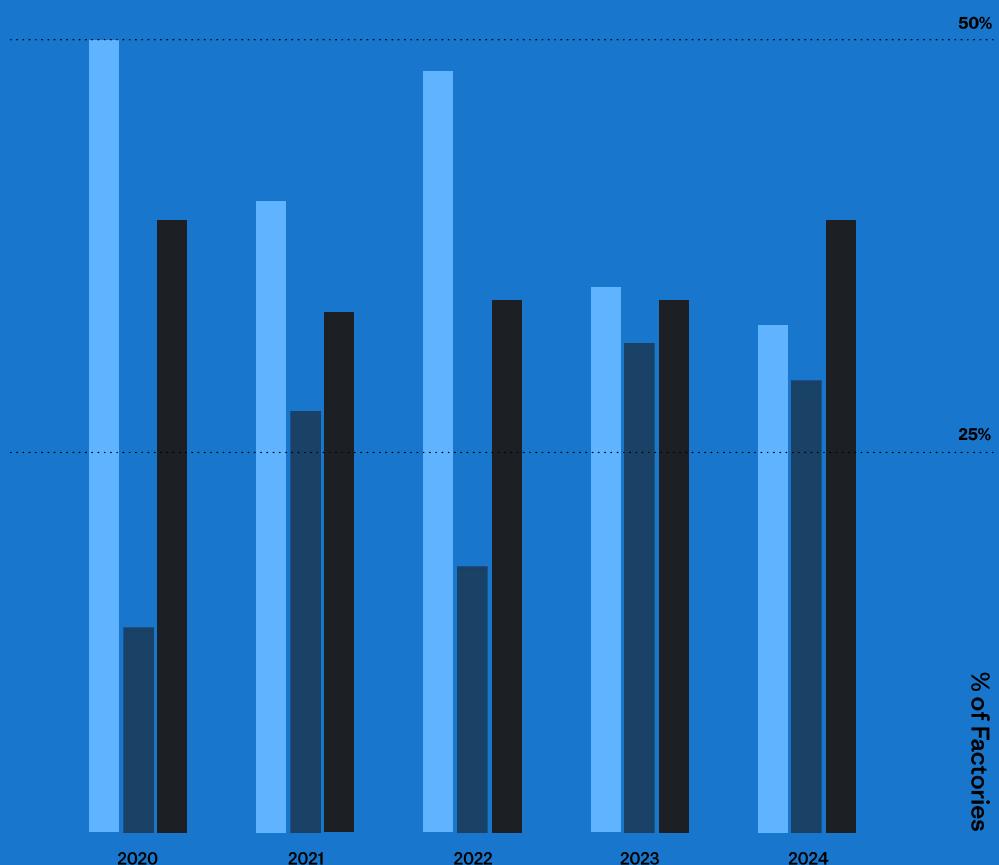
Despite the challenges presented by COVID, inflation and geopolitics, we've seen some upward movement. In 2024, the most recent available data, 39% of factories were paying a living wage, and 29% were paying 80% of a living wage or more, a substantial increase since 2020 as reflected in our living wage progress chart to the right.

Each factory needs a tailored approach, depending on where it's located. A supplier's ability to achieve living wages is significantly impacted by the minimum wage-setting process in a country. For example, in Vietnam, where the minimum wage is relatively high and is adjusted every year, almost all of the factories we partner with are paying a living wage on average (or even more than the living wage).

In Sri Lanka, however, where the minimum wage is relatively low and is not updated yearly with inflation, it is much more difficult for our supplier to reach living wages, even though they are paying wages that are two to three times above the minimum wage. We recognize these challenges and so government engagement is an important part of our living wage strategy. In 2023, we joined the Fair Labor Association, civil organizers and other brands in sending a letter to the government of Bangladesh in support of minimum wage increases.

#### LIVING WAGE GAPS IN OUR SUPPLY CHAIN\*

- Factories are making progress toward living wages.
- Responsible purchasing practices and supplier partnerships are essential to enable this work.
- Living wages are not legally mandated. All suppliers represented in this chart pay wages above their countries' requirements.



\*Results are based on average factory data collected through the Fair Labor Association's Wage Data Collection Tool and reflects most current data as of report time.

## Fair Trade

In FY25, over 95% of our products were made in Fair Trade Certified™ factories, more styles than any other apparel brand.

Our Fair Trade program provides benefits directly to workers by paying them a premium for every product made in a Fair Trade Certified factory, while also helping ensure compliance with social and environmental guidelines. The premiums go into a worker-controlled account in the form of a Community Development Fund, and the workers democratically decide how the money is spent. Totaling \$5.9 million in 2024 and over \$37 million to date, Patagonia premiums have been used to fund day-care centers, medical clinics, tuition payments, water purifiers, cash bonuses and more.

Through our partnership with Fair Trade USA, we started with 10 styles made in Fair Trade Certified factories in 2014, and by Fall 2025, we had 1,134 styles. Since 2014, our program has impacted over 85,000 workers, and our investment to help factories earn Fair Trade status has also made it simpler for other companies to make their products at these certified factories; they can simply begin paying premiums without having to invest time or money in the certification process. While some brands have embraced this approach, most remain uncommitted. Disappointing, but we remain determined to win converts.

### 2024 IMPACT HIGHLIGHTS

# \$5,968,540

earned in Community Development Premium Funds and sent to workers in 2024

# \$37M

earned in Community Development Premium Funds and sent to workers, since program first launched in 2014

# 31

Fair Trade Certified™ factories were part of the program in 2024, including 1 new factory we onboarded that year

# 81,321

factory workers benefited from the Community Development Premium Funds in 2024



**WHAT PREMIUMS HAVE PAID FOR**

**Health-care vouchers:** TAV Limited sewing factory in Vietnam partnered with a local hospital to offer health-care vouchers to more than 4,300 employees for preventative health-care services, including cancer screenings.

**Dry ration packs:** In Sri Lanka, sewing factory MAS Sleekline distributed dry-ration packs to 1,175 beneficiaries. They contained 20 items, including rice, milk, condiments and laundry products.

**Financial support:** The Thailand sewing factory VT Garment used the funds to cover a room rental allowance for more than 900 workers and set up a funeral fund to support families in challenging times.

Workers at the Sheico wetsuit factory in Thailand.  
Ryan 'Chachi' Craig



## Working Hours

The challenges impacting working hours at factories are both endemic and systemic in the apparel industry. Suppliers typically operate under tight margins and short lead times, which are exacerbated when buyers change their orders at the last minute. These pressures often lead to excessive working hours to meet production deadlines. Additionally, low wages in the industry compel workers to seek overtime for higher pay, but excessive working hours can lead to accidents, exhaustion, and other health and safety risks, as well as limit workers' free time.

We've implemented programs to closely monitor working hours in our factories and minimize the chances that our actions could lead to excessive hours. In 2024, the average number of working hours across our supply chain was 54 hours per week, with one factory exceeding 60 hours per week on average. We identified 9 instances of working hours that were not in compliance with our standards or legal requirements:

- 5 factories exceeded legal monthly overtime limit
- 1 factory did not guarantee a 7th day of rest
- 3 factories provided inadequate rest or meal breaks

In each instance, the factory has remediated the issues or worked on long-term solutions. These aren't one-size-fits-all solves. We rely on the mutual trust we've built with our long-term suppliers to tailor a remediation plan:

- Determine if the excessive hours are a systemic problem or isolated incident
- Work with the factory to identify root causes such as labor shortages, poor planning or unexpected spikes in orders
- Implement a corrective action plan with the factory and make internal changes if our own actions were a contributing factor
- Continue to monitor working hours at the factory and ensure workers are fully paid for all overtime hours

For more details on weekly working hours, Fair Trade premiums, living wages and overtime, see the Appendices.



Product Developer Andrew Reinhart visits the Sheico wetsuit factory in Thailand.

Ryan 'Chachi' Craig

# Freedom from Fees

Photo: Tim Davis

We have spent more than a decade working with our suppliers to eliminate fees for migrant workers in our supply chain. In that time, we've also been advocating for large-scale change to help solidify a safer, more equitable employment landscape for all migrant workers.



Photo: Tim Davis

"When we visit our fabric mills and talk to workers, we hear stories of how workers are now able to send their kids to school or save for a house," says Thuy Nguyen, our senior manager of social responsibility. "If we hadn't pushed to eliminate fees for migrant workers, those workers would still be handing a labor broker \$50 to \$70 a month for the entire duration of their contract—and that's after paying anywhere from \$1,000 to \$7,000 for their job to begin with. Now all those fees are being picked up by their employers."

In some countries where our fabrics are made, labor brokers charge migrant workers for placement in factory jobs. The practice is legal and attractive to workers who can earn wages several times higher than in their home countries. But the large sums paid up front can create a cycle of debt that becomes hard to escape.

"We had a good grasp on conditions in factories where our finished goods were made," Nguyen continues, "but we wanted to know more about what was happening farther upstream. How were the people making the fabrics being treated?"

Through audits that began in 2012, we learned that some of our suppliers, especially those in Thailand and Taiwan, were employing workers who paid a labor recruiter. Those findings spurred our ongoing 13-year effort to address migrant worker fees through collaboration with suppliers, NGOs and other apparel companies.

In 2015, we shared our concerns with *The Atlantic* to bring public attention to the problem. Adding to our lobbying power, we also began collaborating with several global brands