



Work in Progress | 2025 IMPACT REPORT

patagonia®

# Table of Contents

Work in Progress Report

patagonia

2

- 03 Notes from Yvon & Ryan
- 05 Introduction
- 16 Business Unusual
- 48 Product
- 102 Grants & Giving
- 114 Activism
- 132 Appendixes

Cover: Magenta flowers surround the base  
of a Jambo tree in Belterra, Pará, Brazil.

Daniel Beltrá

A NOTE FROM

# Yvon Chouinard

Patagonia Founder and Ex-Owner

**“I’ve been working harder than an 87-year-old should.”**

After giving Patagonia away in 2022, I’ve been working harder than an 87-year-old should. Threats to planetary health are increasing. The climate and nature crisis is worsening, and the truth is being lost in a sea of lies and misinformation. While I have gone back to my roots in design and working on our product quality, things are different. I feel an even deeper responsibility to help the company succeed and provide a counter to the prevailing extractive model of capitalism.

It has never felt more difficult.

The ownership transfer in 2022 solved how we ensure the company’s values stay intact beyond our lifetimes. It also unlocked a way to distribute more money toward saving the planet. We knew we would have to solve other questions as we went, but we never imagined we would be facing trade wars wreaking havoc on the global economy and an assault on nature and the environment at the same time.

Profit has never been Patagonia’s goal, but money and how we run our company are two of the most effective tools we have to protect nature. We dedicated our business to saving the

planet, but policy now openly benefits those who succeed by exploiting it. We are seeing what happens when extractive capitalism becomes government doctrine.

The pursuit of short-term profit and mindless consumption are destroying the planet, and it is bad for most businesses. To put it into perspective, when Patagonia was founded in 1973, the average lifespan of an American company on the S&P 500 was around 30 years. Today, it’s less than 18. More companies are being bought up or hollowed out, and the population of billionaires is climbing. Entrepreneurial success went from building a durable business to selling it off to the highest bidder. It is not sustainable, yet it does not show signs of stopping any time soon. Coupled with an attack on science undoing decades’ worth of progress on climate change, any company interested in long-term survival should consider changing its primary purpose to saving our home planet—unless it has a way to make money on a dead one.

Patagonia is not perfect by any means. We do not have all the answers, but the fear of getting things wrong in the process cannot stop us from trying to get things right in the end. We

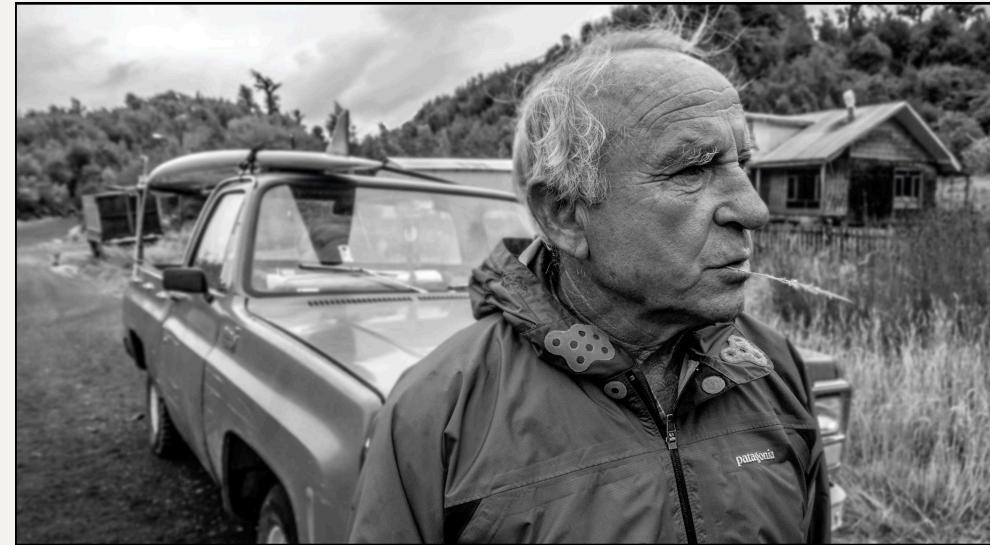


Photo: Jimmy Chin

have work ahead of us to reach the full potential of our business structure, prove this experiment works and explain why it matters to our employees and community.

What is clear is that for all the work we’ve done on our products and in our supply chain, and all the money we’ve given away to environmental nonprofits, it is still not enough. We can dedicate all our time and resources to saving the planet, but our impact is ultimately limited considering what we are up against. If supporting grassroots activists taught us anything, however, it is that when enough individuals come together, it is possible to take on a system.

To get there, businesses must exist to do more than provide a good service or make a quality product, and they definitely need to exist to do more than enrich a handful of individuals. They can and should exist to solve problems. Corporate influence already crosses borders and shapes government policy everywhere. Imagine what could happen if interest groups and lobbyists prioritized planetary and human health over environmental deregulation. Or if even just a few multinational mega-corporations dedicated some of their

profits toward doing good beyond what can be written off their taxes. Similarly, if enough companies join together and decide our planet takes precedence over profit, we can change the world. We could change capitalism for good. We might even save the planet.

The next 50 years will not be easy. The planet is in bad shape, and many leaders have given in to cynicism or profiteering. But that does not have to be the way we go. Businesses and society can reject hopelessness and apathy and instead shape a future that can support all of us. We can refuse factory farms, poisoned air and water, and quarterly earnings being the basis of our morals.

We can change this fatal form of extractive capitalism that has brought us here. But we have to take the first step.

*Yvon Chouinard*

A NOTE FROM

# Ryan Gellert

Patagonia CEO

Patagonia is a paradox. Our charter mandates we follow social and environmentally responsible practices, yet every product we make takes irreplaceable resources from the planet. Our existence seems counter to our purpose. That tension is not lost on us.

Like every other business, we do not exist in a vacuum. Our impact is often influenced by world events and geographies, and there is no defined end point or agreed-upon definition of success for some of the most urgent work we take on. The best we can do is stay within our means—both as a company and citizens of the planet.

Businesses are implicated in creating the climate and ecological crisis. As governments continue to walk back their social and environmental commitments, however, corporate responsibility becomes doubly urgent. If we hope to have a livable planet in 100 years, we have to take the initiative and use our influence to advocate for things beyond our bottom lines.

Let's advocate for policy that protects ecosystems, rather than endorsing environmental deregulation. Let's make the case that pro-business does not have to mean anti-planet. Businesses must move on from declaring they care about the planet, then hiding behind industry organizations that lobby against climate action in the name of profits. It's going to take real, sometimes uncomfortable, work from all of us, but let's agree that corporate climate action goes beyond sustainability slogans and examine our own practices and impact.

This is not to say Patagonia has impact figured out. Far from it. It took us 52 years to get to where we are today, and the path has not been linear. Sometimes it is messy. Sometimes it is painful. But in the end, it is progress.

In this report, we detail defining moments like realizing carbon neutrality failed to meet our standards of environmental responsibility (page 13) and the ongoing work to eliminate foreign migrant worker fees for those who make our products (page 75). We reflect on the impact of our Fair Trade efforts (page 73) and spending nearly 20 years researching how to remove PFAS from our products (page 79). And all the work ahead of us to decarbonize our supply chain (page 91).

The last thing we wanted this progress report to be was page after page of self-congratulation. While we do get into specifics about the work done by teams across the company and pay credit to deserving colleagues, this report is a way to stay accountable to our community by showing what we're committed to and what we're doing to achieve it. We hope it provides some clarity—or even inspiration to act. By sharing best practices and overcoming our fear of calling out the worst ones, we can have real, lasting impact. Businesses can be a force for good.

“Sometimes it is messy. Sometimes it is painful. But in the end, it is progress.”



Photo: Tim Davis

Nothing We Do Is Sustainable  
Where We Report  
Our Double Materiality Assessment  
Did We Meet Our 2025 Goals?

7  
9  
11  
12

# Introduction



Puzzling together the pieces of a Jackson Glacier Rain Jacket prototype in the Forge, our R&D facility in Ventura, California.

Tim Davis

“If we don’t clean  
up our mess,  
we’ll be history.”

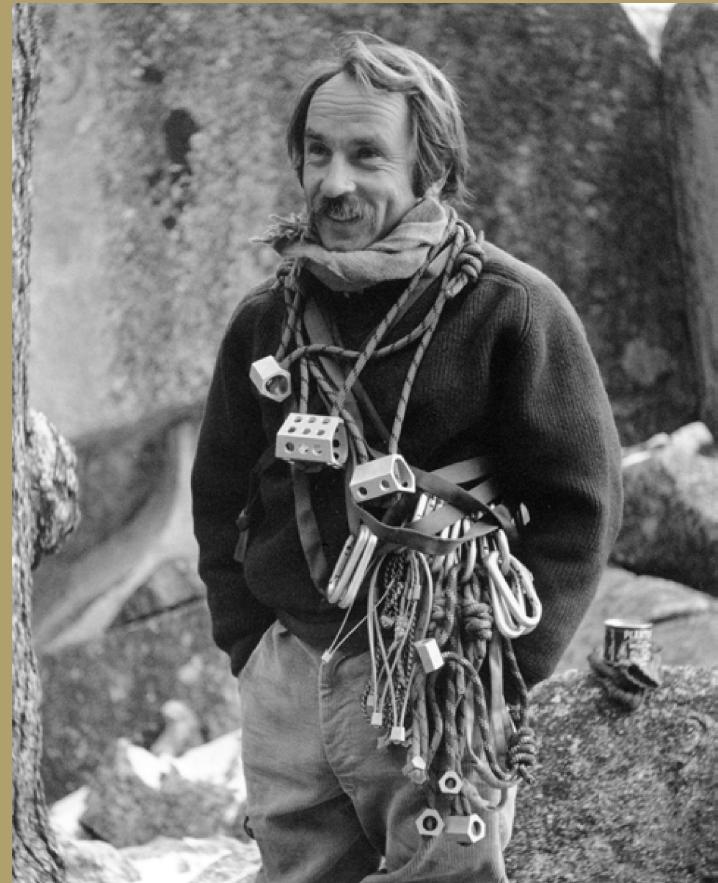
—Ryan Gellert

Patagonia CEO

# Nothing We Do Is Sustainable

Patagonia is a US-based outdoor apparel and gear company founded by Yvon Chouinard in 1973. For the last 52 years, we—Patagonia—have made environmental and social impact a core part of our bottom line.

No company we're aware of, including our own, truly gives back as much or more than it takes. What we can do is be fully accountable for our impact: We recognize the damage we cause, and we do what we can to reduce and repair that damage. We also aim to be transparent about our progress and what we're still figuring out. That's what this report is for.



Seeing how the pitons he forged were scarring rock walls, Yvon Chouinard began designing and producing removable, non-damaging clean climbing protection—like these Hexentrics and Stoppers on his rack in Yosemite, California, 1972.

Tom Frost



When in doubt, nature always shows the way.

Steve Ogle

## Work in Progress Report

**patagonia**

In 2018, we changed our official reason for being to amplify this directive: We're in business to save our home planet. In 2022, the owners donated the company to two separate entities: the Patagonia Purpose Trust and Holdfast Collective, a collection of 501(c)(4) nonprofits that fight the most urgent environmental issues (more on that on page 111).

Our efforts to do less damage and increase our positive impact on business go back to the earliest days of Chouinard Equipment (the precursor to Patagonia). In 1972, we urged our customers to stop buying our most popular product, a steel piton that climbers hammered into big walls to secure ropes, because it was harming the rock. Finding an alternative for pitons to protect the landscapes we love formed the foundation of how we've tried to run our business ever since: by considering our impact in every decision the company makes.

Over the years, we've shared our efforts, both the successes and the wipeouts.

- We have published [Our Footprint](#) on Patagonia.com to pull back the curtain on our supply chain.
- Since 2012, when we became a benefit corporation (B Corp) under California law, we've published [reports](#) showing how we are doing against our stated benefit purposes.
- As a certified B Corp, we have participated in [B-Lab audits](#) of our conduct based on their metrics focused on environmental and social practices, with a score published publicly for consumers to evaluate.
- We undergo audits to maintain our [Fair Labor Association accreditation](#).
- We participate in the Science-Based Targets Initiative to report our greenhouse gas emissions, publicly committing to several emissions reduction targets.
- We have reported on our impact through other industry groups (some that we helped create; see the complete list on page 36), to NGOs and to our wholesale customers to meet their own regulatory requirements and best practices, sharing what we know and what we're still learning.

Until now, however, this reporting has been disjointed. With this first Work in Progress Report, we're bringing it all together. This report of Patagonia Works\* spans Fiscal Year 2025, or FY25, from May 1, 2024, to April 30, 2025, with some instances of older data to provide context.

This Work in Progress Report is our attempt to better communicate the impact of our business, not just so we can hold our feet to the fire and make strategic choices, but for our customers, our partners and anyone who believes business can be a force for good.

\*Patagonia Works is the holding company for Patagonia, Inc. (apparel and equipment), GPIW (retail stores) and other associated entities. This report does not cover Patagonia Provisions (food) or Fletcher Chouinard Designs (surfboards), but we will work toward integrating them into future reports.



Keeping it all in perspective:  
Patagonia headquarters is less  
than a mile away from the  
Pacific Ocean, Ventura,  
California.  
— Kyle Sparks

# Where We Report

As a privately held company, we have never been required to do annual stakeholder reporting, but we see the value that level of transparency can bring. That's why we engage in a wide range of reporting efforts to support accountability and impact. Our third-party partners are essential to this effort.

Third-party audits help us understand the scope and scale of our environmental impacts; certifications allow us to guard against greenwashing and improve responsibility in sourcing and manufacturing; science-based targets ensure we're held accountable for our actions; and reporting publicly enables outside groups to help us achieve those ambitions.

We've shared links below, based on availability, where you can find our results.

#### EXTERNAL STANDARDS & INDUSTRY ORGANIZATIONS

- [B Corp Report](#)
- [Fair Labor Association Accreditation](#)
- [Environmental Protection Agency Green Power Partnership](#)
- [Science Based Targets initiative GHG Reporting](#)
- [Outdoor Industry Association \(OIA\) Climate Action Corps Progress Report](#)
- [OIA Clean Chemistry & Materials Coalition Report](#)
- [Textile Exchange Materials Benchmark Survey](#)
- Cascale Higg BRM Brand & Retail Module (not publicly available)
- Cascale Membership Report (not publicly available)

#### WHOLESALE PARTNER REQUESTS

- Wholesale Partner Sustainability Surveys (not publicly available)
- SDEX EOG's Harmonized Sustainability Data Exchange (not publicly available)

#### NGO ADVOCACY ORGANIZATIONS

- [Baptist World Aid Ethical Fashion Guide](#)
- [Fashion Revolution Fashion Transparency Index](#)

#### REGULATORY

- California, Canada, UK, Australia [Modern Slavery disclosures](#)
- CA Climate-Related Financial Risk Act  
(to be published by January 1, 2026)

#### Work in Progress Report

It's been validating to see that our commitment to reducing emissions and improving conditions for the people who make our products showed up as material topics in this process. It was also humbling to realize how much more work we have ahead of us, especially in building a shared, auditable view of our broader impacts.

In this report, you'll see references to CSRD and how our climate data is moving toward alignment with the current European Sustainability Reporting Standards. As the regulatory landscape evolves and as we learn more, the shape of this report will change. Our commitment to transparency will not.



Once a mountain, now a mine. Too often, we've seen that the search for profit mostly leads to loss.  
Michael Melford

# Our Double Materiality Assessment

A double materiality assessment (DMA) accounts for how a business impacts the environment and society, and how addressing these impacts in turn affects the company's finances.

Following guidance from the European Corporate Sustainability Reporting Directive (CSRD), our double materiality assessment looked at every part of our value chain—all the steps involved in making, selling and getting products to our customers—to identify potential environmental and social impacts, risks and opportunities. This included entities beyond our control like the farms, mills and factories that make our products and our customers who buy them.

The assessment evaluated more than 90 topics across short-, medium- and long-term time horizons based on the European Sustainability Reporting Standards (ESRS), as required by CSRD. Internal subject matter experts scored each topic based on the severity and likelihood of the impacts as well as the magnitude and likelihood of the risks and opportunities. The result is a comprehensive view of potential impact and risks, both to people and planet as well as our business.

After the internal assessment, we worked with five sets of stakeholders—management, employees, customers, suppliers and sports ambassadors—to validate, refine and prioritize the results. Through direct interviews, conversations and surveys with representatives from each department, the stakeholders' input helped connect the assessment to the real-world experiences of the people who make, use and are impacted by our products.

The DMA identified 11 material topics where we had significant impacts and faced meaningful risks or opportunities, listed on the next page. Because greenhouse gas (GHG) emissions was identified as the most material topic in this report, we are working toward aligning with the relevant ESRS disclosure requirements. While the report also covers many of the other material topics, as well as other topics outside of our DMA process, those sections do not yet adhere to ESRS standards. Read more about our DMA in the Appendices.

The main ESRS-mapped Patagonia topics include:

- |      |   |      |  |
|------|---|------|--|
| (01) | <b>GHG Emissions</b><br>(Scope 1, 2 and 3)  | (07) | <b>Freedom of Association and Collective Bargaining</b><br>(Own workforce) |
| (02) | <b>Water Management*</b><br>(Including consumption and pollution in the supply chain) | (08) | <b>Freedom of Association and Collective Bargaining</b><br>(Supply chain)  |
| (03) | <b>Circular Economy</b>   | (09) | <b>Adequate Wages</b><br>(Supply chain)                                    |
| (04) | <b>Chemicals Management</b>   | (10) | <b>Working Time</b><br>(Supply chain)                                      |
| (05) | <b>Justice &amp; Belonging</b><br>(Own workforce)                                     | (11) | <b>Forced and Bonded Labor</b><br>(Supply chain)                           |
| (06) | <b>Adequate Wages</b><br>(Own workforce)  |      |  |

\*Water management (specifically consumption and pollution in the supply chain) is a critical component of our Supply Chain Environmental Impact Program, whereby suppliers must ensure they are tracking and managing water use and treating their wastewater in accordance with our strict standards. For more information on how we work with our suppliers, refer to our Product chapter.



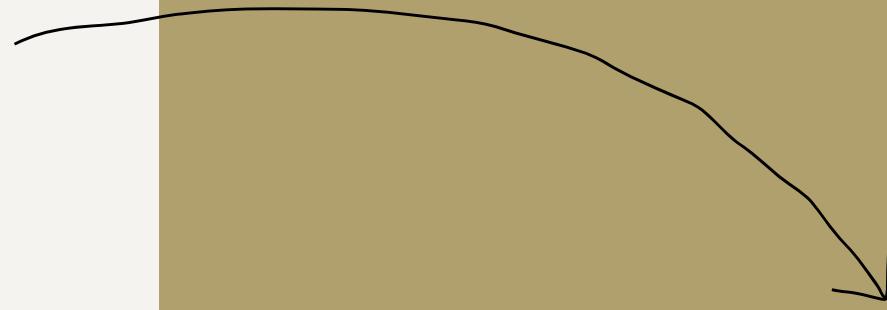
# Did We Meet Our 2025 Goals?

Goals sometimes feel performative and fleeting, but they can also help focus and motivate us, especially when they're concrete and public. In 2015, we decided to set goals for 2025, which were approved by our former CEO and published on our website. Those goals stemmed from our first fiber content report in 2015, which revealed that we had fallen short in our efforts to adopt recycled polyester. Two years later, we did our first verified carbon footprint measurement, and that was sobering, too.

So when we established our 2025 goals, they had to pass a three-part test:

- Is it aspirational (something hard, even seemingly impossible)?
- Is it inspirational (excitement that warrants hard work)?
- Is it outcome-oriented (when we get there, will we have done something that matters)?

How'd we measure up?



“The more layers of the onion you peel, the more you cry.”

—Matt Dwyer VP of Product Footprint

# 01

## HOW IT STARTED

### Carbon neutral



Solar panels line the roof of the Vertical Knits factory, our supply-chain partner that makes some of our organic cotton T-shirts and sweatshirts. Baca, Mexico.

Keri Oberly

## HOW IT'S GOING

Back when we set this goal, it was a bold target. But the more we learned, the more we rejected the idea of buying offsets while continuing to pollute. So we ditched that goal and upped the ante: clean up our supply chain, stop polluting in the first place and reach net-zero emissions by 2040.

This is 10 years earlier than what the Science-Based Targets Initiative requires because we cannot wait until 2050. Each year, we need to reduce our emissions by roughly 10% to get to net zero by 2040. To get there, we have spent the last five years developing our strategy, but we are also approaching it with flexibility as information evolves.

Due to a shift in our FY25 product assortment—more packs and duffels, which are made from more carbon-intensive materials compared to our clothing—our GHG emissions have gone up by 2% since FY24. But we expect a decrease in our emissions for FY26. That's because we have been funding engineering work and developing a program that will support our suppliers with large-scale emissions reductions (more about that on page 91).

We also set a goal for our global owned and/or operated offices and facilities to be powered by 100% renewable electricity. We are at 98% and still pushing to address the last 2%.

# 02

## HOW IT STARTED

### 100% preferred materials



## HOW IT'S GOING

This year, 84% of our fabrics and trims in our product line (by purchased weight) are preferred materials, most of which are backed by third-party certifications (more details on page 68). To quote our partners at Textile Exchange, “preferred materials” are fibers or raw materials that have reduced impacts and increased benefits for climate, nature and people compared to their conventional equivalents.

For more about our progress on preferred materials, head to page 57.

After committing to organic cotton in 1996, we began supporting farmers to grow cotton using Regenerative Organic Certified™ practices, which prioritize organic, no- and low-till methods that build healthy soil and respect the welfare of people and animals.

Tim Davis

# 03

## HOW IT STARTED

**Eliminate forever chemicals from our product line**



For Spring 2025 and beyond, all our new styles are made without intentionally added PFAS.

Patagonia Archives

## HOW IT'S GOING

In 2019, we debuted our first products made without intentionally applied PFAS. We got there with partners, through a commitment to a scientific approach, chemistry and a focus on surfacing new fabric suppliers. Today, 100% of our new products are made without intentionally added PFAS.

For more on our nearly 20-year path out of PFAS, head to page 78.

# 04

## HOW IT STARTED

**50% of our synthetics use secondary waste**



## HOW IT'S GOING

For 2025, only 6% of our synthetic fabrics are made from secondary waste (like materials made from textile waste or ocean-bound nets). Yikes. The lofty goal, however, was intentional. We wanted to move past single-use plastic bottles as our main recycled synthetic waste stream. (Currently, 80% of all our synthetic materials are recycled, but the majority of those recycled inputs are from single-use plastic bottles.)

We introduced new sources of waste to create our products, like the 2,000+ metric tons of recycled fishing nets that became NetPlus® material, which we've used since 2020. Examples like this make up the majority of what we define as secondary waste in our products.

But scaling this has been challenging. We learned that it's really hard to take mixed, contaminated waste and make that into high-quality material for our product. That's why we are looking at other sources to build our products, including food and agricultural waste as well as textile-to-textile recycling technologies (see page 97).

As our VP of Product Footprint Matt Dwyer says: "The future is bright for alternative waste streams. There's plenty of waste on this planet for us to put into the waste economy."

For more about our progress on recycled materials, head to page 56.

Antonio Bustos inspects nets in San Vicente, Chile. He works with our partner Bureau, a California company that collects discarded fishing nets from local fishers around the world and repurposes them into soft, durable thread that can be woven into NetPlus® fabric. This process helps protect wildlife, provides fishing communities with extra income and reduces our reliance on fossil fuels to make plastic.  
Jürgen Westermeyer

# 05

## HOW IT STARTED

Ensure a living wage for all workers at our supply chain factories

## HOW IT'S GOING

This year, over 95% of our products are made in Fair Trade Certified® factories. Fair Trade is the first step toward a living wage; more than 85,000 people in our supply chain benefit from our program annually, resulting in \$37 million to date for those making our products. And the benefits are meant to improve the lives of the workers, with democratic processes to determine benefits, bonuses, health care, working condition improvements and upgraded equipment.

We are also committed to securing living wages at all of our partner factories, but we are not yet there. As of 2024—across factories that employ over 65,000 workers in our supply chain (called “in-scope factories”—on average:

- All factories are paying above minimum wage, and many are paying double or triple minimum wage.
- 39% of factories are paying a living wage.
- 29% are paying wages that are 80% of living wages or more.
- The rest are paying wages that are 50% of living wages or more.

For more on this progress, head to page 71.



Employees at work in the Vertical Knits cut-and-sew facility, a Fair Trade Certified® factory in Baja, Mexico.  
Keri Oberly

Rethinking Traditional Capitalism	18
The Patagonia Ownership Model	20
Holdfast Collective	22
Purpose-Led Governance	23
Where We Work	26
Careful Growth	27
Telling Stories That Drive Change	32
Industry Partnerships	34
Finance as a Lever for Change	37
Our People	39

01

# Business Unusual



Yvon Chouinard has been saying it for years.  
In 2020, we put it on our Road to Regenerative  
Stand Up™ Shorts.

Patagonia Archives

“Earth is now our  
only shareholder.”

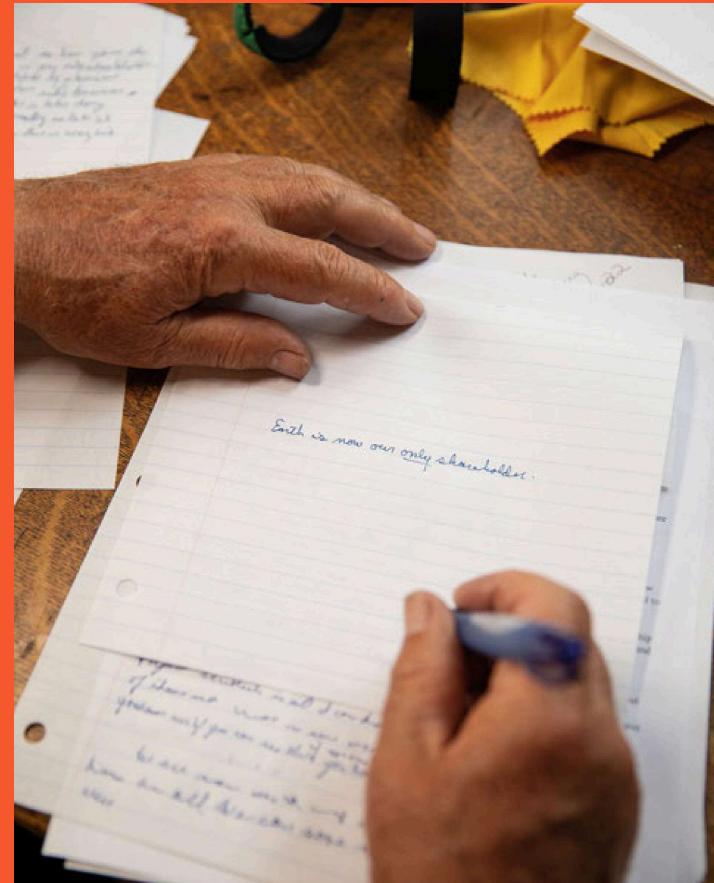
—Yvon Chouinard

Patagonia Founder

# Rethinking Traditional Capitalism

In 2022, our owners restructured the company. Instead of cashing out by selling the company or taking it public, the Chouinard family “took Patagonia purpose.”

They did this by giving away all their stock to entities designed to do two things. One: put those assets to work fighting the climate crisis. And two: protect the purpose and values of the company forever. The new owners of the company became the Patagonia Purpose Trust, protecting the purpose and values of the company, and Holdfast Collective, putting the stock and future profits to work fighting the climate and ecological crisis.



Yvon Chouinard's six simple words  
now drive everything we do.  
Campbell Brewer



# How It Works

## The Patagonia Purpose Trust

A perpetual purpose trust that owns all of the voting stock of the company.  
(2% of the total stock.)

## Holdfast Collective

A collection of nonprofits that owns all of the non-voting stock of the company.  
(98% of the total stock.)

No suits in sight. From left to right: Vincent Stanley, Tex Bossier, Kristine McDivitt Tompkins, Tom Frost and Yvon Chouinard talk strategy in our Ventura office in 1974, California.

Gary Regester

# The Patagonia Ownership Model

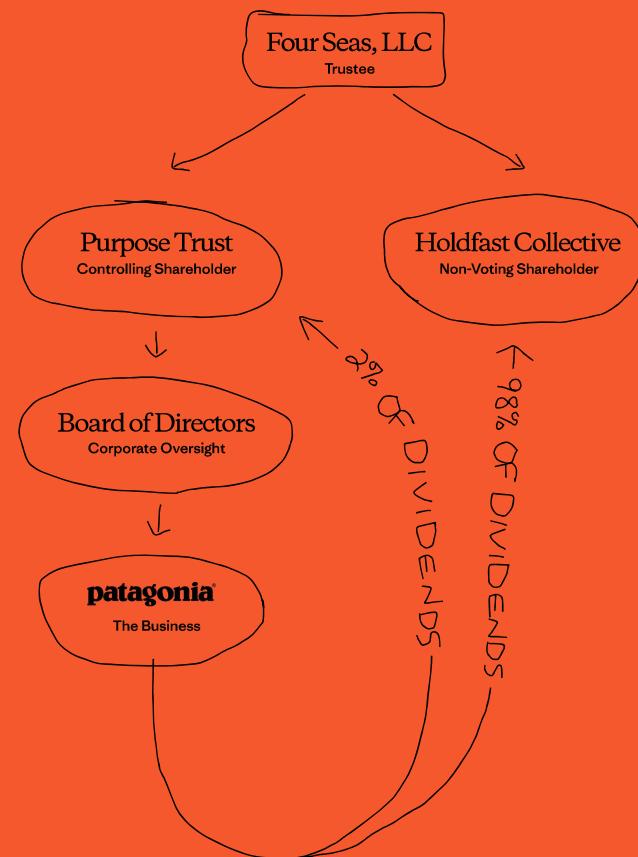
As the sole voting shareholder, the Patagonia Purpose Trust has ultimate control over the company. It elects the board of directors of Patagonia and has approval rights over material transactions, plus any changes to Patagonia's corporate charter, including its benefit corporation status (more on that on page 25). The Purpose Trust can only act in the interest of Patagonia's purpose—We're in business to save our home planet—because that purpose, as opposed to any individual or group of people, is the beneficiary of the trust.

Ultimately, control of Patagonia rests in an entity that has no incentive to make decisions that deviate from our purpose. Instead of the typical shareholder objective—to max out the value of their shares—the Patagonia Purpose Trust's sole objective is to max out efforts to save the planet.

All trusts are operated by a trustee. The Patagonia Purpose Trust and Holdfast Collective share a trustee named Four Seas, LLC. The Chouinards and an independent member sit on the board of Four Seas along with Greg Curtis, the executive director, who operates the Purpose Trust and Holdfast Collective.

To help guide the Patagonia Purpose Trust's decision-making, the company's founders created a philosophy that is part of the Purpose Trust's legal charter. This was the best way to capture the Chouinard family's ethos and spirit in a legally binding document that would guide Patagonia forever.

Our ownership model is designed to make sure our values stick—forever.



## The Patagonia Purpose Trust Philosophy

As a business, Patagonia has five key areas of focus: products, customers, activism, storytelling and our people.

Patagonia's purpose is to save our home planet. While financial success can and should enable us to do good, it alone does not equal success.

### AS A BUSINESS, PATAGONIA SHOULD EMPHASIZE:

*The reinvention of business as usual.* We aim to be more flexible, adaptable, nimble, fast, brave, experimental, open to change, resilient and independent.

*Independence and authenticity.* We need sustainable business practices that build in stability; make us less vulnerable or dependent on outside events, influences and fluctuations; and give us the buffer to be opportunistic, change course, make values-based decisions and take risks when needed.

*Squashing hypocrisy.* Patagonia should not have to compromise its values or its voice for outside forces, partnerships, growth targets or sales. Everyone within Patagonia should feel the freedom to make choices that align with the company values and work toward our business purpose.

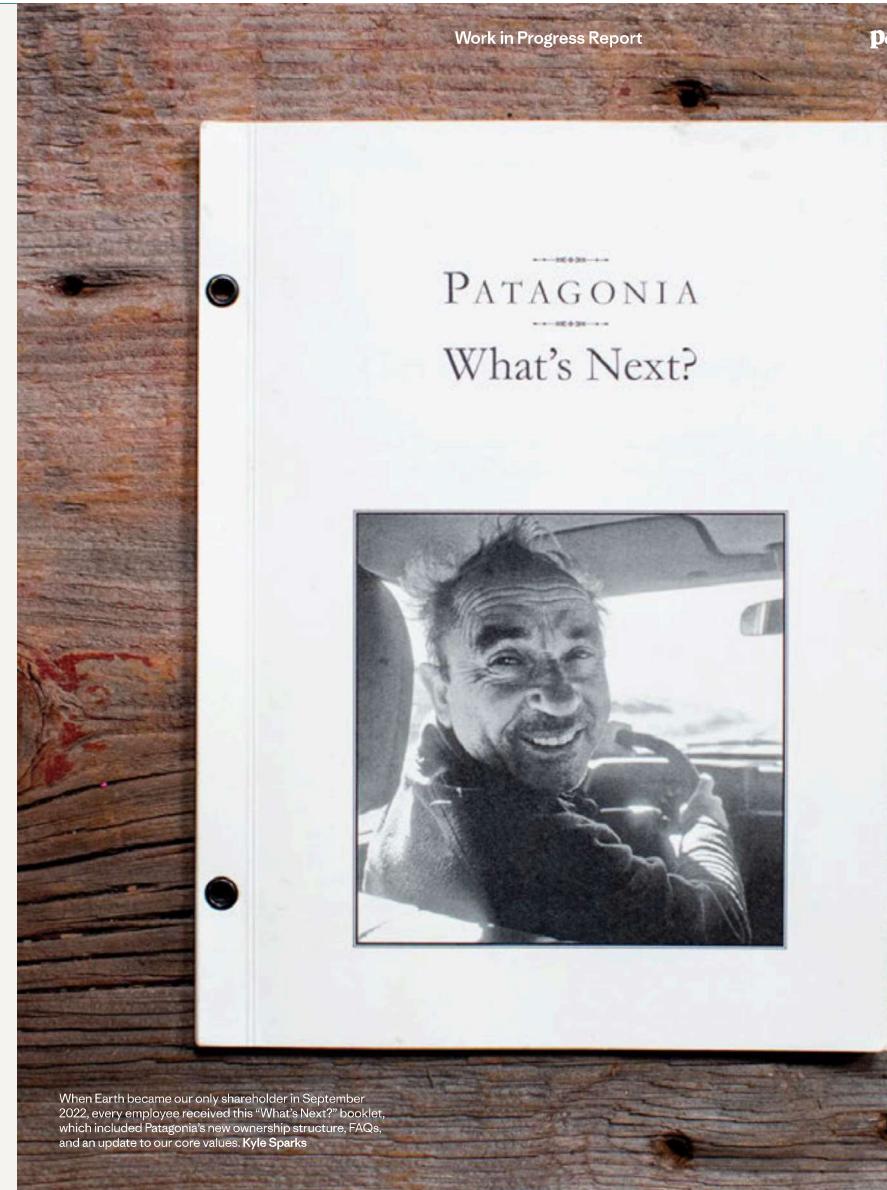
*Simplicity.* In product, in structure, in communications.

*Symbiotic partnerships.* Relationships, including with wholesale partners, should mirror Patagonia's values and complement rather than compete with our direct business.

*Natural, sustainable, Earth-paced growth.* Growth must be aligned with Patagonia's values. Growth should never outpace our ability to create products with intention and quality. Nor should the pace of growth be beyond the Earth's ability to sustainably absorb, adapt and recover from the impact. Growth should not be at the expense of people, cultures or communities, the reputation of the brand or the legacy of the Chouinard family.

**“The only option was the one we created.”**

—Yvon Chouinard



# Holdfast Collective

Holdfast Collective gets the funding to do its work for the planet in the form of a dividend from Patagonia. A dividend is a percentage of earnings or profits paid by a company to its shareholders. At Patagonia, it's how we give more money to the planet.

Twice a year, the board of directors of Patagonia evaluates the company's financial performance and determines whether it can afford to issue a dividend, and what size it should be. This comes after the company has invested back into the business and reserved enough cash to operate independently.

Holdfast Collective owns 98% of the stock and receives an equivalent cut of the dividend; the other 2% of dividends goes to the Patagonia Purpose Trust for operating costs and climate-related philanthropy.

Holdfast Collective uses the money it receives to fight the environmental crisis, protect nature and biodiversity, and support thriving communities (read more on page 111). As a 501(c)(4) nonprofit, Holdfast Collective can also advocate for political causes and candidates who share the same goals.

Put another way, Holdfast Collective is funded solely by profits that are not reinvested into the business. That means how we do as a business determines how much we can send out to Holdfast Collective for its work. Since it was founded in August 2022, Holdfast Collective has received \$180 million from Patagonia.





# Purpose-Led Governance

Patagonia exists to save our home planet. That's not just a purpose statement—it's legally embedded into the way the company is owned and governed. It's a component of leadership's decision-making, and its ethos is present throughout the entire company.

This starts with the Purpose Trust, which exists to protect the purpose of the company and elects our board of directors. The board, in turn, guides key company decisions through the lens of our purpose, our benefit corporation commitments and the Patagonia Purpose Philosophy.

As a benefit corporation under California law, we're required to evaluate our impact on the environment, our employees and the communities in which we operate in all decision-making, both at the board of directors and leadership level. We've also identified six benefit purposes, from giving away 1% of sales each year to environmental nonprofits to building the best product with no unnecessary harm, that are part of our legal charter and guide what we do.

Our board has three committees that support our governance framework: a nominating and governance committee; a compensation committee; and a finance, impact and risk committee. The finance, impact and risk committee is responsible for a regular review of environmental, social and corporate governance risks and opportunities, including how we report our progress publicly. We also have an internal executive risk committee, made up of leaders across departments, that regularly assesses risks to the business and helps lead our double materiality work (page 11). That group includes senior leaders from product, legal, finance, compliance, communications, IT, supply chain, people & culture, and justice—all working together to make sure decisions reflect both planetary and business realities. The executive risk committee elevates issues to the finance, impact and risk committee to review so they can present problems and solutions to the board.

Our board of directors, elected by the Patagonia Purpose Trust, stewards the company's mission, oversees the CEO and guides strategy, setting a new standard for business that puts people and the planet over profits. The board includes the four Chouinard family members, Patagonia CEO Ryan Gellert, Kristine McDivitt Tompkins, Dan Emmett, Dr. Ayana Elizabeth Johnson and Charles Conn, chair of the board.

Purpose-led governance like ours is complex and multi-layered. We're evaluating and weighing tensions and competing interests in every decision we make. There's no single "bottom line" to consider or even a "triple bottom line"—we're weighing a range of impacts, often in conflict with one another, and trying to make the best decision overall with the planet at the center. This is the next chapter in the experiment that is Patagonia.

Our newest retail location in Bariloche, Argentina, is part store and part museum. It pays tribute to explorer, mountaineer and environmentalist Emilio Frey.  
Mechi Fahs



**“We ran Patagonia for 50 years as an experiment in responsible business, and we've proven that works. Our next experiment is to transform corporations and capitalism. We can't save the world but can be involved in fighting what destroys it. Everything else is a symptom, the modern corporate model of doing business is the cause and has to change.”**

—Malinda Chouinard Patagonia Co-Founder

## B-ing in Business for the Planet

We became a Certified B Corp in 2011 and California's first legal benefit corporation in 2012—on the first date California law allowed it. In doing so, we adopted six legal commitments that guide how we operate:

- Donating 1% of sales to environmental groups
- Building the best product with no unnecessary harm
- Conducting our operations without unnecessary harm
- Sharing best practices with other businesses
- Operating with transparency
- Providing a just, equitable and supportive work environment

To certify, we selected B Lab as the third-party assessor. When we became a benefit corporation, we formally wrote into our corporate DNA that we would prioritize the planet before profit—an early precursor to our new corporate structure.

Recertification happens every three years through B Lab's B Impact Assessment, which measures a company's impact on workers, community, environment, customers and our governance practices. Since 2013, our B Corp score has increased year over year, from 107.3 to now 166 out of roughly 250 (the median score is 50.9).

Since 2013, we also have published an annual B Corp report on our website (check out our past reports [here](#)).

In 2016, we began closing all US locations on Election Day—a first in company history—so all employees could make it to the polls. In 2024, we shifted that closure to national Vote Early Day. Read more on page 128.

Tim Davis

