

IN BEING PART OF THE SOLUTION

Volunteer projects to restore streams,
plant trees and build trails. Responsible
business choices to use resources wisely.

We're building a solid foundation
but don't have all the answers. That's
where you come in. With the help of our
members and employees, we can team
together to protect and enhance our
communities and natural world.

Read about our progress—and learn how
you can join us—in REI's 2006 stewardship
report at www.rei.com/stewardship.

YOU CAN JOIN US. SMALL STEPS. BIG CHANGE.

As a co-op, we share the financial success
of our business with members, employees
and communities, and we make a conscious
choice to be a responsible company. Our
efforts help ensure that future generations
can enjoy the outdoors. We invite you to
join us in our commitment to stewardship.

Get Connected

Contact your local REI store to learn about
stewardship events in your community by
visiting www.rei.com/stores. You can also
find meaningful volunteer opportunities
with nonprofits that match your interests
at www.rei.com/volunteer.

Be Part of Our Team

We inspire, educate and outfit our members
and customers for a lifetime of outdoor
adventures. To learn more about joining
us at REI, please visit www.rei.com/jobs.

Read Our Report

We invite you to learn more about our stew-
ardship progress and the organizations we are
working with at www.rei.com/stewardship.



REI STEWARDSHIP

HIGHLIGHTS OF OUR ENVIRONMENTAL AND SOCIAL COMMITMENTS



JOIN US

At REI, our passion for the outdoors runs
deep. Every year, we inspire millions of
people to get outside to hike, climb, cycle,
camp, paddle and ski. It's only natural
that we take good care of the places
we love.

Our caring takes many forms. Interactive
presentations that teach outdoor ethics to
kids. Millions of dollars in grants in support
of conservation and outdoor recreation.

est. 1938

WE'RE COMMITTED TO MAKING A DIFFERENCE. TODAY AND TOMORROW. GLOBALLY AND LOCALLY.

ACTIVE STEWARDSHIP

Giving Back to Our Communities

Since 1976, REI has donated more than \$20 million to conservation and outdoor-recreation nonprofits and causes. Our grants efforts focus on environmental stewardship and youth programs in our communities, regions and at the national level. In celebration of our annual sales topping \$1 billion in 2006, we created a special \$1 million grants program to enhance 100 community parks across the country.

\$4 million
to volunteerism,
recreation and youth
programs in 2006

Inspiring Active Involvement

We actively encourage our employees to volunteer in their communities—from store-organized service projects to individual efforts with nonprofits they are passionate about. We also invite our members and customers to share in our commitment to caring

900,000
volunteer hours
in 2006 through REI-sponsored
projects and programs

for the open spaces and the public lands we all enjoy. In 2006, REI recruited and inspired nearly 24,000 volunteers who repaired trails, cleaned parks and streams, and planted trees. We also launched a new Web page, www.rei.com/volunteer, which matches customers' interests with volunteer opportunities nationwide.

Reaching Out to the Next Generation

Today's youth are tomorrow's outdoor stewards. To encourage more children to recreate outside and respect our natural lands, REI focuses on educational outreach programs and grants that provide opportunities for outdoor fun and mentorship. Together with our partner, Leave No Trace, we use a unique program called Promoting Environmental Awareness in Kids, or PEAK, to educate children about responsible outdoor recreation.



126,864 kids learned
Leave No Trace ethics

SUSTAINING THE NATURAL WORLD

Stemming Climate Change

In 2006, we conducted our first greenhouse gas emissions inventory. Because electricity use represented nearly 25% of our total emissions, we implemented a three-tiered reduction strategy—energy efficiency, green power purchases and carbon offset investments. For example, we purchased 11 million kilowatt



hours of green power, a step that was recognized by the Environmental Protection Agency's Green Power Partnership.

20 stores are now powered by
renewable energy

Building "Green" for Reduced Impact

"Green" building optimizes energy efficiencies and reduces a structure's environmental impacts. The resulting buildings have lower operating costs and are more comfortable and healthier to be in. In 2006, our new Pittsburgh store received the U.S. Green Building Council's LEED-CI Silver® certification—a leading green building standard. Today, we are working on the next generation of REI green building. Through a prototype store we will test design and material innovations.



Two REI stores have
LEED-CI certification



Making Responsible Paper Choices

We are committed to the responsible use of paper and paper products, and source paper from well-managed forests and work with high quality mills. We are working to track the origin of all the paper we purchase—from harvest to use. In 2006, we decreased our use of virgin fiber through operational efficiencies and increased use of recycled content. For example, post-consumer recycled content in our shopping bags increased to 80%. We continue to work to ensure fiber comes from acceptable sources, and endorse the Forest Stewardship Council as our standard for sustainable forest practices.



"Greener" shopping bags
save about **100 tons** of
virgin wood fiber

Managing Waste

REI has long been an active recycler, but we seek to significantly reduce our waste to landfill contributions. We are committed to making base recycling available in every REI store. We are also working to make the process more efficient and less costly.



Designing Products Responsibly

We are committed to inspiring technical innovation and creative design aimed at reducing our environmental impacts. Initial steps include using more sustainable materials, such as organic cotton, hemp and recycled materials. We are also working to develop clearer standards and goals for evaluating the life cycle of REI-brand products and working with suppliers on innovation.



We introduced socks
made from corn-based
polymer fiber

PEOPLE

Creating an Exciting Workplace

REI has been honored every year for the past decade by FORTUNE magazine as one of the "100 Best Places to Work" in the country. Combined with the results of our own employee surveys, it's clear that the REI team is recognized for having a culture based on positive values and high engagement levels. REI continues to strengthen its workplace through initiatives such as a

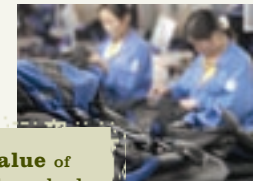


REI is ranked 27th
overall on FORTUNE's
"100 Best" list and
1st in work-life balance

new program that added health care benefits for part-time employees and the development of a comprehensive effort to create an environment that is inclusive and welcoming to a diverse customer and employee base.

Sourcing and Manufacturing Ethically

As a manufacturer for REI-brand gear, we have the responsibility of ensuring that our goods are made under appropriate conditions and with respect for the workers. Our sourcing standards clearly spell out our expectations to the factories with which we do business. We worked with leaders in the outdoor industry to develop and distribute a toolkit that provides a set of standards for product manufacturing and sourcing. A common set of standards helps our partners source to the recognized industry standard.



94% of the dollar value of
REI-brand products have had
3rd-party factory audits

Read our complete 2006
stewardship report online:
www.rei.com/stewardship