Executive Compensation

Compensation Discussion and Analysis

The purpose of this compensation discussion and analysis (CD&A) is to provide a narrative for understanding our executive pay philosophy, the executive program's objectives and the factors we consider in structuring the executive compensation program and making pay decisions each year. The actual compensation paid is set forth in the summary compensation table (on page 6) for our Named Executive Officers (NEOs).

This section describes fiscal year 2022 executive compensation for the NEOs. REI's NEOs for 2022 are:

- President & CEO: Eric Artz
- EVP Chief Customer Officer: Ben Steele
- EVP Chief Financial Officer: Kelley Hall
- SVP Chief Commercial Officer: Cameron Janes
- SVP Chief Experience Officer: Curtis Kopf

Executive Compensation Program Goals and Pay Philosophy

The primary goals for our executive compensation program are:

- Attracting, motivating and retaining a high-caliber executive team to provide leadership for our success in a dynamic, competitive market. We design our executive compensation program to position REI competitively among the companies against which we recruit and compete for talent.
- Ensuring that compensation opportunities and results for executives are tied to the short-term and long-term performance of the cooperative and aligned with REI's mission and values.
- Paying for performance. NEO compensation is heavily weighted toward "at-risk" compensation in the form of annual and longer term variable cash compensation that is paid out only upon achievement of pre-determined financial and strategic operating performance goals that are critical to REI's long-term growth and success.

How We Determine Executive Compensation

Role of Our Compensation committee, Independent Consultant and Management

The Compensation committee (the "committee"), consisting of independent directors, reviews and approves the compensation that we pay to NEOs and has oversight responsibility for all of REI's employee compensation and benefit programs. This review and approval includes the compensation of the President & CEO, all officer pay changes, merit budgets, incentive and retirement plan payments, changes to current year incentive plans, performance goals for incentive plans, methodology used in executive compensation analysis, peer group selection, and certifying incentive plan results.

Meridian Compensation Partners, LLC, is the board's independent compensation consultant since 2018. The independent compensation consultant does not provide any other services to the co-op and reports directly to the committee, advising on all material matters relating to executive and non-employee director compensation. The independent consultant takes its direction from the committee chair and coordinated with the President & CEO and the Finance and Human Resources departments, as needed, to understand management proposals and financial objectives and to obtain compensation data that management gathered for our peer group of companies to support the committee in 2022.

The committee, working directly with the independent compensation consultant and input from the Chairman of the Board (without the presence of the President & CEO), deliberates and makes decisions about the salary and variable incentive compensation opportunity to be awarded to the President & CEO for the new fiscal year and performance-based compensation payouts for the prior fiscal year. In setting compensation for NEOs (other than the President & CEO), the committee solicits the input of the President & CEO, who recommends the salary and target variable incentive compensation to be awarded to the other NEOs for the new fiscal year. The committee is solely responsible for making the final decisions on compensation for all NEOs. No NEO is present during discussions of his or her compensation package nor participates in approving the amount of any portion of his or her own compensation package.

Role of Market Data and Peer Group in Executive Compensation

The committee reviews relevant market pay data from both a custom retail industry peer group as well as published surveys. This market pay data includes summary statistics for the 25th, 50th and 75th percentiles for base salary, target bonus, target total cash, long-term incentive opportunities and target total pay.

As further discussed below, market data is just one reference point the committee and management use when determining NEO pay.

The 2022 peer group includes companies that generally meet the following criteria:

- Compete with for executive talent;
- Maintain a similar market presence and complexity; and
- Demonstrate similar size to us as measured by revenue, product mix, private label brand offerings, on-line and retail stores, number of stores, geographic footprint and sustained financial performance.

The peer group for fiscal year 2022 included 14 companies. The committee reviews the peer groups on a two-year review cadence specific to the evaluation of peer companies. The peer group was last evaluated in 2021.

Academy Sports & Outdoors	Peloton Interactive
Big 5 Sporting Goods	Skechers U.S.A.
Columbia Sportswear	Stitch Fix
Deckers Outdoor	Under Armour
DICK's Sporting Goods	Urban Outfitters
Hibbett Sports	Wolverine World Wide
Lululemon Athletica	Zumiez

Factors Used in Determining Executive Compensation

In any given year, when establishing the elements of executive compensation, the committee may take into consideration one or more of the following factors. The relative weight, if any, given to each of the factors below varies by individual NEO and with respect to each element of compensation at the sole discretion of the committee.

In conducting its analysis and determining compensation, the committee considers these factors where relevant:

- Business and talent strategies
- The nature of each NEO's role
- REI's purpose, values and co-op structure
- Individual performance and contributions (based on specific financial and operating objectives for each NEO and leadership behaviors);
- Future potential contributions by the NEO;

- Internal comparisons to other peer executives;
- Comparisons of the value and nature of each compensation element to each other and in total;
- REI's performance results and business outlook; and
- Retention risk.

COMPENSATION ACTIONS AND ACHIEVEMENT FOR FISCAL 2022

Elements of Executive Compensation

REI compensates its executive officers by providing four key elements of pay, including:

- Base salary;
- Annual cash incentive bonus (Summit Incentive Plan) contingent on REI's annual results;
- Long-term cash incentive plan (LTIP) linked to performance on two key measurements of success, return on capital and revenue growth, measured over multi-year periods; and
- Retirement plan that applies to all employees and includes a guaranteed retirement contribution of 5% of eligible pay.

We have chosen these elements because we believe each supports achievement of one or more of our compensation objectives, and that together they have been and will continue to be effective in this regard. Additional distributions are made as required and consistent with management agreements. We also provide our executives with the same health and welfare benefits that are available to a broader group of employees.

The use and weight of each compensation element is based on the judgment of the committee about the importance of each compensation objective in supporting our business and talent strategies and the structure of these elements for executives at other companies. To emphasize the importance of performance-based compensation, base salary and benefits represent less than half of each REI executive's potential compensation at target performance levels.

Total Target Executive Compensation Approach

In making fiscal 2022 executive compensation decisions, for each NEO the committee reviewed the total target cash opportunity (base salary plus variable performance-based cash compensation) for similarly situated executives of our peer companies as well as relevant survey results, as described previously. The committee considered the factors discussed in *Factors Used in Determining Executive Compensation* above, the specific compensation objectives for Fiscal 2022 and, for NEOs other than the President & CEO, the President & CEO's recommendation. The committee did not use a formula or assign a particular weight to any one factor in determining each NEO's target pay. Rather, the determination of the total target compensation and mix between fixed base pay and "at-risk" variable pay opportunities was subjective for each NEO and was a function of the committee's overall objectives for total pay positioning and balancing the pay mix. **Resulting total target compensation for the NEOs was generally between the 25th and 50th percentile of the market data for fiscal 2022.** In approving this pay structure, the committee was mindful of the executive pay philosophy, REI's mission, core values and co-op structure.

Base Salary

Base salaries are set at a level that the committee believes will effectively attract and retain top talent, considering the factors described above under *Factors Used in Determining Executive Compensation.* In addition, the committee considers the impact of base salary changes on other compensation components where applicable.

Annual Cash Incentive – Summit Incentive Plan

The REI Summit Incentive Plan (the “Summit Plan”) is an annual program that rewards employees based on company and divisional performance (for NEOs, performance is measured at the company level). The plan covers all employees, including full-time, part-time and seasonal employees and includes eligibility requirements defined within the Summit Plan.

Each year, the committee reviews and approves the Summit Plan, which includes performance metrics, metric weightings, and financial and operating goals. The company’s annual operating plan, which is reviewed and approved by the board, is used to help establish the performance metrics and target goals. In addition, the committee approves the annual results and related payouts under the Summit Plan shortly after completion of the fiscal year.

The 2022 Summit Plan measured goals on a quarterly basis. 2022 performance metrics were: total company sales weighted at 70%, total company membership acquisition at 30% and payout occurred only if total company operating profit threshold was met on a pass / fail basis. Each metric has a threshold, target and maximum performance level.

The award payout levels (as a percent of target award) associated with each performance level is 25% (threshold) and 100% (maximum) and actual results are interpolated between these points on a straight-line basis for performance falling within the range.

2022 Summit Incentive Plan:

Overall payout was determined based on the average of the four quarters performance:

Q1	Q2	Q3	Q4	Final 2022 Payout
75.0%	75.0%	100.0%	100%	**87.5%**

Long Term Cash Incentive – Long-Term Incentive Plan

The REI Long-Term Incentive Plan (the “LTIP”) is an incentive program designed to reward participants for the company’s profitable growth over a three-year performance period. The LTIP’s objectives are to provide a competitive pay package to attract and retain high-performing leaders, link pay to sustained long-term REI performance, and foster a pay-for-performance culture. In 2021 the LTIP covered a select group of key management employees (including all NEOs).

Annually, the committee reviews and approves the performance metrics, metric weightings, and financial goals at the beginning of a new LTIP performance cycle. The company’s long-term strategic plan, which is reviewed and approved by the board, is used to help set metrics and related goals in addition to consideration of general retail market expectations. The committee also approves the three-year results and related payouts under the LTIP following the completion of a performance cycle.

The LTIP is measured over a three-year performance period with a new performance cycle starting each year. This results in overlapping performance cycles and creates a sustained performance focus, maximizes our ability to motivate and retain participants and facilitates review and changes, as appropriate, in eligibility or the performance goals. Payouts typically occur in March following the conclusion of each respective performance period.

Each year, REI’s financial and strategic goals are taken into consideration when determining the LTIP’s performance metrics and goals. The 2020-2022 performance metrics were return on capital and revenue growth equally weighted at 50% each. We believe that a balanced focus on the efficient use of capital and revenue growth provides a strong indicator for REI’s long-term success and sustained performance.

Each metric has a threshold, target, and maximum performance level. Each year of the three-year performance tranche is calculated independently based on single-year goals. The final 3-year performance outcome is calculated on a pure 3-year average. The performance outcomes for each year, and the final 3-year performance outcome is detailed in the table below. Threshold and maximum performance percentages may vary by each individual performance year within the 3-year tranche.

The performance metrics are evaluated separately and if actual performance in a single year on either metric falls below threshold, that full year will be calculated as zero in the pure three-year average.

For the 2020 plan year both metrics did not meet threshold. As a result, for the 2018-2020 LTIP tranche, the 2020 year was calculated and paid as zero. Going forward, the Committee determined, because of the unprecedented impacts of 2020, the zero should not carry through to future tranches. Therefore, the impact of 2020 will be treated as on target, or 100%, for the future 3-year tranches concluding in 2021 and 2022. For the 2021 plan year, both metrics met maximum performance and were calculated at 150% of target. For 2022, LTIP performance year result was aligned with the overall Summit result of 87.5%. This led to an overall payout of 112.5% for the 2020-2022 LTIP tranche.

The Long-Term Incentive Payout for 2022 was based on the three-year average of 2020, 2021, and 2022. For 2022 performance year, the overall result was aligned to the Summit payout of 87.5%.

2020 Performance	2021 Performance	2022 Performance	2020 - 2022 Overall Performance
100%	150%	87.5%	**112.5%**

Retirement and Profit Sharing Plan
The REI Retirement and Profit Sharing Plan (the "RPS Plan") is a qualified plan governed under ERISA and is intended to provide all eligible employees with the opportunity to save for retirement through the RPS Plan. There are specific eligibility requirements for participation in the RPS Plan. Under this plan, REI provides a retirement contribution equal to 5% of a participant's eligible earnings. This contribution is funded 100% by REI. In addition, all employees are eligible to defer a portion of their Summit Plan payout to the RPS Plan in accordance with IRS annual limits.

Compensation Recovery Policy
In November 2016, our board adopted a compensation recovery policy effective January 1, 2017, which covers our executives at the Vice President or above levels. Under this policy, if we are required to prepare an accounting restatement to correct an accounting error on an annual audited financial statement due to material noncompliance with any financial reporting requirement, or a restatement, and if the board or a committee of independent directors concludes that our CEO, CFO or any other executive officer received a variable compensation payment under our annual Summit Plan or LTIP that would not have been payable if the original annual financial statements reflected the restatement, then under the compensation recovery policy our CEO, CFO and other executive officers will be required to disgorge the net after-tax amount of that portion of the variable compensation payment that would not have been payable if the original annual financial statements reflected the restatement.

REI's HIGHEST COMPENSATED EXECUTIVES [1]
Year Ending December 31, 2022

Name and Title	Year	Base Pay [2]	Annual Incentive Plan [3]	Long-Term Incentive Plan [4]	REI Retirement & Profit Sharing Plan [5]	Deferred Compensation Plan of 1990 [5]	Total [6]
Eric Artz [7]	2022	$871,154	$1,067,164	$2,026,370	$15,250	$28,308	$4,013,886
President & CEO	2021	$850,000	$1,657,500	$2,007,672	$14,500	$28,000	$4,563,312
	2020	$850,000	$0	$1,046,974	$14,250	$28,250	$1,945,114
Ben Steele [8]	2022	$607,384	$425,169	$550,345	$15,250	$15,119	$1,619,628
Executive Vice President	2021	$558,461	$628,269	$518,809	$14,500	$13,423	$1,739,822
Chief Customer Officer	2020	$525,000	$0	$302,432	$14,250	$12,000	$860,042
Kelley Hall [9]	2022	$560,000	$367,500	$409,814	$15,250	$12,750	$1,370,954
Executive Vice President	2021	$525,192	$487,211	$284,371	$14,500	$11,760	$1,328,674
Chief Financial Officer	2020	$500,000	$0	$85,476	$14,250	$10,750	$616,116
Cameron Janes [10]	2022	$500,192	$262,601	$121,922	$15,250	$9,760	$911,165
Senior Vice President							
Chief Commercial Officer							
Curtis Kopf [11]	2022	$475,511	$281,143	$302,978	$15,250	$11,526	$1,092,048
Senior Vice President	2021	$441,481	$397,333	$270,986	$14,500	$7,574	$1,137,514
Chief Experience Officer							

1 This summary reflects the pay of the co-op's President & CEO, two Executive Vice Presidents, and two Senior Vice Presidents during the calendar years shown. Information reported in this table includes all base pay, annual incentive awards, long-term incentive awards and other cash compensation paid to each of the named officers.

2 Base pay reflects actual employee earnings from regular base salary and vacation, sick, holiday and sabbatical pay during the calendar years shown paid during the three year period. Annual salary increases include merit and market adjustments. 2022, 2021 and 2020 included 26 paychecks within the calendar year.

3 The annual incentive plan (Summit Incentive Plan), is a performance based plan which includes sales and operating profit performance metrics. Targets in the Summit Incentive Plan are consistent with the Company's pay-for-performance philosophy and focus the leadership team on the Company's short-term or annual performance. The awards for 2022, 2021, and 2020 reflect the Company's annual performance over those periods.

4 2022 values for the Long-Term Incentive Plan reflect awards for the 2010 - 2022 performance period. Targets in the Long-Term Incentive Plan are consistent with the Company's pay-for-performance philosophy and focus the leadership team on the Company's long-term performance. The awards for the 2018 - 2020 and 2019 - 2021 three-year cycles reflect the Company's performance over those three-year periods.

5 For 2022, a 5% contribution was awarded for all eligible employees under the Retirement and Profit Sharing Plan. Prior to 2021, the Plan allowed for up to a 15% contribution of eligible earnings, based on Company profitability. IRS Compensation Limits for contributions to the Retirement and Profit Sharing Plan are observed for all employees. These limits cap the amount the Company can contribute to the Retirement and Profit Sharing Plan for certain officers. For an officer with base salary earnings in excess of the IRS Compensation Limits, the Company applies the Retirement and Profit Sharing contribution percentage to the earnings above the IRS Compensation Limits and contributes the resulting amount to an account in the officer's name under the Company's Deferred Compensation Plan of 1990. The combination of Company contributions to an officer's Retirement and Profit Sharing Plan account and Deferred Compensation Plan of 1990 account results in the same percentage contribution provided to any eligible employee who is not affected by IRS Compensation Limits.

6 The total column includes other allowances, consisting of a monthly allowance for car expenses and a communication device.

7 In 2021, all eligible employees received an additional one-time bonus of 5% of eligible earnings. For 2021, Mr. Artz received a supplemental bonus of $42,500 not shown in the table.

8 In 2021, all eligible employees received an additional one-time bonus of 5% of eligible earnings. For 2021, Mr. Steele received a supplemental bonus of $27,923 not shown in the table.

9 In November 2021, Ms. Hall was promoted to Executive Vice President, Chief Financial Officer. Ms. Hall joined the co-op as Senior Vice President, Chief Financial Officer in November 2019. Ms. Hall received sign-on bonuses of $100,000 in 2020 as part of her offer letter not shown in the table. In 2021, all eligible employees received an additional one-time bonus of 5% of eligible earnings. For 2021, Ms. Hall received a supplemental bonus of $26,260 not shown in the table.

10 Mr. Janes joined the co-op as Senior Vice President, Chief Commercial Officer in January of 2022. Mr. Janes received a sign-on bonus of $250,000 in 2022 as part of his offer letter not shown in the table. His annualized base salary for 2022 was $510,000.

11 In 2022, Mr. Kopf served as interim Chief People Officer, in addition to his duties as SVP Chief Experience Officer. He received an additional stipend of $60,000 in 2022 for these additional duties not shown in the table. Mr. Kopf first became a named executive officer in 2021. In 2021, all eligible employees received an additional one-time bonus of 5% of eligible earnings. For 2021, Mr. Kopf received a supplemental bonus of $22,108 not shown in the table.