



REI 2021 GREENHOUSE GAS INVENTORY REPORT

Contents

1. Introduction	2
2. Descriptive Information.....	2
3. 2021 Greenhouse Gas Inventory.....	4
4. Biogenic Carbon Emissions – Not relevant to REI.....	4
5. Description of Scopes 1 and 2 Data and Methodologies Used.....	5
6. Description of Scope 3 Data and Methodologies Used.....	5

1. Introduction

REI’s Scope 1, 2, and 3 greenhouse gas (GHG) emissions calculation methodology is based on the Greenhouse Gas Protocol Corporate Standard (Scopes 1 & 2) and Corporate Value Chain (Scope 3) Accounting and Reporting Standard. REI’s Scope 3 GHG emissions are calculated by category in accordance with the Greenhouse Gas Protocol’s minimum boundary guidelines.

2. Descriptive Information

Information	Company Response
Company	Recreational Equipment, Inc. (REI)
Company description	At REI, we believe time outside is fundamental to a life well-lived. Since 1938, we have been your local outdoor co-op, working to help you experience the transformational power of nature. We bring you top-quality gear and apparel, expert advice, rental equipment, inspiring stories of life outside and outdoor experiences to enjoy alone or share with your friends and family. And, because we have no shareholders, with every purchase you make with REI, you are choosing to steward the outdoors, support sustainable business, and help fight for life outside for all.
Consolidation method	Operational control of owned and leased retail, distribution, and office sites, including offices in Shenzhen, China.
Reporting period	01/01/2021 - 12/31/2021
Description of the businesses and operations included in the company’s organizational boundary	REI reports Scope 1 and Scope 2 GHG emissions from all owned and leased sites, owned and leased vehicles, dedicated service vehicles by other companies, HVAC refrigerant losses during service, and reimbursed employee vehicle travel. REI operates retail stores only in the U.S. Scope 3 GHG emissions are reported for all REI Co-op Brand products as well as those of other brands that REI retails, and all other relevant categories based on REI activity. Relevant Scope 3 GHG emissions categories that are part of REI’s Scope 3 GHG emissions inventory are listed below.

Scope 3 activities included in inventory	<p>Category 1: Purchased goods & services (including: REI Co-op Brand products; products from external brands that REI retails; non-product purchases for operations, offices, etc.)</p> <p>Category 2: Capital goods</p> <p>Category 3: Fuel- and energy-related activities (not included in Scope 1 or 2)</p> <p>Category 4: Upstream transportation and distribution</p> <p>Category 5: Waste generated in operations</p> <p>Category 6: Business travel</p> <p>Category 7: Employee commuting</p> <p>Category 9: Downstream transportation and distribution</p> <p>Category 11: Use of sold products</p> <p>Category 12: End-of-life treatment of sold products</p>
Scope 3 activities excluded from inventory, with justification for their exclusion	<p>Category 8: Upstream leased assets - Leased space and long-term leased vehicles are treated as REI's under operational control, and accounted for as relevant under Scopes 1 and 2. REI has no other upstream leases.</p> <p>Category 10: Processing of sold products - REI does not calculate and report emissions from processing of sold products, as REI does not sell intermediate products intended for further processing.</p> <p>Category 13: Downstream leased assets - This category is not relevant to REI, as REI does not have downstream leased assets.</p> <p>Category 14: Franchises - This category is not relevant to REI, as REI does not own or operate franchises.</p> <p>Category 15: Investments - This category is not relevant to REI, as REI maintains its treasury in a mix of safe investments (primarily fixed income instruments).</p>
Emissions reduction target	Reduce GHG emissions across REI's own operations and value chain by 55% by 2030.
Base year of emissions reduction target	2019 – In 2019, REI completed its first full, Greenhouse Gas Protocol-compliant emissions inventory, to serve as a baseline for subsequent emissions accounting and reduction strategies.
Scope 1 emissions in base year (tonnes CO₂eq)	4,632
Scope 2 emissions in base year (tonnes CO₂eq)	26,242 (location-based) 0 (market-based)
Scope 3 emissions in base year (tonnes CO₂eq)	1,346,022
Base year emissions recalculation policy	Base year recalculations will be triggered when changes to REI's calculation methodology result in calculated GHG emissions exceeding a 5% threshold, or following any major corporate divestitures or acquisitions.
Verification details	REI's 2021 GHG inventory was independently verified under limited assurance by Apex Companies, LLC.

3. 2021 Greenhouse Gas Inventory

Inventory Scope / Category	tonnes CO₂e_q	% of Total
Scope 1	4,663	0.3
Scope 2		
<i>Location-Based</i>	26,201	1.9
<i>Market-Based</i>	0	0
Scope 3	1,323,748	97.7
Scope 3 Category	tonnes CO₂e_q	% of Scope 3
Category 1—Purchased Goods & Services		
REI Co-op Brand	127,727	9.6
External Brands	739,289	55.8
Non-Product Purchases	27,034	2.0
Category 2—Capital goods	24,654	1.9
Category 3—Fuel- and energy-related activities	16,235	1.2
Category 4—Upstream transportation	28,097	2.1
Category 5—Waste generated in operations	3,519	0.3
Category 6—Business travel	748	0.1
Category 7—Employee commuting	23,472	1.8
Category 9—Downstream transportation	291,561	22.0
Category 11—Use of sold products	19,717	1.5
Category 12—End-of-life treatment of sold products	21,694	1.6
Grand Total (Location-Based)	1,354,612	100%

4. Biogenic Carbon Emissions – Not relevant to REI

5. Description of Scopes 1 and 2 Data and Methodologies Used

Scope	Types and sources of data used to calculate emissions	Methodologies, allocation methods, and assumptions used to calculate the emissions
1	<p>Activity data (primary data): Quantities of natural gas and propane consumed on-site in the reporting year were obtained from REI utility bills. Gallons of diesel and gasoline consumed by on-site vehicles, as well as personal vehicle mileage, were obtained from service supplier reports and REI internal business units. Refrigerant consumption was obtained from supplier reports.</p> <p>Emissions factors (secondary data): Emissions factors for natural gas, propane, gasoline, and diesel consumption from the EPA's Greenhouse Gas Emissions Factors Hub (2021) were used. A refrigerant emissions factor in 100-year GWP was also used from EPA Hub (2021).</p>	<p>Primary consumption data were multiplied by emissions factors based on emissions per mmBtu of natural gas and propane consumed, and gallons of gasoline and diesel consumed, to arrive at associated tonnes CO₂eq emissions.</p>
	Estimate of data quality*	Good
2	<p>Activity data (primary data): Data on grid electricity consumed (kWh) in the reporting year at each REI site were obtained from utility bills.</p> <p>Emissions factors (secondary data): Site-specific EPA eGRID subregions and their associated 2021 total output emissions factors were used.</p>	<p>Amounts of grid electricity consumed by site were multiplied by the appropriate location-based eGRID emissions factor to arrive at associated tonnes CO₂eq emissions.</p>
	Estimate of data quality	Good

6. Description of Scope 3 Data and Methodologies Used

Category	Types and sources of data used to calculate emissions	Methodologies, allocation methods, and assumptions used to calculate the emissions
1 – Purchased goods & services	<p>Activity data (primary data): Quantity and monetary value of goods and services purchased by REI in the reporting year were obtained from REI internal business data management systems.</p> <p>Emissions factors (secondary data): Cradle-to-gate emissions factors were obtained from commercially and publicly available databases such as the most up-to-date Higg Materials Sustainability Index (MSI) factors and Ecoinvent. Economic factors inflated to 2021 U.S. dollars were obtained from the Exiobase database for categories where spend was used as a basis for calculating emissions.</p>	<p>Higg MSI emissions factors were applied to product weight and constituent materials, then scaled by consumer demand to calculate carbon embodied in REI products sold during the reporting year. For some product categories with complex compositions or where material factors were not readily available, spend factors (localized to production region) were applied against sales demand.</p> <p>For non-product spend on packaging, operational supplies, and services, Exiobase spend factors were multiplied to total spend for each category to arrive at associated tonnes CO₂eq emissions.</p>
	Estimate of data quality	Good

<p>2 – Capital spend</p>	<p>Activity data (primary data): Monetary value of capital goods purchased in the reporting year were obtained from REI internal business data management systems.</p> <p>Emissions factors (secondary data): Supply chain emission factors for spending on capital goods were obtained from Exiobase, inflated to 2021 U.S. dollars.</p>	<p>Emissions associated with REI’s capital goods expenditures were estimated by assigning REI spend categories to appropriate Exiobase spend factors, and multiplying spend data by the appropriate spend factor. For example, REI spend category “Building Improvements” was assigned the Exiobase spend factor for “Construction Work.”</p>
	<p>Estimate of data quality</p>	<p>Good</p>
<p>3 – Fuel- and energy-related activities (not included in Scope 1 or Scope 2)</p>	<p>Activity data (primary data): Quantities of fuel and energy (electricity) purchased in the reporting year were obtained from REI utility bills and internal business data.</p> <p>Emission factors for cradle-to-gate emissions were calculated for fuels and electricity from Ecoinvent factors. The grid-related loss factor was taken from the EPA eGRID data on the EPA Hub (2021).</p>	<p>Amounts of fuel purchased and amounts of grid electricity consumed were multiplied by the appropriate upstream, cradle-to-gate factor to arrive at associated tonnes CO₂eq emissions.</p>
	<p>Estimate of data quality</p>	<p>Good</p>
<p>4 – Upstream transportation and distribution</p>	<p>Activity data (primary data): Data on shipment weight, distance traveled, and transit mode were obtained for all product transport paid by REI from logistics providers. Wheel to Tank emissions for REI product was used where provided.</p> <p>Emissions factors (secondary data): EPA Hub (2021) transportation emissions factors for truckload vehicle-mile and Less-Than-Truckload ton-mile transportation were used.</p>	<p>Emissions from the transport of REI Co-op Brand goods inbound to REI distribution centers (DCs) were calculated by the logistics provider, using product weights, shipping lanes and distances, and all transport modes from port to DC. Data on shipment weights and distances were provided for all other supplier’s products by REI’s U.S. logistics providers. For full truckload shipments, EPA vehicle-mile factors were applied. For Less-Than-Truckload shipments, ton-miles were calculated for each shipment and the appropriate EPA factor applied. For some shipments of product to customers, the carrier was unable to provide detailed weight and distance shipping, so average per-shipment weight and distance factors were calculated based on order data and applied to the total number of shipments.</p>
	<p>Estimate of data quality</p>	<p>Good</p>
<p>5 – Waste generated in operations</p>	<p>Activity data (primary data): The amount of waste to landfill was obtained from billing data based on service levels (volume of containers and frequency). Actual weight data were available for compactors and baled materials.</p> <p>Emissions factors (secondary data): Emissions factors for municipal solid waste to landfill and organics composting were obtained from the EPA Hub (2021).</p>	<p>Waste amounts were calculated from service level volumes and EPA densities. Where service level data were unavailable, such as for stores with shared services provided by the landlord, the waste was estimated based on sales. Compost was reported as billed. Some locations have compactors which report actual tonnage values, and commodities such as baled cardboard are also provided in actual weights.</p>
	<p>Estimate of data quality</p>	<p>Good</p>

<p>6 – Business travel</p>	<p>Activity data (primary): Trip mileage for air travel and hotel-nights data were obtained from REI’s travel management provider. Rental car mileage data were provided directly by vehicle rental companies.</p> <p>Emissions factors (secondary data): Emissions factors for short- (<300 miles), medium- (<2,300 miles) and long-haul (>2,300 miles) flights were taken from the EPA Hub (2021), as well as emissions factors for car travel. Average mpg of U.S. car fleet from the EIA was used to convert miles driven to gallons of fuel consumed.</p>	<p>Air travel was reported by REI’s travel services provider as total segments flown, with mileage per segment. EPA Hub emission factors based on haul length were applied to arrive at tonnes CO₂eq emissions associated with business air travel.</p> <p>Rental car mileage and/or gallons of fuel used per rental was reported by REI’s rental car providers. Average U.S. passenger car fuel economy of 24.1 (EIA 2019) (or fleet-specific mileage from rental car providers, where available), along with EPA emissions factors for motor gasoline were then applied to arrive at tonnes CO₂eq emissions associated with business vehicle travel.</p> <p>Hotel nights were reported by REI’s travel services provider. An emissions factor for hotel-nights was calculated using an EPA study on emissions from events & travel; factors for kWh electricity and mmBtu natural gas associated with the “Midscale with Food & Beverage” hotel stay category were used to arrive at tonnes CO₂eq emissions associated with business hotel stays.</p>
	<p>Estimate of data quality</p>	<p>Good</p>
<p>7 – Employee commuting</p>	<p>Activity data (primary data): Number of employees per REI location. Estimated commute travel distance is based on King County commuting surveys for REI Headquarters and Seattle, Washington flagship store. Commute mode was estimated by calculating percentages of participation in alternate commutes modes for employees at REI headquarters, distribution centers, and retail locations.</p> <p>Emissions factors (secondary data): EPA Hub factors (2021) for passenger vehicle, bus, vanpool, and train were applied.</p>	<p>REI Human Resources maintains a list of employees per site as of each month end. Travel distances were developed based on commuting survey data for headquarter (HQ) office and Seattle flagship store, required by King County. Average roundtrip distance for HQ as reported in the survey was used for HQ, distribution center, and non-urban store employees, and the Seattle store distance for urban store employees.</p> <p>Percentage of employees using public transit was obtained from REI Human Resources data on employees receiving a transit subsidy and REI’s commute survey data. Full-time employees were assumed to work 5 days/week (one round trip per day), 4.33 weeks per month. Part-time employees were assumed to work 50% and thus incur half the commute travel of full-time employees. EPA Hub factors (2021) for passenger-mile travel by car, carpool, vanpool, bus, and rail were used to calculate associated tonnes CO₂eq emissions. Note that, in 2021, all employees under REI headquarter functions were assigned a commuting emissions factor of 0 due to REI’s work from home policy during the COVID-19 pandemic.</p>
	<p>Estimate of data quality</p>	<p>Fair</p>

<p>9 – Downstream transportation</p>	<p>Activity data (primary data): Return shipments data were obtained from REI business systems for returns paid for by the customer. Data for customer travel for REI Adventures trips and REI Field Events (attendee count and destination/trip type for REI Adventures trips) were obtained from REI business systems. Data for customer trips to store (included as an optional data point) were obtained from REI customer data (count and average distance to store).</p> <p>Emissions factors (secondary data): EPA Hub factors (2021) for truck transport were used for logistics. EPA Hub factors (2021) for air and vehicle travel were used for REI Adventures.</p>	<p>Returns for used gear are paid for by the customer. Data on number of returns are available but individual shipping distance and weights were not. An average shipment weight and distance were calculated from distance from recommence facility to the most populated zip code in each state. Average order weight was calculated from order data. The EPA Hub factor (2021) for ton-mile transport was used.</p> <p>For REI Adventure travel, flight distance was assumed as an average from Denver, Colorado to top 10 jump-off airports, in the region the trip originates, using this air miles calculator. For 2021, the only international destination for booked REI Adventure travel was Latin America. In-trip emissions were calculated for hotel-nights and ground transport, using an assumed daily mileage for vehicle travel and EPA Hub factors (2021). Cruise emissions where applicable were estimated with an emissions factor per passenger-day from cruise industry data.</p> <p>Number of attendees to REI Field Events was obtained from REI business systems, and an assumed round trip distance was combined with EPA Hub factors (2021) to arrive at tonnes CO₂eq emissions associated with attendee travel to Field Events.</p> <p>Emissions from customer trips to REI stores were estimated based on REI data on average distance from customer residence to closest REI store, along with a count of total visitors to REI stores in the reporting year. Number of visitors was adjusted to account for multiple-person parties and some use of public transit or foot traffic (as opposed to purely personal vehicle transport). Accounting for emissions from customer trips to retail locations is a recommended, but not required, practice under the Greenhouse Gas Protocol.</p> <p>Note that accounting for Category 9 emissions from activities such as air travel to REI Adventures and customer trips to retail stores is not mandatory under the Greenhouse Gas Protocol. However, we voluntarily choose to include them in our inventory because we believe it is important to acknowledge and account for such significant categories of emissions across our wide range of business offerings.</p>
	<p>Estimate of data quality</p>	<p>Good</p>

<p>11 – Use of sold products</p>	<p>Activity data (primary data): Use phase emissions were only calculated for three product categories: apparel, electronics, and fuel-based (e.g., pressurized gas canisters for cooking). Data on units of products sold were obtained from REI business systems.</p> <p>Emissions factors (secondary data): Use-phase emissions factors for apparel were obtained from a fashion study by Quantis. EPA eGRID U.S. average grid emissions were used to calculate emissions from electronics charging. EPA Hub (2021) factors for combustion of propane and butane were applied to calculate emissions from fuel-based products.</p>	<p><i>Apparel:</i> Assumptions around wash frequency and item life were made for major categories of apparel (e.g., shirts, pants) and sleeping bags. An emissions factor per kg of washing was obtained from the World Apparel & Footwear Life Cycle database. The weight of total units sold was determined by individual SKU weights and total units.</p> <p><i>Electronics:</i> For small electronics, U.S. grid average emissions factors were applied to an assumed 2kWh per year of charging and a 3–5-year life. For electric bikes, U.S. grid average emissions factors were applied to an average battery size of 400-500 Wh and an assumed weekly charging cycle.</p> <p><i>Fuel-based:</i> Units of cooking gas sold were assumed to be fully combusted, and EPA emissions factors for propane and butane combustion were applied to arrive at tonnes CO₂eq emissions associated with full combustion.</p>
	<p>Estimate of data quality</p>	<p>Fair</p>
<p>12 – End of life treatment of sold products</p>	<p>Activity data (primary data): Total amount of products sold (units and mass) were obtained from REI business systems.</p> <p>Emission factors (secondary data): EPA WARM factors for landfill and composting were obtained from the EPA Hub (2021).</p>	<p>Total weight of products sold in the reporting year were calculated from units sold and SKU-level item weight. It was assumed, conservatively, that ultimately all products sold end up in landfill. The EPA factor for landfill emissions was applied to arrive at estimated tonnes CO₂eq emissions. Compost amounts were obtained from the service providers, converted from volumetric if necessary using EPA density for organic waste, and the EPA factor for compost applied.</p>
	<p>Estimate of data quality</p>	<p>Good</p>

*Data quality is estimated as: *Good* if data quality indicators (Precision, Completeness, and Temporal, Geographical, and Technological representativeness) are estimated as Good to Very Good quality. *Fair* is used if any indicator is rated fair. It is not believed that any data in REI’s carbon inventory is of *Poor* quality.