

# Patagonia's Responsible Service Provider Principles

## Overview

While many of our business functions are performed in-house, we contract with a number of service providers for a variety of purposes. Whether continually or sporadically, we partner with many organizations to provide services that include such things as cleaning services, banking, legal support, and software platforms. While not manufacturing anything, per se, these companies still have an impact on the people who work for them, their communities and the natural world.

We aim to partner with service providers who embody the same principles as Patagonia—prioritizing quality work, minimizing harm to the environment and maximizing benefit to society. Below are a set of principles to be considered with all service providers, followed by a more detailed description of our approach toward banks. Due to the wide range of engagement with service providers, not all of these principles will be applicable or relevant all the time. Rather, they should be used to guide initial analysis and evaluation of existing and potential partners.

## Service Provider Principles

The following are guidelines for departments to use when evaluating new or existing service providers:

### 1. Social/worker responsibility

What are the social/worker practices of the vendor? Are they certified by any third parties for their social performance? Are there any known violations or campaigns against their worker or HR practices? Do they pay their employees a fair wage (at least minimum) and provide proper benefits? Do they have proper hiring practices and have anti-discrimination policies in place? Do they publicly report on any of their practices?

### 2. Environmental responsibility

What are the environmental practices of the vendor? Do they publicly report their environmental responsibility efforts? Do they actively address their impacts with regard to waste, water and energy? Do they have any third-party certifications for buildings, services or their business as a whole? Are there any known issues or campaigns against their environmental practices?

### 3. Community engagement

Is the vendor engaged in their local or global community from a benefit perspective? Do they have a philanthropy program? Do they volunteer or provide in-kind services or donations? Do they have a good reputation in the community(s) in which they work?

### 4. Coalition engagement

Is the service provider part of any coalitions such as 1% for the Planet, Conservation Alliance, B Corp, etc.?

### 5. Subcontractors

Does the vendor use subcontractors or partner institutions in their business operations? If so, do they have a supplier code of conduct that outlines expectations for social and environmental responsibility? Do they contract with local partners? Do they have long-standing relationships with subcontractors? Do any subcontractors have any violations or campaigns against them?

### 6. Parent companies/investors

Is the vendor owned by a parent company? If so, what are the social and environmental practices of that company and its other subsidiaries (see above sections)? Does the parent company invest in any fossil fuel, chemical or other companies that have questionable social and environmental practices?

## Additional Responsible Finance Principles

Responsible banking and investing is an increasingly important paradigm for businesses, governments and other institutions to understand what activities that banked cash is being used to fund and to analyze investment opportunities. Being a large corporation, many of the financial institutions that have the capacity to meet our investment and banking needs do not meet all of our desired qualifications. Therefore, we engage with those institutions to consider the social and environmental risks of some of their decisions and encourage them to divest from projects that negatively impact our planet. Apart from the above set of principles for evaluating a partner financial institution, the following is a set of guidelines that frame our general approach to banking and investments:

### 1. Work with institutions that embody our values

When evaluating partner institutions, we look at their overall approach to employee welfare, investments, community engagement and environmental responsibility. Provided a potential partner can meet our business requirements, we will leverage opportunities to move financial functions to a company that demonstrates a commitment to like-minded values. When two potential partners can both meet our business needs, we would like to move functions to fellow B Corporations and members of 1% for the Planet. When this isn't possible, we engage our partner institutions in conversations related to the benefit of such coalitions and push them to consider membership.

### 2. Divest from fossil fuels

We work with financial institutions to identify existing ways and, in some instances, create new opportunities to move investments away from fossil fuel and extractive industries.

### 3. Assess partner institutions on a regular basis

We continually assess our global financial relationships to understand how we can responsibly bank and invest with like-minded partners and will engage in regular conversations regarding their overall efforts toward corporate responsibility.

### 4. Evaluate values and investments of parent companies

Not only do we analyze the partner organization, but we also evaluate the parent company's ownership, investments and social and environmental responsibility.