

Corporate Responsibility Topline Report

2013 PROGRAM OVERVIEW



A PRODUCT OF



**SUSTAINABILITY
WORKING GROUP**

DRIVING BUSINESS OF THE FUTURE

We believe the next generation of business must encompass responsible sourcing, effective methods of traceability, innovative design, efficient operations, and safe working environments. To this end, we are producing hands-on tools that enable companies to monitor and evaluate the way they do business and empower them to make positive changes.

The Outdoor Industry Association (OIA) Sustainability Working Group (SWG) reflects this next generation of business — one that recognizes that integrating environmental and social responsibility into every aspect of operations is not an add-on; it's the foundation of smart business. It hinges on efficiency, quality, responsibility and a generation that expects more than just products.

The SWG has been a dominant and pioneering force in sustainable business practices since 2007. Established to tackle the challenges of reducing the environmental and social impacts of our products, the SWG is an unprecedented collaboration among more than 250 outdoor brands, retailers, suppliers and other stakeholder organizations. This collaboration has resulted in the development of tools and guidance documents that are used far beyond our own supply chains, establishing the outdoor industry as a leader in responsible business.

From the beginning, we recognized that with two-thirds of our impact in the global supply chain, it's not enough to focus on recycling or employee transportation incentives. We're targeting supply chain management and reengineering it to reduce resource consumption, increase transparency, and provide opportunities and incentives for companies to improve the way they operate.

The SWG focuses on four areas:

1. Product indexing
2. Chemicals management
3. Materials traceability
4. Social responsibility

As the SWG approaches nearly seven years of work, we want to take this opportunity to present the significant achievements of the group and the vision for the coming years.

The progress and success of the outdoor industry's sustainability initiatives depends on broad collaboration among diverse companies, adoption of the tools, and continuous feedback on how to improve them. We invite your company to participate in this important work.

Sincerely,

Frank Hugelmeyer
President & CEO
Outdoor Industry Association

For more information about the Sustainability Working Group and how to get involved, visit outdoorindustry.org/responsibility or email sustainability@outdoorindustry.org.

OIA Sustainability Working Group (SWG)

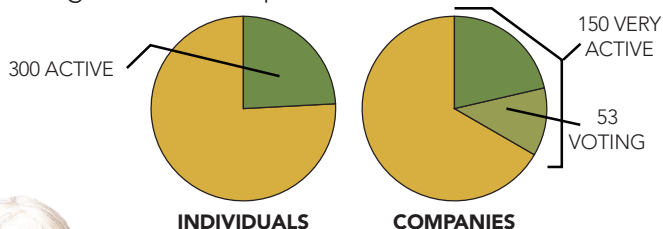
The Outdoor Industry Association Sustainability Working Group (SWG) formed in 2007 to tackle issues of corporate responsibility in the outdoor industry. Originally called the Eco Working Group, the group adopted the name Sustainability Working Group in 2011 to reflect its work in both environmental and social responsibility. Today, the SWG is a volunteer collaboration among hundreds of companies working to identify sustainable business practices throughout their shared global supply chains.

OIA SUSTAINABILITY WORKING GROUP VISION/CORE PURPOSE

"We continually seek out and assess, collaboratively evolve, and assist our member companies in adopting global environmental and social best practices to benefit the operations and communities in which we conduct our business."

2013 SWG Member Engagement Metrics

- 1,200 individuals on the SWG newsletter list
- ~450 companies involved in the SWG since its inception in 2007
- ~300 active individuals
- 150 companies currently "very active" SWG participants, with hundreds more involved
- 53 voting member companies



Jamie Bainbridge, nau (2013 Advisory Council Chair)

"The outdoor industry has taken proactive steps to provide hands-on tools that enable companies to monitor and evaluate the way they do business and empower them to make positive changes. The OIA SWG reflects the next generation of business — one that recognizes that integrating environmental and social responsibility into every aspect of operations is no longer called sustainability. It's just called good business."

2013 OIA SUSTAINABILITY ADVISORY COUNCIL

The OIA Sustainability Working Group is guided by the Sustainability Advisory Council, comprised of leading outdoor industry companies:

Amy Roberts,
Mountain Equipment
Co-op (MEC)

Betsy Blaisdell,
The Timberland Company

Chuck Haryslak, Polartec

Dave Petri, Nester Hosiery

Jamie Bainbridge, nau

Jeff Nash, Black Diamond

Jill Dumain, Patagonia

Kevin Myette, REI

Sandra Cho,
Columbia Sportswear

Valerie Bone,
Pacific Market International

OIA Sustainability Working Group Initiatives

THE OIA SUSTAINABILITY WORKING GROUP FOCUSES ON FOUR AREAS:

1. Product sustainability indexes
2. Chemicals management
3. Materials traceability
4. Social responsibility



1. Sustainability Indexes

In 2007, the Outdoor Industry Association (OIA) Sustainability Working Group (SWG) began developing a ground breaking assessment tool to enable companies to measure the impacts of their products throughout the supply chain, identify areas for improvement, and make informed sourcing and product life cycle decisions. Originally called the Eco Index, this tool provided a standardized framework and language to assess product-level sustainability.

In 2011, the Sustainable Apparel Coalition (SAC) — a coalition of broader brands, retailers, suppliers and other stakeholders that represents nearly 40 percent of the global apparel and footwear supply chain — announced it would adopt the Eco Index in conjunction with Nike's Materials Sustainability Index to create an industry-standard sustainability index for apparel and footwear. OIA collaborated with the SAC to develop this second version of the Eco Index, called the "Higg Index," which launched in July 2012. After further refinements, in December 2013 the Higg Index 2.0 debuted, including a web-based tool that incorporates environmental and social responsibility indicators.

outdoorindustry.org/responsibility/indexes

EQUIPMENT INDEX

From 2011-2013, the Equipment Index Working Group, a subgroup of the SWG, expanded Higg Index content to be applicable to equipment and gear products. A pilot program launched in 2013, with the goal to fully integrate the equipment index into the Higg Index alongside apparel and footwear.

outdoorindustry.org/equipmentpilot

INDEX TOOLS

Why? Index tools provide a way for companies to benchmark and measure their environmental and social impacts, identify areas for improvement, and make informed sourcing and product life cycle decisions.

Key Tools and Resources:

- The Higg Index
- Equipment Index

Get Involved:

- Download the tools at outdoorindustry.org/responsibility/indexes/
- Join the Equipment Index Working Group

2. Chemicals Management



The Chemicals Management Working Group (CMWG) formed in spring 2011 as a subgroup of the OIA Sustainability Working Group to establish shared approaches and tools for the management of chemicals and their potential impacts on humans and the environment across product life cycles. The CMWG is a joint effort between the OIA Sustainability Working Group and the Sustainable Apparel Coalition.

The mission of the CMWG is to drive continuous improvement in chemicals management practices, and to accelerate the development and use of sustainable chemistry/green chemistry. The CMWG's work tackles the seven primary objectives of the Chemicals Management Module (CMM) developed by the CMWG:

1. Regulatory awareness and compliance
2. Restricted substances and substances of concern
3. Product and process chemicals knowledge
4. Chemical hazard assessment
5. Chemical safety and risk management
6. Safer alternatives assessment and preferred substances
7. Sustainable green chemistry innovation and continuous improvement

CHEMICALS MANAGEMENT MODULE

The Chemicals Management Working Group developed the Chemicals Management Module (CMM) from 2011-2013. Organized around seven primary objectives; three levels of performance (foundational, progressive and aspirational); and with content specifics to stakeholder groups (brands, retailers, chemical suppliers and other suppliers). The CMM bolsters the chemicals management component of the Higg Index, and is also being used by companies as a standalone guidance tool.

outdoorindustry.org/cmm

REPELLENCY TECHNOLOGIES/ DWR TASK FORCE

The Repellency Technologies/Durable Water Repellency (DWR) Task Force was established in August 2012 as a joint effort among the OIA Chemicals Management Working Group (CMWG), the Zero Discharge of Hazardous Chemicals (ZDHC) Group of Brands, the European Outdoor Group (EOG) and the German Sporting Goods Association (BSI). Together, the members of these organizations have developed a shared project plan, and are now executing against it to gather data on water, oil, and stain repellency chemistries toward more informed sourcing decisions. This work is balancing a sense of urgency with the technological needs of outdoor products with current limitations in knowledge of viable alternatives.

CHEMICALS MANAGEMENT

Why? The work of the CMWG helps companies get out in front of impending regulation; share information and drive necessary research around chemicals of concern; and mitigate supply chain disruptions by improving chemicals management and integrating more sustainable chemistry practices.

Key Tools and Resources:

- Chemicals Management Module (CMM) of the Higg Index
- Reference Guide of chemicals management tools/service providers, and other resources
- Hazard Assessment Protocol
- "Chemistry for Any Weather" Supplemental Report on PFC's/Repellency Technologies
- Foundational Research Report on PFC's/Repellency Technologies
- PFC's/Repellency Technologies Research Project Plan

Get Involved:

- Download the tools at outdoorindustry.org/responsibility/chemicals/
- Join the Chemicals Management Working Group, including the DWR Task Force

3. Materials Traceability

The Materials Traceability Working Group (MTWG) formed in early 2012, focusing on traceability systems and standards for specific raw material supply chains. The MTWG provides a platform for the industry to collaboratively establish best practices and tools, to ensure that raw materials are being sourced ethically and responsibly.

The MTWG is focusing on down, wool, recycled content, and organic content supply chains, as well as creating an overarching Content Claim Standard to help companies verify the presence and amount of a raw material in a final product. This work may be broadened to other materials supply chains in the future.

CONTENT CLAIM STANDARD

In 2012, OIA's Content Claim Task Force worked with Textile Exchange to create a Content Claim Standard (CCS) for the outdoor and apparel industries. The CCS verifies the presence and amount of a raw material in a final product, tracking the flow of a raw material from its source to the final product. It allows for transparent, consistent and comprehensive independent evaluation and verification of material content claims on products. The CCS enables companies to use third-party certification to verify content claims on final products, which increases transparency and consumer trust.

outdoorindustry.org/responsibility/traceability

4. Social Responsibility

The outdoor industry strives to advance social responsibility awareness, standards, innovation and best practices in the outdoor industry value chain through culturally sensitive education and engagement, development of best practices, and measuring the effectiveness of social responsibility efforts. The OIA Social Responsibility Working Group (SRWG) is leading the development of fair labor tools, programs, education and communication to help direct sourcing, product life cycle and purchasing decisions.

SOCIAL RESPONSIBILITY TOOLKIT

The Social Responsibility Toolkit identifies 14 essential elements that comprise a robust social responsibility program. It is designed to help companies create and refine their social responsibility programs, in order to improve working conditions and labor rights in the outdoor industry's supply chains.

outdoorindustry.org/responsibility/social/toolkit.html

MATERIALS TRACEABILITY

Why? The ability to trace and communicate raw material's paths through supply chains is key to ensuring product quality and integrity. Whether it's ensuring the ethical sourcing of key outdoor/performance materials such as down, or being able to verify content claims around any material, the MTWG helps companies put systems in place to trace materials throughout their supply chain.

Key Tools and Resources:

- Content Claim Standard
- Organic Content Standard
- Recycled Claim Standard
- Responsible/Ethical Down Standard (under development)
- Animal Welfare Guidelines

Get Involved:

- Download the tools at outdoorindustry.org/responsibility/traceability/
- Join the Materials Traceability Working Group, including the down and wool task forces

SOCIAL RESPONSIBILITY

Why? Collaboratively developed fair labor tools, educational programs, and training will improve operational efficiencies, ensure regulatory compliance, promote responsible sourcing, and better inform purchasing decisions across the industry.

Key Tools and Resources:

- Social Responsibility Toolkit
- Code of Conduct
- Reference Guide of social responsibility tools/service providers, and other resources

Get Involved:

- Download the tools at outdoorindustry.org/responsibility/social/
- Join the Social Responsibility Working Group

OIA SWG MILESTONES

2006	Idea of collaborative industry effort is hatched
Jan 2007	OIA Eco Working Group (EWG) is formed; first meeting is held at Outdoor Retailer Winter Market in Salt Lake City, Utah, USA
Fall 2008	Portland Development Commission provides seed funding for Eco Index Zero Waste Alliance is brought on board to facilitate Eco Index development
Spring 2009	OIA EWG becomes a strategic initiative of OIA and the OIA Sustainability Advisory Council is formed
Jan 2010	Formal partnership between OIA and the European Outdoor Group is established to support development of the Eco Index
Summer 2010	Original Eco Index tool is launched to the outdoor industry
March 2011	Equipment Index Working Group is launched Chemicals Management Working Group is launched Sustainable Apparel Coalition is launched and a close partnership is forged with the OIA EWG
Fall 2011	Group name shifts from "Eco Working Group" to "Sustainability Working Group" to better incorporate both environmental and social-focused efforts Corporate Responsibility is established as a distinct OIA department
Jan 2012	Materials Traceability Working Group is launched
July 2012	Higg Index 1.0 (Eco Index 2.0) is launched
Aug 2012	Durable Water Repellency (DWR) Task Force is launched
Dec 2013	Higg Index 2.0 and Chemicals Management Module are launched

OIA SWG AWARDS

2010 OIA Eco Index is named one of the "10 Most Hopeful Green Business Stories of 2010" by Joel Makower, GreenBiz

GreenBiz
group

2011 OIA SWG is recognized as one of the "Top Sustainability/Green Business Stories of 2011" by Gil Friend, Natural Logic, and Andrew Winston, Harvard Business Review



Natural Logic

2012 OIA SWG receives "Champions of Change: Corporate Environmental Sustainability" award from President Obama and the White House



Champions
of Change

2013 OIA SWG receives "Green Award" from Supply and Demand Chain Executive



Why You Should Care: Sustainability is Core to Good Business

Sustainability means different things to different people. Often it is regarded as separate from core business functions, which OIA believes is misleading. When discussing the business value of the OIA Sustainability Working Group work, OIA uses traditional business terminology to reflect that corporate responsibility is the foundation of good business. In the context of the Sustainability Working Group, sustainability encompasses all of the following:

- Product quality and integrity
- Supply chain/value chain integrity
- Supply chain/value chain resiliency
- Risk mitigation
- Mitigating supply chain disruptions
- Price competitiveness
- Product, packaging and process innovation
- Enabling access to markets
- Enabling operational and supply chain efficiencies
- Driving corporate value via intangible assets
- Protecting the premium reputation of the outdoor industry and its companies
- Alignment with consumer desires

In 2014 and beyond, a key initiative of OIA and the SWG is to build a robust database of resources to support these business values, and help our member companies understand and embed these concepts into their businesses. Much of this information already exists. OIA's goal is to gather existing data points, frame them to be applicable to the outdoor industry, and pursue new research where needed.

" ENSURING THE GROWTH AND SUCCESS OF THE OUTDOOR INDUSTRY "

BRAND REPUTATION OF
COMPANIES AND INDUSTRY

PRODUCT QUALITY

ACCESS TO MARKETS

PRICE COMPETITIVENESS
INTO THE FUTURE

INTEGRITY OF SUPPLY CHAIN
AND PRODUCT

PRODUCT AND/OR
PROCESS INNOVATION

OPERATIONAL AND SUPPLY
CHAIN EFFICIENCIES

Leaders in Corporate Responsibility

As host organization for the outdoor industry's corporate responsibility initiatives, OIA is tackling sustainability issues on several levels. This work spans the gamut from the corporate responsibility department's leadership in environmental and social responsibility to our government affairs team's work promoting environmental policies, and The Outdoor Foundation's efforts to inspire future generations of outdoor enthusiasts.

ENVIRONMENTAL AND SOCIAL RESPONSIBILITY: OIA CORPORATE RESPONSIBILITY AND SUSTAINABILITY WORKING GROUP

The OIA corporate responsibility department leads and facilitates the outdoor industry's sustainability initiatives and oversees the OIA Sustainability Working Group.

The long-term strategic priorities of the OIA corporate responsibility department include:



Incubate & Innovate: Fostering innovation and thought leadership around corporate responsibility best practices



Implement & Improve: Facilitating creation, awareness and adoption of corporate responsibility tools and resources



Inform & Engage: Promoting partnerships and communication to further the industry's corporate responsibility leadership

outdoorindustry.org/responsibility

ADVOCACY: OIA GOVERNMENT AFFAIRS

The OIA Government Affairs Team collaborates with our corporate responsibility department on a variety of policy initiatives, including international trade and sourcing issues; close-to-home manufacturing initiatives; and chemicals management regulations.



Climate Change

The outdoor recreation industry and those who pursue outdoor activities are among the first to experience the impacts of climate change on outdoor recreation and our public lands. OIA employs a full-time government affairs team to support public policy and funding that protects public lands and waters and the ecosystem services they provide — including recreational opportunities.

Regulatory Issues

From new chemicals management regulation in Norway and California to protecting worker's rights and improving factory conditions, OIA's corporate responsibility and government affairs teams work together to help keep outdoor industry companies aware and one step ahead of relevant regulatory issues.

outdoorindustry.org/ga

COMMUNITY ENGAGEMENT: THE OUTDOOR FOUNDATION



The Outdoor Foundation is a not-for-profit 501(c)(3) that OIA established to inspire and grow future generations of outdoor enthusiasts.

Outdoor Nation

Created by The Outdoor Foundation and supported by a diverse coalition of public, private and not-for-profit partners, Outdoor Nation (ON) works to connect millennials with the outdoors. In 2010, Outdoor Nation launched its first youth summit, in New York City's Central Park, bringing together 500 young adults from 50 states to share ideas and inspire action. Since then, ON has held 30 summits invested in hundreds of millennials-led projects and supported college activation efforts across the country — inspiring tens of thousands of new outdoor enthusiasts (and consumers).

Grant Program

Partnering with companies and organizations, Outdoor Nation awards grants to millennial-generation leaders and not-for-profit organizations to support efforts to get more youth and young adults outside and active in their communities. Grants support diverse projects that range from community gardening to whitewater kayaking to geocaching and more.

outdoorfoundation.org

BICEP MEMBERSHIP



Since 2010, OIA has been a member of Business for Innovative Climate & Energy Policy (BICEP), a coalition of U.S. businesses promoting comprehensive climate and energy legislation in the United States.

ceres.org/bicep

Get Involved

The progress and success of the outdoor industry's sustainability initiatives depends on collaboration among diverse companies, including the creation and adoption of tools and providing continuous feedback on how to improve them. Your company should participate in this important work.

For more information about the OIA Sustainability Working Group and how to get involved, visit outdoorindustry.org/responsibility or email sustainability@outdoorindustry.org.



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