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ARC'TERYX 2020 CLIMATE REPORT

Climate change is an urgent issue with immediate impacts to communities and ecosystems around the world. Science tells us that cutting greenhouse gas (GHG) emissions by 45% from 2010 levels by 2030 and reaching net-zero emissions around 2050 is our best hope for limiting global warming to 1.5°C and preventing catastrophic and irreversible climate change. This will require transformational change around the world.

At Arc'teryx, we're determined to fight climate change. We were among the first outdoor apparel brands – and one of the first Canadian companies – to set science-based emissions reduction targets. We hope that our actions will inspire others to do the same, so we can scale our collective efforts and achieve real progress toward a low-carbon world.

About us

Arc'teryx is a Canadian company based in the Coast Mountains of British Columbia. Our design process is connected to the real world, focused on delivering durable, unrivalled performance. Our products are distributed through more than 2,400 retail locations worldwide, including over 115 branded stores. We are problem solvers, always evolving and searching for a better way to deliver resolved, minimalist designs. Good design that matters makes lives better.

About this report

This is our second annual climate report, which covers the 2020 calendar year and relates to all of our global operations and activities. We welcome your questions and feedback at media@arcteryx.com ✉

LEADERSHIP MESSAGE

At Arc'teryx, we design to last. With one foot in tomorrow, we serve the longer view. We know that our ability to pursue design and adventure is directly connected to the health of the planet's climate, the economy's circularity, worker wellbeing and the diversity of our community.

Climate is our most urgent environmental priority. Our work has always been a response to the mountain environment, shaped by our experiences there, and the desire to disrupt convention and to reinvent the possible. Now the mountains are signalling us to think bigger, act faster and connect more deeply.

In 2020, we took our biggest step forward yet by setting measurable science-based targets to reduce our GHG emissions. These commitments galvanized our organization, with teams and individuals stepping up to the challenge and bringing forward new and ambitious ideas.

While pandemic-related impacts – such as mandatory factory and retail store closures – affected our 2020 performance and slowed progress in some areas of climate action, we adjusted accordingly and made great strides on other fronts. This included, for example, shifting to 100% renewable energy to power all of our owned operations, including retail stores and offices.

There's still a mountain of work to do, but the momentum we are experiencing is real and exciting. We know that acting and investing now to reduce impacts in the future is the right path forward for our business and for the planet.

▷ **Stuart Haselden**
CHIEF EXECUTIVE OFFICER



CLIMATE COMMITMENTS

On Earth Day 2020, after a rigorous carbon footprint analysis to set our 2018 baseline, Arc'teryx announced emissions reduction and renewable energy goals. These science-based targets have been approved by the Science Based Targets initiative (SBTi), a partnership between CDP, the UN Global Compact, the World Resources Institute and the World Wide Fund for Nature (WWF) to help companies take the action needed to keep global temperature increase well below 2°C.

Our goal is to build a sustainable, low-emissions mode of operations. To achieve this, we will make major efficiency gains in our supply chain, significantly reduce the impact of the materials that we use, and develop new, less carbon-intensive business models.

OUR TARGETS

✔ **65%** | reduction in GHG emissions from our owned operations by 2030 (from a 2018 base year)

This target focuses on reducing emissions from our Vancouver headquarters, Canadian production facility and global retail stores (known as our Scope 1 and 2 emissions¹). While these emissions represent only a fraction of our total carbon footprint (roughly 3% in 2020), we see doing what we can to reduce them as an important part of our holistic response to the climate crisis.

✔ **65%** | reduction in Scope 3 GHG emissions per unit of value added by 2030 (from a 2018 base year)

This means reducing the carbon emissions associated with every dollar of profit we make. It takes into account all emissions related to our materials, products, factories, mills, shipping and distribution centres. Scope 3 emissions represented the lion's share of our total carbon footprint in 2020 (about 97%) and will be the most difficult to reduce because we don't own these operations. Progress will be highly dependent on our ability to build relationships and collaborate with others.



¹ GREENHOUSE GAS EMISSIONS ARE CATEGORIZED INTO THREE GROUPS OR "SCOPES" BY THE GREENHOUSE GAS (GHG) PROTOCOL, THE WORLD'S MOST WIDELY USED GHG ACCOUNTING TOOL. SCOPE 1 REFERS TO DIRECT EMISSIONS FROM OWNED OR CONTROLLED SOURCES. SCOPE 2 EMISSIONS ARE A COMPANY'S EMISSIONS FROM PURCHASED ELECTRICITY. SCOPE 3 EMISSIONS INCLUDE ALL OTHER INDIRECT EMISSIONS THAT OCCUR IN A COMPANY'S VALUE CHAIN.

TAKING ACCOUNTABILITY

Progress toward our climate commitments is overseen by our Senior Manager, Sustainability, who reports to our Chief Product Officer. Our corporate sustainability team is responsible for educating and engaging employees, setting interim goals and action plans, and working with our brand, design and operations teams, as well as external stakeholders, to achieve our ambitions. We plan to strengthen our governance system in 2022.





SCALING OUR IMPACT

Arc'teryx was an early signatory to the [UN Fashion Industry Charter for Climate Action](#) (UN Fashion Charter), an industry-wide initiative to collectively address the climate impact of the fashion sector across its entire value chain. In November 2021, the UN Fashion Charter issued renewed commitments, which, among other things, call for signatories to set science-based emissions reduction targets in line with 1.5°C emissions scenarios or halve their emissions by 2030, with a pledge to achieve net-zero emissions no later than 2050.

TO LEARN MORE, SEE THE UN FASHION CHARTER'S [2019-2020 PROGRESS REPORT](#)

CLIMATE COMMITMENTS



TO ACHIEVE OUR TARGETS, WE FOCUS OUR EFFORTS ON FOUR LEVERS:



Product

Use lower-impact materials and continue to design for maximum durability to keep products in action longer.



Renewable energy

Commit to 100% renewable energy for our owned operations by the end of 2020, and for our finished good manufacturers by the end of 2025.



Energy efficiency and coal phase-out

Improve energy efficiency within our owned operations and supply chain, and work with supply chain partners to enable the phase-out of coal for heat energy.



Circular economy

Grow our participation in the circular economy through Arc'teryx ReBird™, a hub of initiatives in upcycling, resale, care and repair of our products.



The future takes shape through us. It is not a far-off place, but something constantly coming to life now, arising out of our efforts and our plans, our choices, and our actions. With each step we take, we cross a new threshold of possibility. We will go where we set our sights, so we set them high, intentionally.

We aspire to think, not just as designers and outdoor-lovers, but as problem-solvers, agents for change, future ancestors, kin.

FOR THE FUTURE WE HOPE TO INHABIT.



ADVOCATES FOR CHANGE

The systemic transformation needed to meet the climate change targets set under the Paris Agreement requires action by all countries and all levels of government. Arc'teryx advocates for climate-friendly policy at the local, national and global levels.



In Canada, we worked with the Pembina Institute to help form the Business Coalition for a Clean Economy (since renamed the [Catalyst Business Alliance](#)), a leadership group arguing for pro-climate, pro-business policy approaches like carbon pricing.

In 2020, the Alliance advocated for climate solutions and economic resilience to be at the heart of British Columbia's economic recovery initiatives. We sent a [joint letter](#) to the Minister of Environment and Climate Change Strategy, which included a number of recommendations, and issued a [subsequent statement](#) commending the government for its economic recovery plan.



Arc'teryx is a founding member of the Outdoor Industry Association's (OIA) [Climate Action Corps](#), launched in 2020 as the industry's collaborative model to lead on climate action and reduce industry-wide GHG emissions in line with science. The Climate Action Corps aspires to become the world's first climate positive industry by 2030, and members commit to reducing their GHG emissions in line with science-based targets, removing even more GHG from the atmosphere than they emit and advocating for broader systemic change.



At the height of the COVID-19 crisis in 2020, Arc'teryx joined 155 major multinationals with a US\$2.4 trillion market cap and five million employees to advocate for policy that pairs recovery with ambitious climate action.

A [statement](#) issued with the SBTi, the UN Global Compact and the We Mean Business Coalition called on governments at all levels to make smart and aggressive climate action part of their recovery plans and of the public investments that can reshape and rebuild an economy to deliver long-term prosperity.



“Every government, business and individual must act to combat the impacts of climate change. And we believe the outdoor industry must lead. We launched the OIA Climate Action Corps, of which Arc'teryx is a founding member, to carve a new, bold path for our industry and others to follow. We applaud Arc'teryx for their leadership and commitment to protect the outdoor experience upon which we all depend.”

– AMY HORTON, SENIOR DIRECTOR, SUSTAINABLE BUSINESS INNOVATION, OUTDOOR INDUSTRY ASSOCIATION



CLIMATE ACTION HIGHLIGHTS



Product design

Without compromising the durability and quality of our products, we're integrating low-carbon innovations into our designs, using dope dye processes, bio-based yarns, organic cotton, recycled materials and renewable fibres.

We want all of our products to have at least one sustainability attribute that makes them better for the environment or for people than conventional alternatives. To this end, our materials team developed a roadmap to guide design teams in switching to more sustainable fibres and materials. The roadmap illuminates where our current materials stand on the path to "most sustainable" and outlines some of the steps needed to get there.

THE AGRIUM HOODY WAS BUILT BY THINKING BEYOND THE IMMEDIATE GOAL OF CRAFTING EXCEPTIONAL PRODUCT TO THE IMPACT ON PEOPLE AND THE PLANET. SUSTAINABILITY ATTRIBUTES INCLUDE DOPE DYED FACE FABRIC, BIO-DERIVED LINER, RESPONSIBLE DOWN STANDARD (RDS) CERTIFIED DOWN FILL AND BLUESIGN® APPROVED SYNTHETIC INSULATION MADE FROM 45% RECYCLED POLYESTER.

Renewable energy

Transitioning to sourcing 100% renewable electricity for all of our owned operations was a significant focus area and achievement in 2020. The work involved acquiring and retiring renewable energy certificates (RECs) to ensure that every megawatt hour of electricity we use can be traced back to clean and renewable sources such as water, forest biomass, wind and landfill gas.

Beyond our owned operations, we've set a target of having 100% of electricity used by our finished good manufacturers come from renewable sources by the end of 2025. Toward this goal, we've supported the completion of six rooftop solar feasibility studies with supply chain partners in Vietnam and China since 2018.

In 2020, we were part of a group request for proposal (RFP) process led by the Clean Energy Investment Accelerator for rooftop solar power purchase agreements at several apparel production facilities in Vietnam. By aggregating small volumes of demand across multiple factories, the group RFP approach creates economies of scale and lowers prices to enable small sites to move forward with cost-effective clean energy solutions. Hampered by the pandemic, we pivoted the program to include non-Arc'teryx suppliers and ultimately issued the RFP in early 2021. This has resulted in two Arc'teryx suppliers being in the final stages of completing long-term solar procurement agreements.

ARC'TERYX REC PURCHASES HELPED FINANCE RENEWABLE ENERGY PROJECTS IN THE THREE MARKETS IN WHICH WE OPERATE - NORTH AMERICA, EUROPE AND ASIA-PACIFIC. THEY INCLUDED THIS 48-MEGAWATT WIND PROJECT IN GUANGXI, CHINA.



Energy efficiency

New sustainable design guidelines developed by our sustainability and retail teams will help us live out our values in our newest retail stores beginning in 2022. The guidelines set high standards for employee and guest health and wellbeing, water and energy management, indoor air quality, sustainable materials, local sourcing and the creative re-use of finishes, and shipping and building materials.

Energy-efficiency measures include:

- Electricity metering
- ENERGY STAR® certified equipment and appliances
- Offsetting each store's energy use with a renewable energy source
- Motion-sensor lighting and daylight responsive controls near windows and skylights

Within our supply chain, we started a Clean by Design energy and water efficiency pilot project with one of our strategic textile mill partners in 2019. While the project had to switch to remote training and audits due to COVID-19, it has nevertheless continued and the learnings will be incorporated into a broader scaled rollout for our textile mill partners in the coming years.



Managed by the Apparel Impact Institute [↗](#), Clean by Design is an innovative approach to green supply chain efficiency that brings together multinational apparel retailers and fashion brands to reduce the environmental impacts of textile manufacturing.





♻️ **10,000+**

ITEMS PROCESSED AND MADE AVAILABLE FOR OUR USED GEAR RESALE PROGRAM IN 2020

🔧 **16,577**

PRODUCTS REPAIRED IN NORTH AMERICA AND EUROPE IN 2020

THE LIMITED-EDITION REBIRD™ RUSH JACKET IS MADE WITH RECLAIMED RAW MATERIALS, REVAMPED INTO RARELY OFFERED COLOUR BLOCKS.

Circularity

Circularity means designing waste and pollution out of systems to respect the limits of a finite planet. Our commitment is to leverage longevity and eliminate waste by building gear that lasts and extending its lifespan beyond the adventures of any single user.

Sixty-five per cent of the impact from one of our jackets comes before it reaches the rack, so the longer we can keep that piece in service, the more we spread the impact across time. That's why we launched a [Used Gear](#) trade-in and resale program in the U.S. in 2019 and, in 2020, added employees and trained more people on how to repair products and process used gear. For every product traded in at Arc'teryx brand stores and outlets across North America, participants receive a gift card for 20% of the original retail value that can be used for future purchases online or in-store.

LEARN MORE ABOUT CIRCULARITY AND OUR NEWLY LAUNCHED REBIRD™ PROGRAM ON OUR [WEBSITE](#).



ALL HANDS ON DECK

Our employees have rallied behind our environmental goals and found innovative ways to help us do better – including quantifying and visualizing GHG emissions data as it relates to our shipping methods and finding new uses for waste materials. Here are just two examples:

At ARC'One, our New Westminster, BC, hub for manufacturing and distribution, the employee-led Green Team found a solution to the problem of excessive paper towel usage. Upon noticing that staff were using pieces of paper towel as makeshift placemats on lunchroom tables, team members volunteered to create 500 permanent placemats out of write-off GORE-TEX. By using write-off material, they were able to keep it out of landfill (with enough placements to cover a tennis court), and save about \$30,000 and 500 boxes of paper towel a year.

A group of employees found a more sustainable way of moving warranty repair product between our headquarters and distribution centre. Rather than using cardboard boxes, they built reusable totes from write-off material, saving about 2,200 boxes a year.



2020 PERFORMANCE

Scope 1, 2 and 3 emissions

1

Scope 1 refers to direct emissions from our Vancouver headquarters, Canadian production facility, Design Centre, distribution centres and global retail stores. They result primarily from fossil fuel combustion for heating, cooling, powering specific industrial processes and the vehicles that we own or operate.

2

Scope 2 emissions are from electricity that Arc'teryx purchases from utility companies.

3

Scope 3 reflects the emissions from all other business activities, including those beyond our immediate control (e.g., emissions resulting from the extraction of raw materials, yarn formation, cutting and sewing products) or shipping products. These emissions represent about 97% of our total carbon footprint.

Our Scope 1 absolute emissions remained relatively flat with an overall increase of 2% from 2018 to 2020. In 2020, there was a balance between an increase in the number of owned stores and a decrease in production due to the COVID-19 related decline in demand.

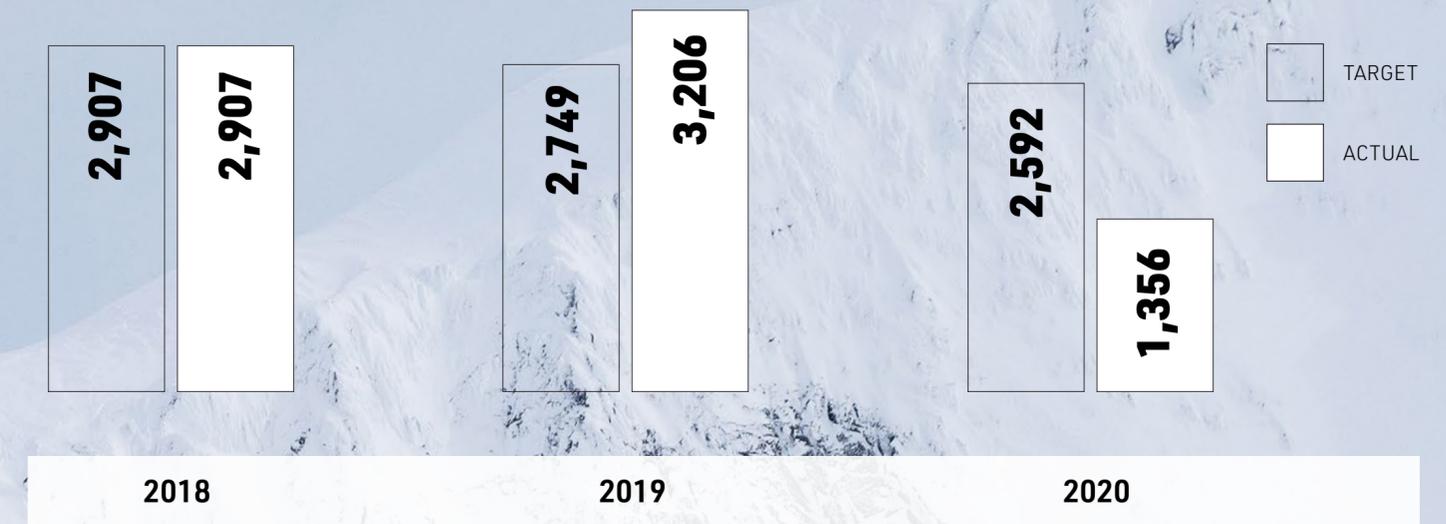
Scope 2 emissions decreased significantly as a result of the transition to 100% renewable electricity in all of our owned operations.

Combined Scope 1 and 2 emissions, which represent our total direct impact, have decreased by 53% against the 2018 baseline, which means that we are ahead of schedule to meet our absolute target of a 65% reduction by 2030.

Owned Operations (Scope 1 and 2)
Breakdown of Actual vs. Target Emissions (tonnes of CO₂e)

Scope	2018	2019	2020	2020 vs. 2018 (% change)	2020 vs. 2019 (% change)
1	1,329.2	1,273.4	1,356.4	2%	7%
2	1,577.3	1,932.9	0.0	-100%	-100%
1+2 (target)	2,906.5	2,749.1	2,591.7	-11%	-6%
1+2 (actual)	2,906.5	3,206.3	1,356.4	-53%	-58%

Owned Operations (Scope 1 and 2)
Actual vs. Target Emissions (tonnes of CO₂e)



Supply Chain Emissions (Scope 3)

	2018	2019	2020	2020 vs. 2018 (% change)	2020 vs. 2019 (% change)
Absolute emissions ¹	62,542.3	72,161.1	42,804.6	-32%	-41%
Emissions per unit of value added (target)	299.2	274.2	251.2	-16%	-8.4%
Emissions per unit of value added (actual) ²	299.2	276.2	148.5	-50%	-46%

¹Tonnes of CO₂E

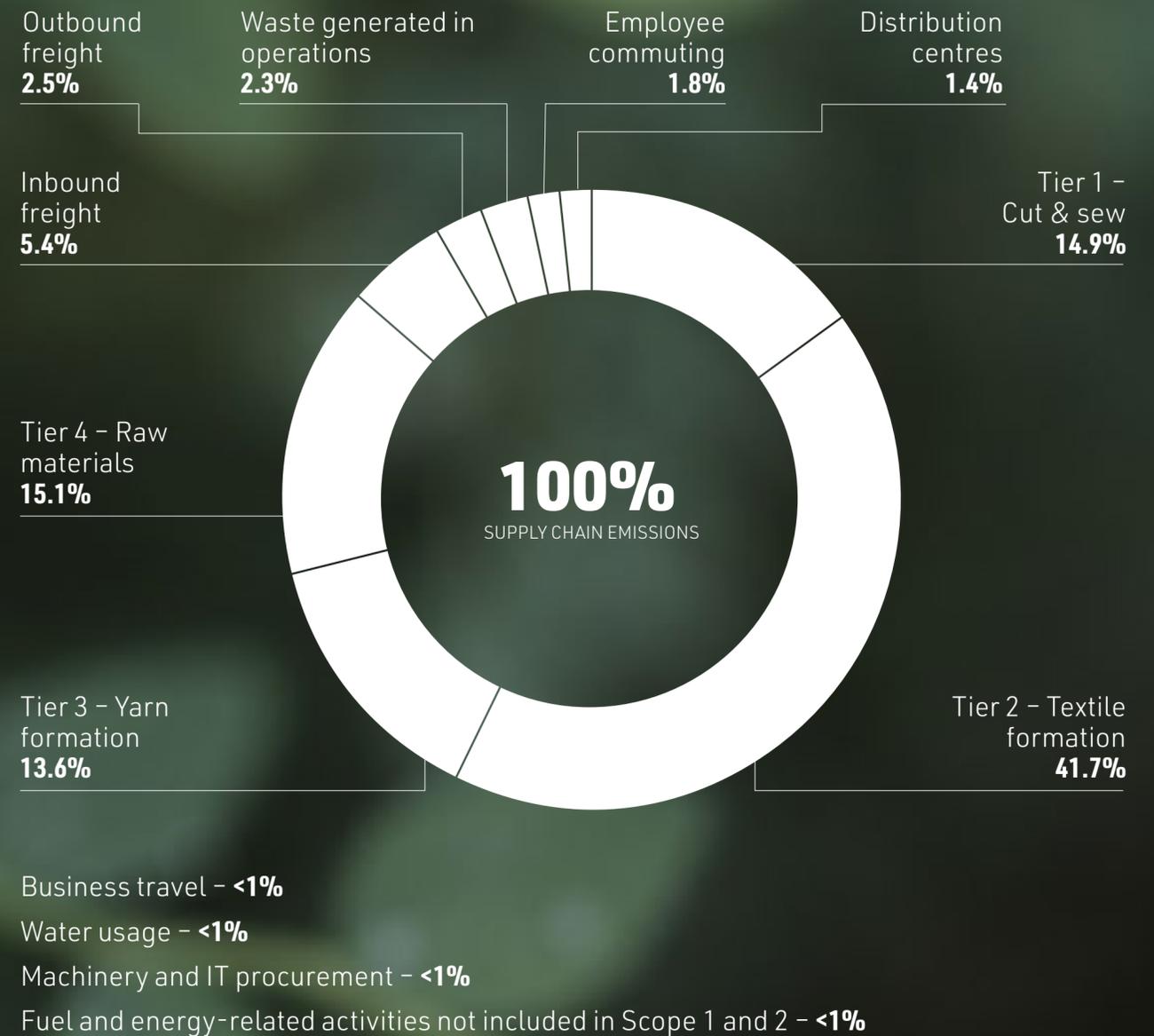
²The 2019 and 2020 Emissions per unit of value added (actual) were incorrectly stated in the initial publication of the Climate Report 2020 and have been updated in version 2.

Our Scope 3 absolute emissions declined by 41% compared to 2019, and by 32% compared to our 2018 baseline year, despite increases in gross profit and production. This can be attributed in part due to changes in our business model (i.e., partner or sister stores are now run by Arc'teryx and therefore are no longer part of our Scope 3 emissions) and also in part due to a significant reduction in the amount of goods and services purchased in 2020 (note that there is a portion of this data that needed to be estimated due to a lack of data availability, which we aim to capture and recalculate for greater accuracy in 2021).

Certain aspects of indirect business operations were affected by COVID-19, and as a result may increase in the near term. For example:

- Almost all business travel was cancelled and there was a 48% reduction in employee commuting.
- Inbound and outbound freight decreased by 66% and 62%, respectively, from 2019, which was mainly attributed to fewer air shipments in 2020.

Breakdown of Supply Chain Emissions



2020 AT-A-GLANCE

2020 was a year like no other, with COVID-19 imposing a heavy toll on our daily lives and impacting families, businesses, communities and public institutions worldwide. Against this backdrop, we made progress in some areas of climate action but not as much as we would have wanted in others. Our performance numbers were also skewed by extended factory and store closures and data gaps. As a result, key figures such as GHG emissions will likely show increases in 2021.

Highlights

Announced measurable **science-based targets** to reduce our GHG emissions

[\(PAGE 4\)](#) 

Began sourcing **100% renewable energy** for all of our owned operations

[\(PAGE 8\)](#) 

Advanced initiatives aligned with our **four key levers** – products, renewable energy, energy efficiency and coal phase-out, and the circular economy

[\(PAGES 8 AND 9\)](#) 

Joined forces with business and industry peers to advocate for **climate-friendly policy**

[\(PAGE 7\)](#) 

Biggest opportunity

We need to improve our data integrity and calculation methodology for more accurate data and to be able to reflect the progress and impact of our choices.

[\(PAGE 11\)](#) 



Progress toward our 65% emissions reduction targets

 **53%**

reduction in combined Scope 1 and 2 emissions versus 2018 baseline

[\(PAGE 10\)](#) 

 **50%**

reduction in Scope 3 emissions intensity versus 2018 baseline, and 32% reduction in absolute emissions (Scope 3 emissions represent about 97% of our total carbon footprint)

[\(PAGE 11\)](#) 



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