



## **2020 Impact Report**

31 January, 2021

# About Cotopaxi

Cotopaxi is a privately-held American benefit corporation (BC) based in Salt Lake City, UT. It was founded in 2014 as a vehicle to sustainably contribute to poverty alleviation by offering mindfully designed products. To date, the company has certified as a B Corporation (a third party assessment), given close to 100% of profits to vetted grants targeting poverty, and adopted sustainable supply chain management (SSCM) principles.

Cotopaxi operates primarily in the United States but also has international sales channels in the European Union, Canada, United Kingdom, and Japan. The company operates as a direct-to-consumer, retail, and wholesale brand. Cotopaxi's supply chain is multi-tiered and global. As a signatory of the UN Global Compact, the company implements sustainable supply chain management principles across its value chain. At present, Cotopaxi has around 70 full-time employees and a revenue of around \$30 million.

The company is a member of the Outdoor Industry Association, the 1% Pledge, the Sustainable Apparel Coalition, and the Fair Trade Certified™ program. It is also a certified B Corporation. Through the Cotopaxi Foundation, Cotopaxi awards 1% of revenue to vetted nonprofit organizations tackling poverty.

Cotopaxi's reporting cycle is from January 1 of 2020 to December 31 of 2020. The grant cycle reported on below occurred between September 1 of 2019 and September 1 of 2020. Annual impact reports are released March 1 in accordance with Cotopaxi's existing reporting cycle. Cotopaxi's previous impact report was released March of 2019.

This report references many general standards and disclosures from the Global Reporting Initiative (GRI) but does not align completely given Cotopaxi's size and capacity. This report also goes beyond certain GRI disclosures that touch upon giving and social performance. While this report strives for balance, it was prepared internally by the Director of Impact and therefore has a positive bias. It has been reviewed by several external stakeholders to help correct for internal biases.

The report was prepared by Cotopaxi:

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A child plays in Colombia. Photo courtesy of Mercy Corps.

# Our Material Topics

To prepare this report, Cotopaxi underwent its first materiality assessment in accordance with Global Reporting Initiative (GRI) guidelines. Through internal and external stakeholder engagement, we determined the issues that had the greatest impact upon our business and society. When evaluating our material topics, we started with determining our salient issues. We then determined non-salient materiality topics, which form the basis of the topics discussed in this report.

To view our salient risk assessment, [click here](#).

To view our materiality topics assessment, [click here](#).

## Our Material Topics:

- Values-driven governance
- Alleviating global poverty
- Effective giving—education, health, safety, and livelihoods for all
- Maintaining human rights and driving social performance across our supply chain
- Advancing sustainable design methods
- Constant improvement

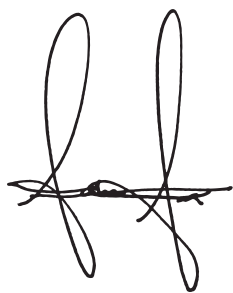


Refugees participate in a computer building workshop held by the International Rescue Committee in SLC. Photo by James Roh.

# A Letter From Our Director of Impact

In February of 2020, I was in Ecuador with our CEO and founder, Davis Smith, where we were focused on reviewing outstanding grassroots nonprofits to launch an Ecuador impact fund. After climbing to the base camp of our namesake volcano, news reports made it clear that the year we had planned for our business and impact was going to be derailed by COVID-19. As we sat in the departures lounge, I was particularly impressed with the calm Davis showed while not knowing what this black swan event would mean for our business and mission. I felt a wave of panic, both for the brand I have come to love and even more so for the millions of people I felt certain would be pushed into extreme poverty. Courtesy of the courageous and measured leadership our team showed, Cotopaxi was able to turn an unprecedented global disruption into an opportunity. Not only did our business survive—it thrived. This was in part due to the encouragement I received to focus on giving back. Our foundation awarded 36 focused grants, received over 10,000 customer donations, and provided masks to over 110,000 people. We assisted over 880,000 people experiencing poverty and setbacks due to the pandemic.

Most mornings, I woke up full of resolve and gratitude to be part of such a lion-hearted team, but I was also heartsick knowing the implications of the pandemic with regards to human development. Due to COVID-19, all positive human development trends reversed in 2020. Cotopaxi's focus areas of giving—poverty reduction, education access, and universal health services—suffered significant reversals. Speaking on the pandemic's impact on society, Bill Gates stated, “25 years of human development were undone in 25 weeks.”<sup>1</sup> Internally, these setbacks became our call-to-arms. Through collaboration, impact campaigns, and adaptive programming with impact partners, Cotopaxi found creative pathways to respond to the crisis. The result was our highest performing giving year. While our giving outcomes were our leading story in 2020, we also had to respond to the business and sustainability impacts of COVID-19, particularly those affecting our supply chain. The results were grants to Fair Trade Certified™ America and additional commitments to human rights based on the UN Guiding Principles. As we turn a new leaf in 2021, I have never had a stronger sense of optimism or urgency. It's up to all of us to ensure that we close the gaps created by COVID-19 and lend aid to the 689 million people living in extreme poverty. We thank you for your support in this foundational aim.



– Annie Agle, Director of Impact

1. Bill and Melinda Gates Foundation, 2020.

Available at: <https://www.gatesfoundation.org/goalkeepers/report/2020-report/#GlobalPerspective>

# Overview

## Cotopaxi's Values-Driven Governance in 2020

From our legal form as a benefit corporation to our design and sourcing principles, Cotopaxi aspires to leverage every role and every process to drive social and sustainable performance. Operating as a triple-bottom line company that prioritizes people and planet alongside profit allows Cotopaxi the legal and strategic space to promote sustainability returns. While there are always trade-offs, our co-founders, executives, and board recognize the role that good governance plays in allowing a business to earnestly and effectively drive social returns. This led to formalized internal principles in 2020.

The pandemic and instability that characterized 2020 mandated active management and stakeholder engagement. Our leadership team took additional steps to assist internal stakeholders in combating the challenges COVID-19 posed to wellness and productivity.

### Management efforts included:

- Ongoing manager training
- Free wellness counseling for all employees
- Every other Friday off
- Ongoing training on “Radical Candor” principles
- Change management based on “Learning Organization” principles
- Hiring additional human resources assistance to help employees navigate COVID-19 testing, benefits updates, as well as wellness provisions
- Increasing leadership communication through “all-hands” meetings, open CEO lunches, and internal communication networks

Our management also recognized the need for active collaboration and engagement with external stakeholders. Our executives leveraged Cotopaxi's values-first management culture to assist partners in adapting to the constantly changing environment caused by pandemic-related shutdowns, disruptions, and instability. To ensure that Cotopaxi was acting as a positive and communicative partner, our executive, product, and marketing teams increased communication in the following ways:

- Augmented reporting to internal and external stakeholders on the state of our business and impact outcomes
- Conducted anonymous supplier surveys to understand the ways the pandemic was affecting our workers and value chain members
- Created impact-first marketing campaigns to help combat domestic division and anxiety
- Engaged in transparent communication with external stakeholders in regards to pivots to our business, product and financial predictions, and giving campaigns

- Awarded additional direct grants to workers to ensure that vulnerable families did not experience income gaps
- Created impact products and fundraising campaigns to support local and global communities experiencing increased hardship due to the pandemic
- Increased our schedule of communication with large grant partners and awarded additional, unrestricted grants that contributed to COVID-19 relief

Moving into 2021, our management set additional goals to advance Cotopaxi's internal diversity and inclusion through hiring benchmarking and increased community giving around this issue. We also recognize that climate change is a leading contributor to systemic poverty. As such, Cotopaxi has committed to carbon neutrality and will continue to build on its sustainable design principles and offsetting programs.



A sewer at our factory partner in China puts the finishing touches on a Cotopaxi baseball cap. Photo by James Roh.

# Alleviating Global Poverty in 2020

## 2020 Snapshot

### In 2020, the Cotopaxi Foundation did the following with your support:

- Awarded 36 individual grants to combat income inequality and poverty
- Assisted 822,000 people directly and 3.2 million indirectly\*
- Received 10,000+ individual customer donations, totaling around \$65K
- Donated 110,000+ masks valued at \$488,600
- Provided masks to 500,000 Utah citizens
- Gave 1,200 emergency kits to displaced families in NYC with our friends at Bombas
- Provided 661,000+ people with malaria treatment
- Raised over \$42,000 and matched it with a \$7,000 donation for the IRC Crisis Response Fund and COVID-19 response
- Sold 4,000 #OneUtah t-shirts to support local COVID response
- Donated \$447,000 to major and community grants this year

Cotopaxi's overarching aim remains alleviating global poverty. According to the World Bank, the COVID-19 pandemic will likely push 49 million people into extreme poverty<sup>2</sup>. To respond to this human crisis, we leveraged every aspect of our company to maximize our giving and social returns. Our product and operations teams worked with our suppliers to minimize damage to workers and maintain trust. Company leadership made the challenging business decision to increase giving despite economic uncertainty, awarding 31 one-time crisis grants. Our marketing and community teams supported local grants, customer engagement, and virtual events. Our design and product teams launched a one-for-one mask program, which supplied 110,000 donated masks in addition to 500,000 masks for Utah citizens in 2020.

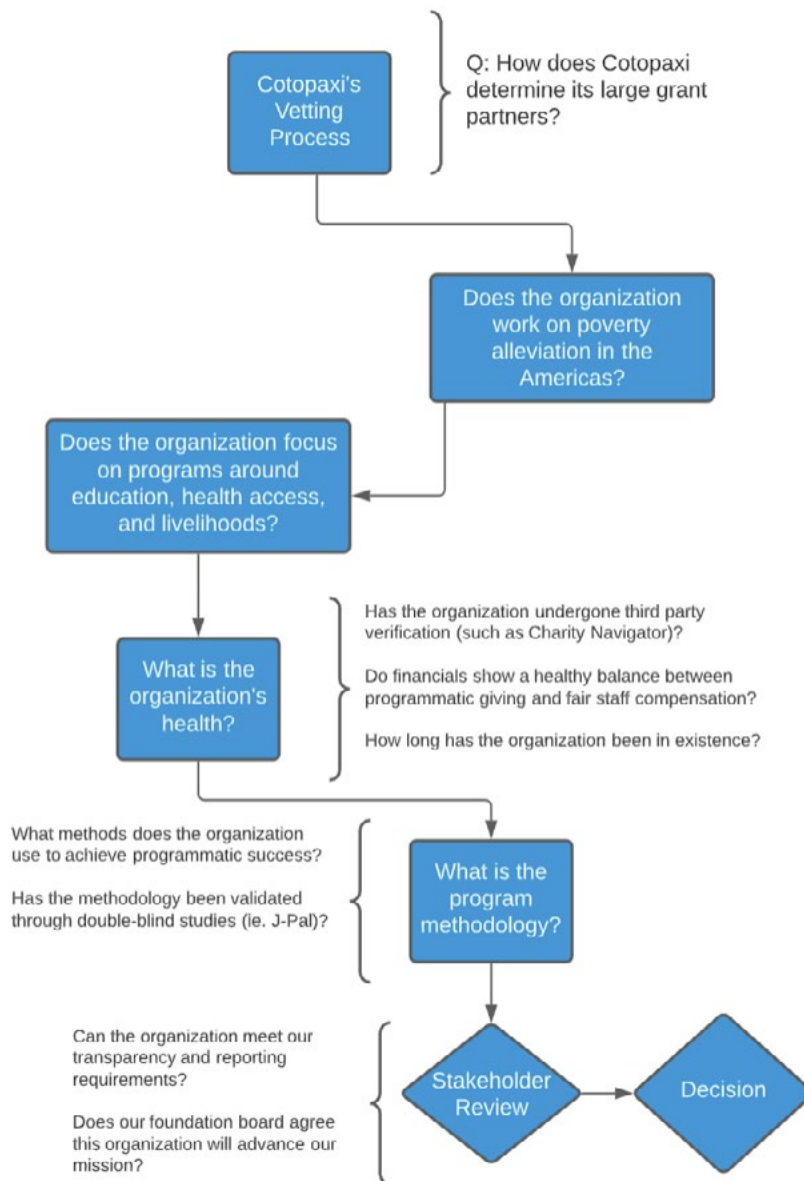
To ensure that our impact donations were well-placed, all grants were vetted and selected based on the soundness of their operations and programmatic methodology. The outcomes of our giving resulted in 822,000 people directly assisted through programs, products, and community support. While we modified grants to allow partners to respond to the pandemic, our areas of giving remained the same: education, health, and livelihoods. These areas of giving stem from findings taken from the MIT's Abdul Latif Jameel Poverty Action Lab (J-Pal), which provides evidence that investments in these categories have the highest potential to address poverty. Any grants are evaluated based on the likelihood of programmatic success.

Our approach to grant-making aims to drive sustainable poverty alleviation through equitable partnership building that takes into account the volatile and uncertain global context. Our nonprofit partners ultimately produce Cotopaxi's positive impact. With this in mind, Cotopaxi



adopted multi-year grant agreements in 2020 to allow our impact partners the security to make commitments to programs as well as the time to build a track record of success. By forming lasting partnerships, Cotopaxi and its partners are better positioned to respond to black swan events, react to crises, and work towards lasting outcomes. The arrival of COVID-19 tested the efficacy of our model—we feel the outcomes provide the needed proof of concept. We are thrilled to share a few of the results from this year’s grants.

## Cotopaxi’s Evaluation Process for Multi-Year Grants



2. Available at <https://blogs.worldbank.org/opendata/impact-covid-19-coronavirus-global-poverty-why-sub-saharan-africa-might-be-region-hardest>

# 2020 Major Grant Outcomes

## International Rescue Committee - Venezuelan Refugee Crisis

### Overview

**Program area:** Venezuela and surrounding areas

**Grant amount:** \$100,000

**Program focus:** COVID-19 and crisis response

**Grant period:** January–December 2020

According to the United Nations, the Venezuelan crisis remains the largest refugee crisis in history as well as the most underfunded.

Given Cotopaxi's regional focus on the Americas and the impact of human displacement upon global poverty, our company identified this humanitarian crisis as a leading area for impact response. Due to the International Rescue Committee's outstanding track record of successfully responding to refugee crises, we expanded our partnership with them to respond to this issue, which became even more urgent with the arrival of COVID-19.

### Grant Context Provided by the IRC

Before the coronavirus pandemic, around 40,000 Venezuelans would cross the Simón Bolívar International Bridge on a daily basis to work in Colombia or purchase scarce goods. Pregnant women walked miles to seek critical prenatal care unattainable in their country. Today, that journey has reversed. With Colombia on lockdown to prevent the spread of COVID-19, Venezuelans are trying to return to their native country.

However, with the pandemic prompting a near shutdown of the border, thousands of Venezuelans are stranded or forced to use unsafe routes to return home.

In response to these developments, the International Rescue Committee moved rapidly to set up medical facilities directly on the Colombia-Venezuela border, providing basic care and COVID-19 testing for a population in critical need. Support from the Cotopaxi Foundation helped enable IRC staff to adapt quickly and respond to this "double emergency" that Venezuelans are facing as the pandemic compounds the economic uncertainty that has uprooted their lives for years.

## Grant Outcomes

In this context, the IRC has managed to adapt its services while keeping staff and beneficiaries safe. Funding from Cotopaxi has helped the IRC to adapt rapidly and to remain flexible and responsive to beneficiary needs as new crises emerge. Despite the challenges posed by COVID-19 during the first half of 2020, with the support of the Cotopaxi Foundation, IRC staff in the region managed to:

- Provide child protection services to over 2,000 crisis-affected individuals, including children, adolescents, and caregivers.
- Provide cash assistance to more than 9,000 Venezuelans, Colombian returnees, and vulnerable members of host communities.
- Provide medical services to over 10,000 people—mostly to women and children—including primary healthcare and sexual and reproductive health services.
- Implement gender-based violence (GBV) prevention and response activities, reaching more than 1,000 women.
- Start operations from a new field office in Soacha, Cundinamarca, expanding our reach in Colombia.
- Start activities in two new sectors: education in Colombia and cash assistance in Venezuela.
- Grow our program and double our staff count to ensure timely and quality services despite the programming challenges we face because of COVID-19. In line with our commitment to have a more diverse and inclusive team, we have managed to increase the percentage of Venezuelan staff from 17% to 25%.

Within this changing context, flexible funding from the Cotopaxi Foundation has allowed the Colombia Country Office to address new operational needs and respond rapidly to new challenges. It has also allowed for the purchase of protective equipment for frontline workers and admin staff, as well as for the hiring of additional support staff to enable a better response.



Mercy Corps works with families in Colombia in response to the Venezuelan refugee crisis. Photos courtesy of Mercy Corps.

# 2020 Major Grant Outcomes

## Mercy Corps - Venezuela Crisis Response

### Overview

**Program area:** Venezuela

**Grant amount:** \$50,000

**Program focus:** COVID-19 and crisis response

**Grant period:** January–December 2020

### Grant Context Provided by Mercy Corps

Based on 2019 estimates, there are 2.8 million people in need of medical assistance in Venezuela. As a result, Venezuelans are now highly vulnerable to the effects of COVID-19. An assessment from the Venezuela Academy of Physical, Mathematical, and Natural Science on COVID-19 published in April 2020 found that in March, 60% of the healthcare system lacked face masks or soap, exposing frontline health workers to significant risk. In addition, pre-pandemic access to ICU beds was already extremely limited. Thanks to generous support from Cotopaxi, Mercy Corps has been working to address the need for medical equipment and supplies in three Venezuelan health facilities.

### Grant Outcomes

The Mercy Corps Venezuela team recognizes that adequate protection of healthcare professionals is of utmost importance for COVID-19 response in any healthcare system. In 2020, Mercy Corps assisted the Hospital San Juan de Dios in Caracas with the procurement of 1.3 tons of personal protective equipment (PPE) for three health centers. The team finished distributions on September 30.

A portion of Cotopaxi's funding also helped to procure specialized equipment for Hospital San Juan de Dios' ICU, which contributed to saving hundreds of lives in the long-term and provided immediate care to COVID-19 patients. Mercy Corps coordinated with the World Health Organization and Pan American Health Organization on the technical specifications for ICU equipment needed in Venezuela, and Mercy Corps carried out an extensive assessment of reliable providers for both the PPE and ICU equipment to meet the hospital's procurement procedures. A survey conducted by the Hospital San Juan de Dios showed that 98% of clinicians at targeted hospitals have reported a greater sense of safety during the COVID-19 pandemic. Thanks to the support of Cotopaxi and Mercy Corps, there are no reports of staff who have been infected with COVID-19. Approximately 10,000 patients were assisted per month due to these combined efforts.

# 2020 Major Grant Outcomes

## Mask Donations

**Areas of donation:** Haiti, Guatemala, America, Native Tribal Communities of the American Southwest

**Partners:** Mercy Corps, Vote Safe, REI, International Rescue Committee  
Salt Lake City, International Rescue Committee Missoula

### Grant Context

COVID-19 impacted communities across the globe, but vulnerable communities have been disproportionately impacted. To support at-risk communities, Cotopaxi worked with Mercy Corps, Vote Safe, and REI to distribute masks to communities in Guatemala, Haiti, the Pacific Northwest, and to tribal communities in America. To date, Cotopaxi delivered 64,000 masks to vulnerable communities in the Americas. In accordance with our buy-one-give-one mask program, Cotopaxi will be placing an additional 160,000 masks in 2021.

### Grant Outcomes

Considering the urgent nature of the crisis in Latin America, our first shipments went to Guatemala. The pandemic has cut off income for many Guatemalans who live in rural villages, and a lack of personal protective equipment has left many at increased risk. Additionally, communities are now facing devastating flooding and landslides caused by Tropical Storm Eta. Mercy Corps has worked around the clock to provide cash assistance, advisory services, and Cotopaxi face masks to Guatemalan communities in need and is looking to provide purified water and kits to emergency evacuation shelters.

To ensure that all American communities could vote safely during the election, we partnered with REI and Operation Vote Safe to ensure that numerous native tribes had the PPE needed to exercise their right to vote in November.

## 2020 Mask Donation Statistics

Partner	Location	Amount	Value
Mercy Corps (D)	Guatemala	35,000	\$122,500
Mercy Corps (D)	Haiti	10,000	\$35,000
Mercy Corps (D)	Pacific Northwest	13,500	\$47,250
IRC Salt Lake City (D)	Salt Lake City	5,000	\$17,500
IRC Missoula (D)	Missoula	500	\$1,750
Operation Vote Safe (D)	(1) Great Plains Tribal Lands (2) Dine Tribal Lands (3) Quinault Nation (4) Western Native Voices in Montana	2,000	\$7,000
IRC Global (P/IT)	Global operations	45,000	\$157,500
Future Donations for 2021 - Purchased in 2020	Global partners	-30,000 (to be delivered in 2021)	\$100,100
<b>Total donated in 2020</b>		<b>111,000</b>	<b>\$488,600</b>

(D) = Delivered

(P/IT) = Purchased/In Transit



Mercy Corps distributes face masks to at-risk communities in Colombia. Photo courtesy of Mercy Corps.

# 2020 Major Grant Outcomes

## Nothing But Nets - UN Foundation

### Malaria Prevention in Ecuador

**Program area:** Latin America

**Grant amount:** \$65,000

**Program focus:** Preventative health care

#### Grant Context

*“Malaria and poverty are intimately connected. As both a root cause and a consequence of poverty, malaria is most intractable for the poorest countries and communities in the world that face a vicious cycle of poverty and ill health.” –The Earth Institute, University of Colombia*

Human development experts often refer to malaria as the epidemic of the poor. Malaria doesn't just affect human health; it also has significant economic effects. Malaria infection can bankrupt families, cause employment and educational absenteeism, and loss of employment and income. Personal expenditures can include insecticide-treated nets, medical consultations, antimalarial drugs, and transportation. Certain estimates suggest that treating malaria can cost families 34% of their annual household income. Poverty studies suggest that malaria prevention is one of the best areas of investment to break cycles of poverty, promote familial savings, and promote outside regional investment. To assist with this ongoing crisis, Cotopaxi awarded an ongoing grant to the UN Foundation's project, “Nothing But Nets.”

Nothing But Nets provides malaria prevention and treatment programs in South America. Cotopaxi's grant specifically supports Ecuadorian and South American indigenous communities struggling to address and prevent malaria.

#### Grant Outcomes

In 2020, Cotopaxi funding helped PAHO distribute 561,310 treatments to 14 countries and purchase 49,000 anti-malarial treatments for distribution in 2021. The 561,310 distributed treatments were used to treat a total of 51,241 people. Of the total number treated, 6,217 were children and 45,024 were adults.





A mother in Ecuador hangs a mosquito net distributed by Nothing But Nets. Photo by James Roh.

**Anti-malarial medications acquired in 2020 with support from Cotopaxi funding\*:**

- 15,000 treatments of 250mg Chloroquine;
- 28,600 treatments of 15mg Primaquine;
- 3,500 treatments of 7.5mg Primaquine; and
- 2,000 treatments of Artesunate 60mg intravenous anti-malarial drugs.

\* These commodities are currently at the PAHO warehouse in Panama and are unlikely to ship out before 2021.

**Anti-malarial medications distributed to the LAC region in 2020 with support from Cotopaxi funding\*:**

- 13,056 Artemether + Lumefantrine tablets
- 42 Artesunate + Mefloquine tablets
- 274,750 tablets of 250mg Chloroquine
- 141,372 tablets of 15 mg Primaquine
- 62,170 tablets of 5mg Primaquine (pediatric medication)
- 69,000 tablets of 7.5mg Primaquine
- 920 ampoules of Artesunate intravenous

\* These anti-malarials were previously purchased using UN Foundation donor funds and shipped this year.

## Individuals Assisted by Country

Country	Adults and Children Treated
Haiti	22,485
Nicaragua	71
Panama	2,610
Honduras	14,027
Guatemala	2,748
El Salvador	38
Belize	1,006
Costa Rica	60
Dominican Republic	1,822
Uruguay	30
Colombia	334
Bolivia	6,000
Barbados	10
<b>Total treatments from Cotopaxi grant:</b>	<b>51,241</b>



Children in Ecuador play near a mosquito net distributed by Nothing But Nets. Photo by James Roh.

# 2020 Major Grant Outcomes

## Fundación Escuela Nueva

**Program area:** Colombia, Ecuador, Venezuela

**Grant amount:** \$65,000

**Program focus:** Education

### Grant Context

To respond to the COVID-19 crisis, Escuela Nueva strengthened its online campus, Renueva, by accelerating content development and assisting 10,000+ teachers in gaining access to appropriate teaching materials during the pandemic. In this context of upheaval, Cotopaxi supported FEN in designing and implementing rigorous communications and follow-up systems to ensure that FEN's education model extended even further into rural communities. FEN distributed 375 communication pieces; conducted 247 surveys with 446 migrant Venezuelan families; trained 1,000 rural teachers on EN strategies; and covered 242 of the country's most conflict-affected and poverty-stricken municipalities.

### Grant Outcomes

Since March, FEN has been working tirelessly to assist refugee children and their families in accessing their online learning tools. Using communication platforms through cell phones, FEN was able to add Venezuelan children to their platform. Through these phone calls—as well as through WhatsApp groups, text messages, voice notes, and videos—the ENLC tutors provided guidance, clarification, and feedback to students in the development of the different activities that the Learning Guides propose. The self-paced, self-directed EN Learning Guides proved once more to be an outstanding tool for learning. Not only do they offer content, but they also focus on the learning process, thereby promoting student autonomy and helping students to learn at their own pace. Furthermore, other activities have also encouraged parent and family participation in the learning process. Talent shows, the commemoration of special dates such as Earth and Independence Day, and the Friendship Mail, have helped to promote self-care during the time of COVID-19.

# Giving Totals

## Maintaining Our 1% Commitment

### Giving Totals

Grant/Program	Amount Given	Number of People Assisted	Form of Assistance
IRC Venezuela	\$100,000	22,000	Life-saving response
Mercy Corps	\$50,000	28,453	Life-saving response
Nothing But Nets	\$65,000	661,650	Malaria assistance
Fundación Escuela Nueva	\$60,000	*Cotopaxi assisted FEN to expand its online programs - we do not have numbers of assisted students	Education
IRC Salt Lake City	\$90,000	The methodology behind this grant will provide quantitative accounting in 2021	Online education, needs assessment, youth leadership, and gender equity
Mask donations	\$488,600	110,000	PPE
Community grants	\$73,382	Estimated with help from various nonprofits	Various
Carbon Offsetting - Carbonfund.org	\$12,000	602.93 CO2 tonnes offset	Reforestation and renewable energy projects in South America
Boys and Girls Club of Hollywood	\$10,000	1,700 families received online education	DEI, education, and outdoor access
Water1st	\$5,000	(Too early to report)	Water access to alleviate poverty
<b>Total Giving Amount</b>		<b>Total Number of People Assisted</b>	
<b>\$953,982 (includes value of donated masks)</b>		<b>822,000+ (includes persons who received masks)</b>	
<b>Percentage of revenue 2.8%</b>			

# 2020 and Beyond

## Assisting 1 Million People in Poverty

In 2021, we have a goal of assisting 1 million people in poverty through programs and community activation and of providing 150,000 people with product donations. To close gaps in human development and economic equity, Cotopaxi must set sufficiently ambitious goals. We will also be further expanding our programs into education and girls' and women's empowerment as gender gaps were widened last year.



Colombian children attend a school that employs the FEN education model. Photo by James Roh.

# Human Rights and Social Performance in the Supply Chain

In 2020, human rights and social performance across our value chain became a leading priority. Given the brand's social-first mission and salient issues—the risks our business poses to others—Cotopaxi recognized that the company needed to take additional steps to ensure the welfare of our workers. According to the International Labor Organization, over 130 million people in global supply chains experience labor violations or human rights abuses. The scale of the problem and the heightened threat posed to workers in the textile and apparel industry due to COVID-19 make this one of the largest global humanitarian issues. Nevertheless, it remains woefully under-recognized by companies and consumers.

Guiding nonprofits and research bodies in this space indicate that companies should adopt separate human rights policies and processes to supplement codes of conduct. Cotopaxi took this advice to heart and took the following steps in 2020:

1. Joined the United Nations Global Compact to publicly confirm our commitment to uphold and drive human rights within our supply chain
2. Drafted and published a human rights policy based on the United Nations Guiding Principles
3. Underwent our first salient issues review, which identified labor issues within the supply chain as our top risks
4. Conducted an anonymous survey of Tier 1 and Tier 2 suppliers to solicit feedback on our impact model, purchasing practices, and partnership approaches
5. Made a goal of adopting the Ethical Trading Initiative's (ETI) Better Buying framework in 2021, following the results of our supplier survey
6. Established a goal of improving workers' access to basic services in all Tier 1 factories through 2021 grant-giving



A sewer at our factory partner in China works on a Cotopaxi baseball cap. Photo by James Roh.

## Where We Stand Today

After joining the Sustainable Apparel Coalition and Higg Index in 2019, Cotopaxi began its journey to drive social performance across its supply chain in 2020. We put the foundational pieces in place with regards to policies, commitments, and goal-setting. We also discovered that our purchasing practices had led to additional overtime and subcontracting (in one case within Tier 2), which is in violation of our code of conduct. To ensure that these violations do not repeat, Cotopaxi has committed to adopt a responsible purchasing framework as well as to work with suppliers to communicate any inability on their part to meet order quantities or deadlines while upholding our code of conduct.

Furthermore, social audits confirmed that workers required more training in two of Cotopaxi's Tier 1 factories around collective bargaining. We worked with these factories to ensure that workers were provided with immediate training and have committed to assisting with additional training in the future. We share these findings to illustrate our commitment to transparent and honest reporting around this issue. Cotopaxi is also committed to reporting on our progress. Given our industry and the prevalence of violations, we will proceed forward with the strongest sense of urgency and responsibility as we seek to prevent labor abuses and drive social performance.

## 2020 Negative Findings from Supply Chain Due Diligence and Remediation Steps Taken

Source of Finding	Negative Finding	Remediation	Future Goals
Tier 1 Social Audit	Insufficient training for workers around collective bargaining	Immediate training to all workers on their right to collective bargaining	Assist supplier with additional training for workers and management
Anonymous Supplier Survey	92% of suppliers indicated that additional overtime for workers due to order delivery expectations	Implementing quotas based on Fair Labor Association guidelines with onsite risk manager	Adoption of Ethical Trading Initiative's Better Buying Guide to ensure our purchasing expectations are supporting social performance
Anonymous Supplier Survey	Two cases of subcontracting	Retraining factory partners on our code of conduct, insisting on contracts between supplier and subcontractor, and opening a new line of communication that allows suppliers to safely express inabilities to meet orders	Adoption of Ethical Trading Initiative's Better Buying Guide to ensure our purchasing expectations are supporting social performance
Holistic Due Diligence	Inconsistent social performance and risks to human rights and fair labor practices	Human rights policy and due diligence adapted from the UN Guiding Principles	Training all Tier 1 and Tier 2 factories on our human rights principles, providing grants to all Tier 1 factories to provide works with access to basic services in 2021

**Voice of Feedback:** *“While we know Cotopaxi is growing very fast and has to respond to market trends, it can be difficult to keep up with order timelines. We’ve faced challenges of needing to add additional hours to finish orders on time. We’ve always paid workers on time, but could often use more time.”*

*– Tier 1 supplier*



## 2020 Positive Findings from Supply Chain Due Diligence

Source of Finding	Positive Finding	Future Goals
Anonymous Supplier Survey	100% of Tier 1 and Tier 2 suppliers stated that they considered us a fair and equitable partner	Providing additional capacity building training to our internal teams as well as to supplier teams on sustainable supply chain management principles
Anonymous Supplier Survey	96% of Tier 1 and Tier 2 suppliers stated that our product technical and sustainability were clear and had improved over time	We will continue to ensure that our product orders are fair, provide sufficient time and detail, and take into account appropriate wages
Anonymous Supplier Survey	87% of Tier 1 and Tier 2 suppliers stated that Cotopaxi had helped them advance their social and environmental performance	In 2021, we aim to provide some form of direct assistance to all major Tier 1-2 suppliers around sustainability
Higg Index	100% of Tier 1 and Tier 2 suppliers have completed FSL (social) and FEM (environmental) self-assessments	Currently, around 70% of our Tier 1-2 suppliers have also had third party verification not only through audits, but through Higg verification; Cotopaxi is expecting 100% of Tier 1-2 to achieve this goal in 2021
Restricted Substance List (RSL)	92% of Tier 1 and Tier 2 suppliers have signed commitments to our RSL; 67% of our Tier 1 suppliers have tested to our RSL	Cotopaxi will test to its RSL for the remaining two suppliers, which have not yet managed to provide testing to ensure 100% Tier 1 compliance with our RSL in 2021; we are insisting that all existing and future partners sign agreements to our RSL
Fair Trade Certified™ Grant	Provision for groceries, mobile phones, and internet access for Bestitch factory workers to lessen financial impacts of COVID-19 during a mandatory shutdown	Cotopaxi has a commitment to provide additional grants to all Tier 1 suppliers to increase worker access to basic services in 2021

**Voices of Feedback:** *“Cotopaxi more than any other buyer treats us with kindness and respect. We know we can come to Cotopaxi about social programs or how we want to improve our sustainability. We appreciate that Cotopaxi pays for and assists with audits and helps us improve. Cotopaxi helped us do our first Higg module. Thanks for being a great brand! You’re more than a customer. You are family!”*  
*– Tier 1 supplier*

*“After providing our Fair Trade Committee with an additional grant during COVID-19 and working to maintain orders, we gave a small presentation to our workers about Cotopaxi. They love Cotopaxi’s mission. One of our workers said, ‘Cotopaxi helped me, and by making their Do Good t-shirts, I am helping people around the world! Now that is awesome!’”*

*– Fair Trade Certified™ supplier*

# Moving Forward

## Our Sustainable Design Principles

Cotopaxi sees design and manufacturing as opportunity areas to minimize our negative impact on the environment and improve the lives of those who make our products. Using repurposed or recycled fabrics limits our dependence on fossil fuels and diminishes our waste outputs. Although recycling is not a foolproof solution, it is one of the best responses currently available. For this reason, using recycled materials is a top priority from the start of our design process. In fact, our team aims to use remnant, recycled, or responsible fabrics for all of our products, and we are well on our way to achieving this goal.

When we use repurposed materials—materials that have already been created and could otherwise go to waste—to create our products, our energy input is lower and our footprint lighter. That’s why Cotopaxi prioritizes using repurposed materials over recycled materials whenever possible. All products in our (Re)Purpose™ Collection use repurposed fabric—fabric left over from other companies’ larger production runs. That’s what makes our Del Día bags one of a kind and our Teca Windbreakers limited-edition: We take high-quality, remnant nylon fabric originally produced for another purpose to create these products. Every repurposed product keeps fabric out of the landfill, instead putting it in the hands of thoughtful adventurers like you. The (Re)Purpose™ Collection is reflective of our belief in the funky and scrappy, in the importance of being resourceful. It’s not a perfect solution to a wider problem, but an evolving step in the right direction.

80% of our F20-S21 product contains at least one sustainable feature. Close to 90% of our total product line has at least one sustainable feature. We have a goal of increasing this to 100% during the design phase by 2022.

## Product Breakdown by Sustainability Category\*:

Product Line	Recycled	(Re)Purpose™	Other Certification
Del Día	-	100% repurposed materials	-
Teca Jackets and Fleece	Yes, Teca jackets use 100% recycled polyester for insulation	All Teca items use repurposed materials	-
Fuego	-	-	RDS down
Solazo Down Jacket	Yes, F/W21 Solazo jackets use 100% recycled polyester (lining) and 90% recycled polyester for sleeves	-	RDS down
Trico Hybrid Jacket	Yes, shell and insulation are 100% recycled polyester	Yes, shell is repurposed polyester	-
Abrazo Half-Zip	Yes, 100% recycled polyester fleece	Yes, repurposed taffeta	-
Logo Wear	Yes, all logowear is 60% organic cotton, 40% recycled polyester	-	Organic cotton certified, Fair Trade™ Certified
Dorado Fleece	Yes, 100% of the fleece is recycled polyester	-	-
Monte Fleece	Yes, 100% of this hybrid fleece is recycled polyester	-	-
Lozano Fleece and Jogger	Yes, 46% of product line is recycled polyester	-	-
Lagunas Jacket	Yes, jacket is 70% recycled polyester	-	-
Bandera Hoodies	Yes, 58% recycled polyester	-	-
Mariposa, Cerro, Paseo and Baja activewear	Yes, 79% recycled polyester	-	-
Cambio Button Up	Yes, Cambio items are 86% recycled polyester	-	-
Hats	-	-	Organic cotton certified, Fair Trade Certified™
Chasqui Sling	Yes, body is made from recycled nylon	-	-
Veza pants	-	-	-
Parque Rain Jacket	-	-	-
Ara Joggers	-	-	-
Allpa (non-Del Día)	-	-	-
<b>Percentage of product lines that contain at least one sustainability feature</b>		<b>80% (16 of 20 product families)</b>	
<b>Percentage of total products that contain at least one sustainability feature</b>		<b>90% (146 of 162 products)</b>	

\* Taken from F/W20-S/S21. We did not gather material percentages before F/W 20.



FROM TOP: A worker at our down supplier in China analyzes samples; a sewer at our factory partner in China shares a joke between projects; a refugee woman in Salt Lake City participates in our repairs program. Photos by James Roh.

## Moving Towards Circularity

Cotopaxi considers sustainability at every stage of a product's life cycle. We have goals to provide a solution at every point.



After piloting our repairs program, we've decided to expand it. In 2021, we will launch a full resale channel to extend the lives of our products. We recognize that designing circular products requires that we consider inputs, usage, and repurpose. Next year, we will lean further into these considerations, expand our use of repurposed and recycled materials, and work to provide customers with additional tools to increase the lifespan of products, as well as alternatives to throwing products away. We will expand upon our existing library of "repair and care" tutorials, launch a resale option in partnership with REI and Trove, and scale our repairs program.

# Conclusions

## Looking to the Future

2020 was a year of challenges and setbacks. Cotopaxi's ability to weather this storm by anchoring itself in its own values demonstrated the efficacy of corporate social responsibility. Impact should no longer be considered voluntary, nor a simple matter or positioning. It should be seen as the only effective way to proceed as a business. We extend our gratitude to our employees, investors (big and small), suppliers, B Corporation peers, third party guides, community partners, nonprofit partners, and every single one of our customers. Every day, our success as a company reflects the good will of our shared society. As we look back and heal from the upheavals of 2020, let us rebuild stronger, better, and together. Thank you for being part of our adventure.



A young refugee participates in an IRC- and Cotopaxi-sponsored rock-climbing educational event. Photos by James Roh.

