

**REI**  
**Eric + Wilma Q&A**  
**February 3, 2022**

**Wilma Wallace:**

*Hi REI. My name is Wilma Wallace and I serve as your Chief Diversity and Social Impact Officer. I use she/her pronouns and am speaking to you today from the traditional lands of the Ohlone people.*

*So I'm here chatting with Eric Artz who serves the co-op and all of us as CEO. And Eric, welcome. I know you emailed all employees two weekends ago to let us know what was going on in SoHo before we saw it in the news, and we know employees have lots of questions about what's going on.*

*So just to recap for the audience on Friday January 21st we were notified by the National Labor Relations Board that the Retail, Wholesale and Department Store Union filed a petition for an election at our SoHo store in New York. And since then I'm sure you've heard from lots of employees across the co-op. Maybe we can start by you sharing some of what you've heard.*

**Eric Artz:**

*Well thank you Wilma. Thanks for hosting and hello to everyone that is listening. For those of you who I have not had the chance to meet, I use he/him pronouns and I'm speaking to you today from the traditional lands of the Coast Salish peoples.*

*And thank you to anyone who sent me a note over the last couple of weeks. For taking the time to send your thoughts, your concerns, your direct feedback, and yes, many questions. And Wilma I hope to answer some of those questions during this conversation and help me make sure we give people information on where to find more facts and answers before we sign off today, assuming we don't get to everything.*

*I want employees to know I read every note I receive. Always. And that's no matter the topic. We capture the feedback and we do our best to have someone follow up directly or address your questions and concerns through our normal communication tools.*

*Now, the fact that you take the time to reach out directly is part of what I believe makes REI such a special place. You're here because you care and you care enough to reach out and speak up. And that fact itself is central to what I hope we'll discuss today. And to your question Wilma, over the last few weeks many of our employees have sent me questions specific to what is happening in SoHo. I think it's important that we all remember because of the petition that's been filed and the legal process that we're we are now in I cannot...we cannot answer all of those questions. And that doesn't mean I am choosing not to share what I know with you. It just means we're in a legal process and the law does not allow me to do so. But that said, there will be a time and there will be a place to share more and employees have my commitment that we will do so.*

**Wilma Wallace:**

*Well Eric I do know that one of the top questions that must be on people's minds is why REI doesn't think unionization is the right thing for the co-op or for the employees. Maybe you can speak a little to that.*

**Eric Artz:**

*Sure, Wilma. I want to be very clear about one thing. We fully support the rights of our employees to speak and act for what they believe and that includes the right of our team in SoHo to explore, pursue and ultimately vote on the question of unionization. It's their decision to make and we're going to respect their right in this process.*

*Look Wilma, I understand this is an issue where feelings run strong and I want everybody at the co-op to hear this. The team in SoHo are co-op employees first and foremost. They're part of our co-op community today and they will be part of our community tomorrow, no matter what.*

*So to your question of why, I'd like to you know share some thoughts really from two perspectives - from a Co-op perspective and I will also offer my opinion on why do I why I do not believe a union will serve our REI employees best interests. Let me start by saying unions are important and valuable and they play a vital role in supporting the rights of workers across many workplaces, companies and industries. In fact, many of the workplace laws we now have in place can be traced back to union support.*

*My father was a teacher in a teachers union and led the union when I was a teenager and I have experienced unions and other businesses and sectors that I have served. So when people ask why don't we support unions, my answer is simple. We do not oppose unions, it's that we don't believe, I do not believe, that introducing a union is the right thing for REI. **And more specifically, I believe the presence of union representation will impact our ability to communicate and work directly with our employees and resolve concerns at the speed the world is moving. And that is the core of why we don't think that introducing a union is the right thing for our employees.***

*So Wilma allow me allow me to unpack this a little bit. A big part of what unions exist to do is to speak for employees where and when they don't have a voice. The very essence of a co-op is actually contrary to that because in a co-op we turn towards one another. That does not mean we agree on everything that means we come together based on shared beliefs, our common expectations and we work together to solve problems. That's why we have things like the Co-op Way. It is our agreement with one another in terms of how we will expect each other to behave and to interact. It's why we have open door policies and we've established things like employee inclusion networks - to hear voices, to build community. I think it's why we use annual employee engagement surveys and other pulse surveys to understand where your experience is working and where it's not working and then we work together to make it better. I believe every one of you, every employee at REI, has a direct voice in speaking to and influencing every aspect of the employee experience from health and safety, to pay and benefits, to where and when REI puts our values into action.*

*Now I know that because I hear from you directly. I value open conversation. Not only I value it but I expect it and I need it for me to do my job and for REI to continually get better for you our employees, for our members and for our customers. Every employee has the right to expect me to listen to hear to understand concerns and ideas and suggestions. I hold myself to that standard and I try to hold all REI leaders to that same standard.*

*At the co-op we learn and grow by listening we improve by being open to feedback both positive and negative it doesn't mean we always agree but it does always mean we should listen and be heard even when we disagree. And that doesn't mean every problem is solved, it doesn't mean that every individual concern can be addressed. I don't know of any workplace that doesn't have issues or problems from time to time, but the real question in my mind is when those issues come up, when we are faced with challenges, how do we best meet and overcome them? And for me anyway, I want to do that working together, working directly with you our employees.*

*And Wilma that doesn't mean we or I always get it right. We will make mistakes, we all do. Every workplace, including here at REI, can always strive to be better. You know as we reflect on the last two years, we've navigated the pandemic, we have all faced challenges and how we work, how we connect, taking care of ourselves our families each other. We have been put in situations and under stress levels that few of us had experienced before, nor hopefully will ever experience at this rate of magnitude again. And for the most part, I am extremely proud of how we as a co-op worked through and together, supported one another during this challenging time period. And I said for the most part because I know there have been real challenges over the last two years.*

*Most of all because I know the connections and the relationships we have with one another that have made the co-op so special haven't been happening in the same way in normal conditions. You know we strive to have a workplace that is fun, that's engaging, we do outside trainings and events and we have awards and recognition*

and community stewardship projects. COVID has not allowed us to do all of those things. So no matter what's happened the past two years, it's been too long and we need to get back to putting fun back into our work.

As I think back over the last two years, in my personal experience the best part of my job has been the time I've spent on the road, in our stores, connecting to and listening to our employees, being in our DC's, out in the communities that we serve, dragging a camping trailer across the country to see as many stores as possible, as safely as possible. But I know that hasn't been enough. For me, for you, our connections aren't as strong as we want them to be nor as strong as we all need them to be.

**Wilma Wallace:**

So, right on, Eric. And just thank you for your candor and your reflections and observations. I appreciate it. So, I do know one of the themes that we've heard as we've been out talking to employees is that not everyone feels seen or heard. How would you respond to that, Eric?

**Eric Artz:**

Well I've heard that too Wilma and let me tell you that's hard for me to hear but I know that it is absolutely true. The fact that we're in this spot in SoHo in this moment means something didn't work. If a group of employees needed to seek different representation for their interests and to speak for them, then I failed in some fundamental way.

This is a failure of the Co-op Way and something that we obviously must address. I know that, I see that, I take responsibility for that, and I own that. But we are here now and over the coming weeks this legal process will play out. The employees of SoHo will ultimately vote and decide the issue for themselves. I wish we were in a different place and again I hold myself accountable for that failing, but I believe in many of the things we do here at REI. If we don't acknowledge where we are in an honest way there is no way to get to where we want to be and need to be.

**Wilma Wallace:**

Thanks, Eric. And I do also just want to point out something you mentioned earlier which is that we are now in a formal legal process in SoHo and the employees there will, as you said you know ultimately decide whether they want a union to represent them. And under the law I think it's important for folks to appreciate that our ability to act or promise any specific course correction at this time is constrained for legal reasons and this is limited, pretty limited to SoHo, but I think it's just important to note that there are legal restrictions from us being able to take certain actions to course correct. But in light of that, maybe and in light of that, what do you see coming over the next few days or weeks?

**Eric Artz:**

Well to your point you know Wilma, to answer this question here, I think you're absolutely right. And that's really the core of why I'm concerned about a union presence in SoHo or frankly any of our stores. The reality is as you've just shared, that under the law if the union is voted in then much like the situation you described in SoHo, our ability to listen and communicate directly with our employees on anything that impacts their job whether it's an individual or a group concern and then to work together to respond quickly to address those concerns changes. We would be required to only deal with the union on matters that impact our employees' work life and there's a legal process we have to follow to do so. I think it's already difficult because the legal process we are bound to follow in SoHo until the vote occurs. We are prohibited from talking about or taking action on specific concerns the SoHo team is sitting with until the vote. If the union vote prevails, we will then by law begin a negotiating process with the union, a representative for those employees, and follow the laws that govern those discussions however long that takes. If the union vote does not prevail, we will then be able to re-engage directly with each employee and the SoHo team and then begin the process to fully understand what led us here.

*Again, I want to be very respectful. A union may be what our employees ultimately decide they want and that is their legal right. And as I said earlier Wilma, you know I don't, we don't always get it right, but I do believe we try. And I want us all to be proud of the REI that we stored in being part of our future. And while there may be times it doesn't feel like it, we absolutely do listen when we speak up. We take our employee and your concerns very seriously. And I was just thinking you know Wilma, time and again employees have seen us take real action based upon their ideas and their suggestions. In the earliest days of the pandemic, we closed our stores weeks earlier than any other businesses. Weeks earlier than union shops. And we kept them closed until we were confident we had the right protocols and procedures in place to operate safely. That was for our employees, to keep you safe. We turned off the taps and stepped into unknown territory, and in the moment we had no idea if the co-op would even survive. Yet we paid everyone for the first 30 days and when we reopened we brought back more than 95 percent of our retail teams from furlough. And even during the furlough period we paid 100 of every employee's benefits.*

*I even reflect on those days now when we came back up and it wasn't easy for any of us and some of the protocols and safety procedures were not working for you, we heard you, we adjusted, we listened to your feedback and we moved quickly. And now as we fast forward even to this year the national and local protocols have been crazy for us all, but we've constantly worked together to improve - sometimes moving too slow, sometimes moving too fast - but always with your safety at the center and always working to make it better better based upon listening upon learning and adjusting as quickly as possible together.*

*And I think as many of you know, or I hope our employees know, in 2020 we lost 50 million dollars as a co-op. We shared that with you in the spring of last year, we shared that with our members. I think we have to remember businesses that persistently lose money will not be able to invest in employees, have the capital to invest in winning strategies, and frankly won't be around for long. We were willing to risk it all when we did not have the data and the facts to know that we could keep our employees safe and we've continued to invest significantly in keeping our employees safe.*

*I even think about #OptOutside, Wilma. Each and every year we choose to close our doors on the busiest shopping day of the year. Why? Because our employees, the folks in our stores and DC's told us that working on Black Friday was an awful experience, they had never seen the light of day if they worked in retail for a long period of time. We had the opportunity to make a different choice to take the uncommon path and demonstrate that there are things more important than sales.*

**Wilma Wallace:**

*So Eric, you know, shifting a little bit - one of the other things that we've heard about has been in connection with pay so can you talk about how REI approaches pay at the retail level?*

**Eric Artz:**

*Sure, look I know, I understand that pay is a big concern for every employee always. Our approach on pay is designed to let us move quickly to adjust to changing conditions. We focus on competitive pay at the market level. It's our goal to play above the average of the market and we make adjustments when things change. In the past four years we've increased our base wages, our base hourly wages, outside of merit five times and we've spent 60 million dollars to do so. In SoHo for example, we've increased average non-management wages by 43 percent since 2018. Two of those adjustments occurred in the last 18 months, the last in January of this year. And that's not considering other changes we've made certainly the last two years to our benefits packages or even things like the supplemental bonus that we did here at the end of 2021.*

*So making adjustments you know at these levels and at this frequency it's...why do we do that? It's well, it's from listening to our employees to engaging to doing the work we have we have good teams that are very focused on what the market dynamics the micro-market dynamics in this country right now. And it's a market that's changing and changing rapidly. Pre-COVID we were reacting to deflationary periods but increasing rents. Right now we're in*

*a different place with inflation levels that we're seeing right now it's something we nor anyone, the government, nobody predicted that we would find ourselves in this inflationary moment that we're in. So I expect us to continue to be very attentive and focused on these dynamics and I would expect us to continue to make these types of adjustments as we move forward.*

**Wilma Wallace:**

*Thanks for that Eric. So my last question is I've heard you say a number of times uh over the past few years that every challenge or bump along the way ultimately makes us stronger, and how are you hoping, how do you envision us coming through this as a co-op community?*

**Eric Artz:**

*Well to your point Wilma, I think you know every challenge does come with an opportunity, an opportunity to reimagine. And look again, I know that the last two years have been hard - hard on families, friends, communities and all we care about. Two years of a global pandemic that's brought unthinkable challenges and disruptions. I know our employees are tired and frustrated. I know there are times where the ways we work, even the changes we've made in in the name of health and safety, have made things harder, not easier. I wish I could snap my fingers and fix all of the challenges we're facing as a broad society and so on but I can't. Not in the moment. We certainly have big aspirations when we think about you know our purpose agenda, and climate, and racial equity but we are here today.*

*What I can do and what I commit to do is to always do my best to lead by putting our values first, by focusing on our mission and our purpose, by listening to employee voices, your voice, and when we see things we can do better, we will do so. We're going to take a bottom...a top to bottom look at this and everything that impacts our employee experience and our employees. So much has happened. We tried to do our best to adapt to everything but it needs a fresh look and we're not going to do this in a vacuum. We're going to do it with employee input. If it impacts their job, you have a right to provide feedback. You also have a right to understand why we've made a decision.*

*I will say Wilma, glass half full glass half empty, there's a lot of things that have worked great for us that have we've made some profound changes, we've been able to look and see things in different lights going through this crisis. I firmly believe we're going to come through it stronger than we entered it but there's always things that we need to take a fresh look at. We've also we've always known that we're at our best when we truly put our employees first and we must always make sure and be accountable to the fact that we are walking the walk in everything we do.*

**Wilma Wallace:**

*I love that Eric. Well said and thanks for forecasting some of the work ahead. So, before we close any parting thoughts that you'd like to share?*

**Eric Artz:**

*Sure, I think at the end of the day we are a company made up of thousands of people who get up every day excited to come to work and fight for something that matters, and frankly to have some fun doing it. My job as your CEO is to make sure that all of your basic needs are met so that when you show up to work each day you can have fun, bring your authentic self, and fight for what matters. You need to be paid competitively, feel safe and respected, have comprehensive health insurance, and know that your voices will be heard.*

*You know Wilma I think there's a centering point for us that I think about a lot and this kind of goes back to even the idea of REI and the co-op and it began I believe from our commonality. A common purpose centered on time outside. That is what brought us all together. We're inspired by our commonality, by connection. And certainly right*

*now with everything that's happening, we want more of it. Especially two years into this crisis. We care, we want to make things better for others, we want to share our expertise and what we know with our members and our customers, we want to make a difference - our work needs to mean something.*

*I think about 1938 when 23 climbers turned to each other in their commonality. Faced with a problem in the moment and they solved it and they made it better. Little did they know for generations to come, and here we are 84 years later, the problems we face today are very different than 1938, but our commonality, centered on life outside, remains steadfast. As does our desire to leave it better than we found it, and I think that's who we are, I think that's who we aspire to be.*

*As a co-op we have great freedom to set our own course, to choose the uncommon path. And we don't do it because it's easy, we do it because it has led us to the right decisions and actions for the co-op. For you our employees, for our members, and for the communities we serve, and it has led us to places where other businesses would not go. There is no part of our business, no part of our business model, that me and your leadership team are not willing to look at, to question, or to reimagine.*

*So I think from here forward it's our story to own. We have the opportunity to write the co-op's story. and I believe in a very simple idea that human purpose is to create the future. And REI is on a journey to become a more impactful organization centered on the best employee and member experiences. We have an unprecedented opportunity for reinvention. That is what transformation means to us. From our mindsets, to the customers and the members that we serve, to our employee experience, to our impact on the world. I want all of you, our employees, to know and feel like you are part of and contributing to the future of the co-op and to leaving this place better than we all found it.*

*I do believe we do the best when we come together and embrace different views and opinions. And before I sign off Wilma I do want to thank everyone for what they're doing, with what they're doing for each other, for what they're doing for the co-op and our members. I want everybody to take care, be well. And please Wilma before we sign off would you just, as we said in the beginning, would you share more about how employees can expect future updates and find answers to their questions?*

**Wilma Wallace:**

*Sure. Thanks, Eric. So folks, we're going to continue to provide updates along the way including a microsite which we should be launching over the weekend or early next week so please keep an eye out for that. And the microsite and other communication channels that we're developing are intended to share information on details about the union process and facts about working at REI. So thank you everyone for your time and be well and be safe.*

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