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Beneath REI's Green Sheen
Union Busting, Debt Bondage, and Partnership with Eco-Criminals

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Beneath REI's Green Sheen

Union Busting, Debt Bondage, and Partnership with Eco-Criminals

The Labor Center at the University of Massachusetts Amherst (umass.edu/labor) is one of the nation's premier graduate programs in Labor Studies. The Labor Center also conducts research that explores the changing nature of work and workers' organizations, and what these changes mean for workers.

Students for International Labor Solidarity (silsmovement.org) is a national student network that builds student power to hold corporations accountable for labor rights violations affecting workers in global supply chains.

This report is part of the UMass Amherst Labor Center Working Paper Series.

Cover photos:
REI's SoHo flagship store in Manhattan. Photo by SILS.
Inside the Textiles Opico factory in El Salvador, an REI supplier. Source: texops.com.

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Table of Contents

I. Executive Summary **5**

II. Introduction **9**

III. Company Background **13**

IV. REI's Impact Reports Show No Impact on Labor Rights **15**

Impact Reports 2006 - 2013: Frequently Increasing Levels of Noncompliance with Factory Code of Conduct 17

Impact Reports 2014 - 2023: Reduced Transparency, Ending Public Reporting on Types and Levels of Noncompliance 19

REI's Reporting Lacks Any Information on Successful Remedy 19

V. Labor Rights Violations at REI's Publicly Disclosed Supplier Factories **21**

Wage Exploitation and Financial Abuses 22

El Salvador: Unionists Fired en Masse After Pressing for Payment of Legal Minimum Wage 22

Indonesia: Forced Relocation to Lower Wage Zone 25

Cambodia: Use of Short-Term Contracts to Deny Benefits, Union Leaders Fired 28

Cambodia: Government Order to Pay Bonuses on Schedule Ignored 30

China: Workers Forced to Work Seven Days a Week with No Rest 31

Hazardous and Inhumane Working Conditions 32

Taiwan: Migrant Workers Trapped in Debt Bondage 32

El Salvador: Pregnant Woman and a Mother of a Newborn Fired Unlawfully 35

Cambodia: Failure to Pay Maternity Leave as Legally Required 36

Vietnam: Workers Forced to Attend Disciplinary Meeting in Extreme Heat 37

Vietnam: Egregious Labor Rights Abuses 38

Suppression of Union Rights and Freedom of Association 39

Philippines: Short-Term Contract Scheme Used to Bust Union, Then All 132 Union

Members Who Remained Fired 39

Indonesia: False Charges Filed Against Union Leaders in Retaliation for Workers Rallying for Higher Wages 41

El Salvador: Workers Who Complained Were Fired 44

Cambodia: Attempts to Intimidate and Silence Union Leaders 46

VI. Weaknesses in REI's Transparency and Purchasing Practices 49

REI Fails to Disclose All Factories Supplying REI 49

REI's Purchasing Practices Prioritize Flexibility Over Sustainability 50

VII. REI Sources Primarily from Countries with High Risk of Labor Rights Abuses and Shrinking Civil Society Space 55

Vietnam 59

China 63

Indonesia 67

Taiwan 69

VIII. REI's Ongoing Partnership with Infamous Corporate Criminals 75

IX. Conclusion 80

I. Executive Summary

This report by the UMass Amherst Labor Center and Students for International Labor Solidarity was produced in response to complaints raised by workers concerning serious and pervasive violations of labor rights in the supply chain of REI, the largest specialty outdoor retailer and consumer cooperative in the United States. REI's CEO Eric Artz assures co-op members that REI is "a different kind of company… One where people care about each other as human beings,"[1] but what we find is that REI sources from factories in Asia and Central America characterized by serious systemic human rights abuses that warrant immediate attention. These abuses include forced labor, subpoverty wages, and intense retaliation against workers for attempts to unionize – all violations of REI's labor code. REI's supply chain workers face a high risk of exposure to egregious labor rights abuses with no reliable avenue for recourse or remedy.

> "It is hard to cover my family's expenses with the wages that I earn. We can't buy all the food we need and sometimes we miss a payment of our utility bills. I don't have enough to buy clothes and shoes. The school asks parents to buy things for our children, but I can't buy what they need because it would mean that we wouldn't eat. My refrigerator doesn't work but I don't have enough money to buy a new one. I never get to take my children to do anything fun outdoors. The money is never enough."
>
> – 35-year-old woman who works at a factory producing garments for REI[2]

The violations we uncovered at REI's supplier factories are merely the tip of a very large iceberg. It is extraordinary that our limited research identified so many violations at REI supplier factories, especially when workers are generally terrified to report publicly on rights violations they experience for fear of being retaliated against by their employer. It is therefore reasonable to assume that the violations described in this report are only a very small portion of the actual extent of labor abuses in REI's global supply chain.

In this report we will detail these violations and examine REI's supplier relationships and transparency efforts and conduct a risk assessment of the countries where REI products are made.

[1] Artz, E. (2024, April 30). Letter to the REI Co-op Community. *REI*. https://www.rei.com/dam/EricsLetter

[2] Statement by a worker in October 2024 who requested anonymity.

Key findings:

- **Poor working conditions and violations of workers' rights are widespread at REI's supplier factories.** An examination of publicly available reporting and worker testimonies of working conditions at more than a dozen factories in REI's modestly sized supply chain shows repeated violations of REI's Factory Code of Conduct, national law, and international labor standards. These include:

    - **Forced labor:** Migrant workers from Thailand and Vietnam employed at a bicycle factory in Taiwan reported: paying exorbitant recruitment and "anti-escape" fees, forcing them to take out usurious loans and leaving them in debt bondage; inhumane, overcrowded, and unsanitary living conditions; and punitive management practices, including threats of deportation.

    - **Forced overtime:** At a facility in China that made fabric for REI, a third of the workforce reported such a relentless work schedule that most months they did not receive a single day off.

    - **Subpoverty wages:** Across the factories from which we analyzed reports of working conditions and worker testimonies, workers at REI suppliers generally reported receiving no more than minimum wage, excluding overtime. Workers making REI-branded goods report struggling to feed themselves and their families.

    - **Discrimination against pregnant and postpartum women:** In El Salvador an apparel supplier fired a woman who was pregnant and another after she returned from maternity leave, in violation of Salvadoran law. In Cambodia an REI apparel supplier violated Cambodian law concerning payment of maternity leave.

    - **Use of precarious contracts:** A factory in the Philippines that manufactured backpacks and trail seats for REI refused to grant workers regular contracts, instead hiring them on repeated short-term contracts, making their employment highly precarious and denying them benefits for which they would otherwise be eligible.

    - **Retaliation against workers seeking an end to labor abuses:** In several countries – Cambodia, El Salvador, Indonesia, and the Philippines – trade unionists reported experiencing intimidation, threats, or illegal firings at factories producing for REI. REI's top supplier countries are China and Vietnam, two

nations where the governments ban independent union organizing and any worker who does so is thrown in jail.

- **Notably, REI's own reporting acknowledged widespread and even worsening violations for a period of several years, although REI provided no transparency as to specific countries or factory names.** After reporting a particularly high increase in health and safety violations detected in 2013, REI simply stopped reporting on the levels and types of noncompliances with its Factory Code of Conduct that its auditors found.

- **Despite uncovering numerous workers' rights violations through its own supply chain audits, REI never reported on successfully securing any specific remedy for the workers facing these egregious labor rights abuses.**

- **While we could not identify a single instance in which REI effectively intervened in support of workers experiencing labor rights abuses, we did identify multiple cases in which other buyers sourcing from the same supplier intervened appropriately.** This suggests that REI was a freerider on remedies driven by other brands.

- **REI maintains an ongoing partnership with a corporation that is an infamous corporate criminal, listing it as a "strategic material supplier."** The corporation, Formosa, was responsible for: releasing toxic chemicals into the sea causing Vietnam's deadliest marine life disaster; killing 14 workers in Vietnam and three in Taiwan in two collapses of scaffolding; a fire at a plastics factory in Illinois that killed five people; and soil and water contamination in Texas throughout two decades. Dozens of imprisoned journalists and environmental activists in Vietnam have lost many years of their lives simply because they tried to speak publicly about Formosa's corporate malfeasance.

- **REI frequently shifts its production from factory to factory, favoring flexibility over sustainability.** In less than five years, REI departed 51% of its supplier factories, abandoning tens of thousands of workers at more than half its supplier base. Such irresponsible short-term relationships with suppliers contribute to a high level of precarity for workers, downward pressure on wages, a rise in workers' rights violations, and repression against trade unionists.

- **REI misrepresents how much of its production is in the US.** Of the seven entities with US addresses disclosed by REI in its most recent REI Co-op Brands Factory List, only three are factories and the others are corporate offices, research and development offices, or screen printers. REI advertises domestic production with a dedicated "Made

in the USA" webpage, but not all products featured on the page are made in the US. In at least one instance, REI is advertising a product as US-made on that page but the same product stocked in an REI store is labeled as made in China.

- **REI primarily sources from countries where human rights and labor rights violations are rampant, where workers are paid unlivable wages, and where there is shrinking civil society space.** In particular, these countries are Cambodia, China, El Salvador, Indonesia, Philippines, and Vietnam.

> "I support my mother and my daughter on my salary. I do as much overtime as I can because I can't live on my regular wage. We can't afford to eat chicken or beef. We try to limit our food as much as possible so that we can try to pay for my mother's medical treatments."
>
> – 39-year-old woman who works at a factory producing garments for REI[3]

[3] Statement by a worker in October 2024 who requested anonymity.

II. Introduction

The labor practices of Recreational Equipment, Inc. (REI), the largest specialty outdoor retailer and consumer cooperative in the United States, have garnered increasing attention in recent years as REI retail workers' unionization efforts have gained momentum.[4] However, media coverage of the retailer's working conditions has largely ignored the circumstances of the hundreds of thousands of supply chain workers who produce the clothing, camping gear, and bicycles sold by REI.

Clothes hanging in an REI store. Photo by SILS.

REI maintains a carefully curated image of upholding a firm corporate commitment to human rights, social responsibility, and environmental protection. REI's CEO Eric Artz assures co-op members that he "want[s] to ensure REI continues to be a different kind of company… One where people care about each other as human beings, about making an impact and about

[4] Jamieson, D. (2024, March 16). A Growing Union Campaign Has Put REI's Progressive Image On Trial. *Huffington Post*. https://www.huffpost.com/entry/rei-union-campaign_n_65f4991ce4b0b4d0b89954c2. Greenhouse, S. (2023, December 18). Labor Pains How Corporations Crush New Unions. *New Republic*. https://newrepublic.com/article/177557/trader-joes-union-busting-bargaining-table-first-contract. Gantz, J. (2024, April 12). Two Years In, These "Progressive" Companies Still Haven't Negotiated First Union Contracts. *In These Times*. https://inthesetimes.com/article/starbucks-trader-joes-rei-union-labor-nlrb-first-contract. Scheiber, N. (2023, May 22). Companies Are Taking a Harder Line on Union Organizers, Workers Say. *The New York Times*. https://www.nytimes.com/2023/05/22/business/economy/unions-starbucks-apple-rei-trader-joes.html. Scheiber, N. (2022, March 2). REI Workers in New York Vote to Unionize. *The New York Times*. https://www.nytimes.com/2022/03/02/business/rei-union-new-york.html. REI Union. (n.d.). https://www.ourrei.com

doing the right thing."[5] The retailer proclaims that it is "committed to becoming a fully inclusive, anti-racist, multicultural organization"[6] and its website and social media pages spotlight Black leaders, women's stories, and transgender athletes.[7] REI's motto is "A Life Outdoors Is a Life Well Lived" and to that end REI promotes walkable access to green spaces, encourages reducing plastic pollution, and maintains an array of its own environmental sustainability targets.[8]

REI's public commitments to workers apply not only to its direct employees, but also to the workers in factories around the world who make REI's private brand products as well as to the workers making goods for other brands sold at REI stores. REI's *Disclosures for California Transparency in Supply Chains Act of 2010* states:

> We are likewise committed to social responsibility, both as an employer and in how we conduct business. With an international supply chain, we know that relying on local laws and enforcement is not always sufficient to achieve specified standards for human rights. To this end, the REI Fair Labor Program exists to promote fair, safe and nondiscriminatory working conditions for people working in the co-op's supply chains.[9]

To assess working conditions in its supply chain,[10] REI relies on widely discredited multi-stakeholder initiatives.[11] REI uses the Higg Index of the Walmart-founded Sustainable Apparel Coalition (SAC), now rebranded as Cascale,[12] which was banned by the Norwegian

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[5] Artz, E. (2024, April 30). Letter to the REI Co-op Community. *REI*. https://www.rei.com/dam/EricsLetter

[6] REI. (2023). *2022 Impact Report* (p. 10). https://www.rei.com/dam/18553157_impact-report-2022.pdf

[7] Stanger, S. (2022, February 1). Celebrating Black History Month. *REI*. https://www.rei.com/blog/podcasts/celebrating-black-history-month. REI. (n.d.). *Women's History Month*. https://www.rei.com/blog/tag/womens-history-month. Lowenstein, F. (2024, September 9). Gear Check: Cal Dobbs' Trans Pride 5K and Run Across America. *REI*. https://www.rei.com/blog/run/gear-check-cal-dobbs-trans-pride-5k-and-run-across-america. Kim, D. (2024, September 10). Erin Parisi's Quest to Climb the Seven Summits and Spread Trans Joy. *REI*. https://www.rei.com/blog/climb/erin-parisi-ice-axe.

[8] REI. (n.d.). Greening Youth Foundation and the Atlanta BeltLine. *REI*. https://www.rei.com/blog/outside-in-5-atlanta. Parris, A. (2019, November 13). In Our Nature: What do we do about plastics?. *REI*. https://www.rei.com/blog/news/in-our-nature. -what-do-we-do-about-plastics. REI. (2024). *2023 Impact Report: Planet*. https://www.rei.com/impact/planet

[9] REI. (n.d.). *Disclosures for California Transparency in Supply Chains Act of 2010*. https://www.rei.com/dam/REI_Disclosures_for_the_California_Transparency_in_Supply_Chains

[10] REI. (2023). *2022 Impact Report* (pp. 32-33). https://www.rei.com/dam/18553157_impact-report-2022.pdf

[11] Institute for Multi-Stakeholder Initiative Integrity. (2020, July). *Not Fit-for-Purpose The Grand Experiment of Multi-Stakeholder Initiatives in Corporate Accountability, Human Rights and Global Governance*. https://www.msi-integrity.org/wp-content/uploads/2020/07/MSI_Not_Fit_For_Purpose_FORWEBSITE.FINAL_.pdf

[12] The Sustainable Apparel Coalition has rebranded as Cascale and its Higg Index has rebranded as Worldly. Cascale. (2024, February 26). *Sustainable Apparel Coalition Rebrands As Cascale*. https://www.globalreporting.org/3bl/?mid=1250531. Kent, S. (2024, February 26). Sustainable Apparel Coalition Rebrands as Cascale. *Business of Fashion*.

government for use in marketing after its consumer watchdog agency found that Higg-backed product labels were inaccurate and deceptive.[13] REI also uses the SAC-spinoff Social & Labor Convergence Program's (SLCP) Converged Assessment Framework and the Fair Factories Clearinghouse, which aim to reduce audit fatigue for suppliers and decrease costs for brands but not to bring public transparency to audit findings. REI partners with the International Labour Organization's Better Work program, which has been criticized by garment worker unions for inaccurate reports that are not reflective of workers' lived experiences.[14] REI touts its relationship with Fair Trade USA, which has the weakest standards of all fair trade certifiers and which we explore in Section VII. Taken altogether, REI's partnerships for "responsible sourcing and fair labor" offer minimal public transparency and lack enforceable obligations on REI to address identified violations.

In this report, we take a look into the circumstances for workers in REI's global supply chain. Until now, no other independent evaluation has been published assessing REI's progress on putting its supply chain responsibility claims into action, beyond brief references to REI in articles relating to individual factories.

Sources of information utilized in preparing this report include:

- Shipping records of REI's imports into the United States obtained from the Import Genius database;
- Ten of the supplier factory lists publicly disclosed by REI between December 2016 and October 2024;
- Factory information available in Open Supply Hub;
- REI's own impact reports, published from 2006 to 2023;
- News reports from local media in several countries, published in English, Khmer, Indonesian, Spanish, and Vietnamese, reviewed by labor experts in correspondence with the authors who are native speakers of those languages;
- Testimonies posted by workers in online forums and on social media, including Facebook posts in Filipino and Spanish; posts in Chinese forums such as Baidu, Sina,

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https://www.businessoffashion.com/news/sustainability/sustainable-apparel-coalition-greenwashing-higg-rebrand-cascale/. Kent, S. (2023, May 16). Higg Inc. Rebrands as Worldly. *Business of Fashion*. https://www.businessoffashion.com/news/sustainability/higg-index-worldly-rebrand-sustainable-apparel-coalition-greenwashing/

[13] Shendruk, A. (2022, June 29). The controversial way fashion brands gauge sustainability is being suspended. *Quartz*. https://qz.com/2180322/the-controversial-higg-sustainability-index-is-being-suspended. Fibershed. (2022, August 17). *Why You Should Be Paying Attention to What's Happening with the Higg Material Sustainability Index*. https://fibershed.org/2022/08/17/why-you-should-be-paying-attention-to-whats-happening-with-the-higg-index/

[14] Yang, M. and B. York. (2024, June). Barriers to Representation: Freedom of Association in Cambodia. *Center for Alliance of Labor and Human Rights*. https://central-cambodia.org/wp-content/uploads/2024/06/Barriers-to-Representation_-Freedom-of-Association-in-Cambodia.pdf

and Job59; and Google Reviews in Vietnamese, reviewed by labor experts fluent in those languages;
- Wage data and analysis published by the Asia Floor Wage Alliance, Fashion Checker, and WageIndicator Foundation;
- Publicly available information from the Cambodian Arbitration Council reviewed by a Cambodian labor lawyer;
- Research assistance provided by The Counter, a project of the Centre for Research on Multinational Corporations (SOMO);
- Analysis from leading labor rights watchdogs including the Clean Clothes Campaign and the Worker Rights Consortium;
- Factory assessment reports by the Worker Rights Consortium; and
- Reports by human rights organizations such as Human Rights Watch, environmental groups, and academics with expertise on the impact of brands' purchasing practices and pricing on working conditions and workers' rights in global supply chains.

This report examines REI's supplier relationships, transparency efforts, publicly reported information on labor rights abuses at factories producing REI-branded goods, and assesses the labor rights risks faced by manufacturing workers in REI's top supplier countries. Section III briefly explores REI's history, consumer cooperative model, and current financial position. Section IV examines REI's own reporting on factory compliance and labor rights impact in its global supply chain. Given the limits of REI's own reporting, we conducted separate research into working conditions in REI's supply chain. Section V summarizes the reported labor rights abuses we identified at 14 REI suppliers in East Asia, Southeast Asia, and Central America. Section VI investigates the comprehensiveness of REI's supplier disclosure and changes in its supplier base. Recognizing that information on working conditions is not readily available for all factories producing REI gear, Section VII is a risk assessment of the labor rights landscape of REI's top supplier countries. Finally, Section VIII presents publicly reported information, including related to environmental issues, concerning a corporation with which REI has a particularly significant partnership.

III. Company Background

Recreational Equipment, Inc. (REI) began when a cohort of Seattle-based mountaineers set a goal of lowering the consumer cost of quality outdoor equipment. Founders Lloyd and Mary Anderson wished to build a consumer cooperative where local outdoor enthusiasts could increase their collective purchasing power and source quality gear directly from European manufacturers. In a 1938 bulletin, they declared the intent of the organization was to build a large enough membership base to grow the company's purchasing power and continue to expand its reach "using membership cooperation with the work as much as possible."[15]

REI touts itself as the largest consumer co-op in the United States with a membership 24 million strong.[16] The sole owners of the company are the consumers, who today make a one-time payment of $30 to become a lifetime member, but the company is actively managed by its board of directors. Individual members are entitled to self-nominate and cast a vote for new board appointments; however, the board retains the power to both nominate and finalize all appointments.[17] REI's governance bylaws require significant executive management experience for all board members, and its current composition is a cadre of powerful corporate executives.

REI's consumer cooperative model means its financial obligations are ultimately to its members; to ensure its shelves stay stocked and prices stay as low as possible, although *Outside Magazine* reported in 2021 that REI's prices have aligned with the rest of the outdoor industry for decades.[18] Financial membership benefits are limited to a generous return policy, member-only discounts, and an annual patronage dividend check worth ten percent of an individual members' spending.[19]

REI's continued use of its co-op language serves to bolster its brand image as a socially and ecologically-minded democratic organization, and helps to mask its corporate ownership structure. The company has solidified itself as the largest specialty outdoor gear store in the

[15] REI. (2020, May 13). *REI History: It Started With An Ice Axe*. https://www.rei.com/blog/camp/rei-history-it-started-with-an-ice-axe

[16] REI. (2024, September 6). *REI's Member Days shower members with 11 days of expanded discounts and offers*. https://www.rei.com/newsroom/article/rei-s-member-days-shower-members-with-11-days-of-expanded-discounts-and-offers

[17] REI. (n.d.). *REI Governance*. https://www.rei.com/about-rei/governance

[18] Peruzzi, Marc. (2021, March 2). Has REI Grown Too Large? *Outside Magazine*. https://www.outsideonline.com/business-journal/retailers/goliaths-reckoning/

[19] REI. (n.d.). *Membership*. https://www.rei.com/membership

US. In 2023 it generated $3.76 billion in net sales from 181 storefronts in 41 states and Washington, DC.[20]

> "The factory discriminates against our union. Supposedly they have non-discrimination policies, but they discriminate against the union leaders. They isolate the leaders from the other workers and then don't give us enough work to be able to earn a production bonus. They tell the other workers that they should stay away from the union. When the union tries to resolve workplace issues with management, they tell us they will 'look into it' but they never do. This is especially the case when we are trying to address the fact that the supervisors mistreat the workers."
>
> – 39-year-old woman who works at a factory producing garments for REI[21]

[20] REI. (2024, April 30). *REI Co-op releases 2023 Impact Report and financials, reporting $3.76 billion in revenue*. https://www.rei.com/newsroom/article/rei-co-op-releases-2023-impact-report-and-financials-reporting-3-76-billion-in-revenue. REI. (n.d.). *Who we are*. https://www.rei.com/about-rei

[21] Quote provided to the authors by a labor rights organization that interviewed the worker, who requested anonymity.

IV. REI's Impact Reports Show No Impact on Labor Rights

As part of REI's stated commitment to sustainability and progressive social values, the company releases an annual *Impact Report*. This report details the company's social impact on employees, society, and the planet. REI is not unique in its use of impact reports to describe a range of company contributions beyond just profitability. These types of reports have become an increasingly common practice for corporations looking to demonstrate their social contributions.

The impact reports provide important insights into the activities, values, and goals of the corporation. Given that these reports are completed on an annual basis, they also allow us to explore how the company's language and commitments have shifted over time.

REI began publishing impact reports in 2006. In its first one the company committed to "regularly reporting progress" on "how the cooperative implements socially responsible factory compliance around the world, wherever REI brand products are created."[22]

In this section we review the reports of the last 18 years to examine REI's level of transparency as well as its own descriptions of efforts to address labor code violations within its supply chain. While REI sets forth an ambitious goal of "100 percent compliance with [its] Factory Code of Conduct for [its] private brands,"[23] we find that its own reporting demonstrates numerous labor rights violations in its supply chain, declining transparency, and an absence of remedy.

[22] REI. (2007). *2006 REI Stewardship Report* (p. 4). https://www.rei.com/dam/18553097_impact-report-2006.pdf
[23] REI. (2016). *2015 Stewardship Report* (p. 10). https://www.rei.com/dam/18553215_impact-report-2015.pdf

FACTORY CODE OF CONDUCT

RECREATIONAL EQUIPMENT, INC.

REI is committed to promoting fair, safe, and non-discriminatory working environments for the workers producing our products. The REI Factory Code of Conduct (Code) supports this commitment and defines requirements for doing business with REI. Our Code standards are based on International Labour Organization principles and internationally-accepted fair labor practices. Where industry or REI standards are higher than required by law, employers will meet the higher standards. REI monitors compliance to these standards and promotes a model of continuous improvement. REI encourages our manufacturing partners to take ownership of their social compliance programs.

TRANSPARENCY Employers must provide REI with open and forthright communication about their business practices. This includes maintaining and providing, upon request, accurate and complete payroll and employee records and full disclosure of locations producing REI goods.

NON-DISCRIMINATION Employees will be considered for positions on the basis of their qualifications and abilities. Employers will not discriminate on the basis of gender, race, religion, age, disability, sexual orientation, nationality, political opinion, social group, or ethnic origin.

HARASSMENT OR ABUSE Employers will not use physical or psychological disciplinary tactics. Furthermore, employers will not subject employees to threats of violence, sexual harassment, or psychological abuse.

RECRUITMENT AND HIRING Voluntary Employment: Employers will not use forced labor, including imprisonment, indentured, bonded, or any other form of compulsory labor. Minimum Hiring Age: Employers will not use persons younger than 16 years of age (or who are younger than school compulsory age, if that is older than 16 years) in any of their facilities.

FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING Employers will recognize and respect the legal rights of employees to free association and collective bargaining. Where the right to freedom of association is restricted under law, employers will allow their employees to raise any job-related grievances they may have without penalty or threat of reprisal.

HOURS OF WORK Working hours will not exceed 60 hours per week on a regularly scheduled basis (except under exceptional unforeseen circumstances) and will comply with all applicable laws and regulations. Where overtime is required, workers must be compensated appropriately according to law. Workers will be entitled to one day off for every seven-day period worked.

COMPENSATION Employers will meet all legal requirements for wages and benefits in the country in which they are conducting business, or local industry standards, whichever are higher.

HEALTH AND SAFETY Employers will provide workers with a safe and healthy work environment in compliance with all applicable laws and regulations. The same standards will apply to residential facilities, where they are offered.

ENVIRONMENT Employers will comply with all applicable environmental laws and regulations and adopt credible, proactive measures to mitigate negative impacts on human health and the environment.

COMMUNITY Employers are encouraged to engage directly or through partnerships in projects that improve the social well-being of employees and their families in the local community.

Impact Reports 2006 - 2013: Frequently Increasing Levels of Noncompliance with Factory Code of Conduct

From 2006 through 2013, REI's annual impact reports included statistics evaluating factory compliance on labor rights. The reports used the framework put forth in REI's Factory Code of Conduct, which REI has had in place since 1993, to examine levels of non-compliance across a dozen categories including wage and hour, health and safety, disciplinary practices, and underage labor.

This period was marked by a relatively high level of transparency in their reporting, but also by generally increasing levels of non-compliance. Beginning with REI's 2007 report, the company acknowledged that its "current model of auditing without addressing root causes fails to yield sustainable improvement," showing that levels of wage and hour violations at its suppliers "remain unchanged" and an "increase in violations in vendors [...] audited a second time."[24]

In 2008, REI began reporting more specifically on the types of violations it had identified in the course of its audits, beyond the broad "major violations" and "minor violations" categories presented in its two previous reports.[25] This expanded level of reporting revealed wages and benefits violations including non-payment of applicable wage rates, denial of legally required benefits, and manipulation of payroll records. There were also hours of work violations that included required and routine seven-day workweeks, denial of legally required holidays and vacation leave, and a failure to compensate employees at the premium wage rate for all overtime hours. Violations related to child labor included incomplete or missing age documentation records verifying the age of all employees and 16 to 18 year olds denied access to health care check-ups as stated by local law. A violation related to forced labor reported by REI was monetary deposits required from workers upon starting their jobs.

While the REI impact reports in this period provide a clearer sense of the number and type of violations, the reports also reveal that the issues detected were not being addressed or resolved as REI has often reported *increasing* numbers of violations per audit. For example, in 2006 REI identified an average of 0.71 major violations and 10.71 minor violations per audit and in 2008 REI identified 2.91 major violations and 14.75 minor violations per audit.[26] This suggests that there was a high likelihood of labor rights violations at each factory audited, and

[24] REI. (2008). *2007 REI Stewardship Report* (pp. 52-54). https://www.rei.com/dam/18553095_impact-report-2007.pdf
[25] REI. (2009). *2008 REI Stewardship Report* (pp. 45-46). https://www.rei.com/dam/18553103_impact-report-2008.pdf
[26] Ibid (p. 45).

that at many of the factories more than 15 violations of the REI Factory Code of Conduct were detected.[27]

From 2007 to 2009, the one area where REI reported continuous improvement was health and safety. This shifted however in 2013, when REI reported a "considerable increase" in health and safety noncompliances detected,[28] which REI attributed to heightened scrutiny of safety and evacuation procedures by auditors following garment factory disasters in Bangladesh and Pakistan that killed more than 1,500 people in the span of a year.[29] In particular, in 2013, REI strengthened its code provisions related to structural integrity of buildings. As a result, REI reported 196 noncompliances related to health and safety that year, across 48 supplier factories audited.[30] This average of 4.08 health and safety noncompliances per factory was nearly three times higher than the 1.43 rate per factory reported in the previous year.[31] Of course, this did not mean that REI's factories suddenly lacked proper fire exits or had become structurally unsafe; rather, the increase in identified noncompliances means that REI's previous reports missed a significant number of fire and building safety violations – even as REI took credit year-after-year for its claims of progress on health and safety.

> The increase in noncompliances identified by REI means REI failed to detect numerous fire and building safety violations in its supply chain in previous years – even as REI took credit year-after-year for its claims of progress on health and safety.

[27] REI. (n.d.). *Factory Code of Conduct*. https://www.rei.com/dam/FactoryCode_Conduct

[28] REI. (2014, April). *2013 REI Stewardship Report* (pp. 46-48). https://www.rei.com/dam/18553152_impact-report-2013.pdf

[29] At least 260 workers died in the Ali Enterprises factory fire in Pakistan on September 11, 2012; 112 workers died in the Tazreen Fashions fire of November 24, 2012; and 1,134 workers died in the Rana Plaza building collapse on April 24, 2013. See: Forensic Architecture. (2018, January 30). *The Ali Enterprises Factory Fire*. https://forensic-architecture.org/investigation/the-ali-enterprises-factory-fire. Tazreen Claims Administration Trust. Retrieved February 18, 2019, https://web.archive.org/web/20190218064628/http://tazreenclaimstrust.org/. Rana Plaza Arrangement. Retrieved November 30, 2024, https://ranaplaza-arrangement.org. REI has not been documented as a buyer from any of these factories and import records do not show REI private label sourcing from Bangladesh or Pakistan.

[30] REI. (2014, April). *2013 REI Stewardship Report* (pp. 46-48). https://www.rei.com/dam/18553152_impact-report-2013.pdf.

[31] In 2012, REI reported 50 health and safety noncompliances identified across 35 factories. REI. (2013). *2012 REI Stewardship Report* (p. 61). https://www.rei.com/dam/18553134_impact-report-2012.pdf

Impact Reports 2014 - 2023: Reduced Transparency, Ending Public Reporting on Types and Levels of Noncompliance

While REI's reporting from 2006 to 2013 was marked by both relatively high levels of transparency and high levels of non-compliance, the year after reporting an especially high level of noncompliance on health and safety, REI significantly backtracked on its level of transparency. While there is no discussion of the rationale, REI has not reported numbers of noncompliances, factory-level averages by violation types, or comparative percentages of violation types between 2014 and 2023.[32]

While REI used optimistic aspirational language in 2014, stating, "[w]e seek 100 percent compliance with our Factory Code of Conduct for REI Private Brands,"[33] it did not report then, or since then, on its actual progress towards achieving that goal. REI changed the title of its annual report from *Stewardship Report* to *Impact Report* in 2020, but that shift brought no improvement in its level of transparency on reporting labor rights violations and no reporting concerning "impact."

REI's Reporting Lacks Any Information on Successful Remedy

In addition to the reduced levels of transparency provided in these impact reports, the reporting on code of conduct violations in REI's supply chain is also notable for the absence of information about the implementation of successful remedies to address these violations. Despite its 100% compliance goal, during REI's entire 18 years of public reporting related to factory compliance, we were unable to find a single report that referenced an actual completed remedy. For several years, REI stated that upon discovery of noncompliance it "consults regularly with suppliers throughout the process until the factory attains a status rating of 'continuous improvement'," [34] but it never released data to demonstrate whether or not it is actually successful in achieving such improvement, before entirely dropping that line from its reports in 2016.[35]

The absence of reporting on improvements related to labor violations stands in stark contrast with impact reporting in certain other areas of corporate responsibility. For example, REI's *2023*

[32] These reports, released annually, are available at: REI. *Impact Report History*. https://www.rei.com/impact#impact-report-history

[33] REI. (2015). *2014 REI Stewardship Report* (p. 14). https://www.rei.com/dam/18553151_impact-report-2014.pdf

[34] REI. (2013). *2012 REI Stewardship Report* (p. 60). https://www.rei.com/dam/18553134_impact-report-2012.pdf

[35] For 2018-2021, the publicly available sections of REI's impact reports are much shorter than in prior years.

Impact Report includes a "How We Measure Progress" section.[36] This section includes five pages of reporting on specific indicators related to governance, product sustainability, waste disposal, energy use, and emissions.[37] Notably, however, the scorecard lacks any key performance indicators related to supplier compliance on the labor rights provisions in REI's Factory Code of Conduct.

> "Work at the factory is very difficult, we suffer a lot of mistreatment by managers and supervisors. It makes me feel anxious all the time. We don't get breaks and the work we do makes my hands hurt. Management keeps increasing the production goals, making them impossible to reach. It's now impossible to earn a production bonus."
>
> – 35-year-old woman who works at a factory producing garments for REI[38]

[36] REI. (n.d.). How We Measure Progress. *2023 Impact Report*. https://www.rei.com/impact#how-we-measure-progress

[37] REI. (2024). *REI Co-op Impact Summary: 2023 Scorecard*. https://www.rei.com/dam/Scorecard.pdf

[38] Quote provided to the authors by a labor rights organization that interviewed the worker, who requested anonymity.

V. Labor Rights Violations at REI's Publicly Disclosed Supplier Factories

In the absence of a sufficient level of detail in REI's impact reports, it was necessary to review alternative data sources to assess labor conditions in supplier factories. This section of the report uses publicly available reports and records to examine the presence of labor rights violations conditions in REI supplier factories.

The labor rights violations outlined in this section are categorized into three areas: wage exploitation and financial abuses, hazardous and inhumane working conditions, and the suppression of workers' rights and union activities. Sources used to identify the violations included: news reports in English, Khmer, Indonesian, Spanish, and Vietnamese; worker testimonies from social media and online forums in Chinese, Filipino, Spanish, and Vietnamese; and reports from the Cambodian Arbitration Council, Norges Bank Investment Management, and the Worker Rights Consortium.[39]

REI discloses 61 finished goods suppliers ("Tier 1") and 42 strategic material suppliers ("Tier 2").[40] While we have been able to identify more than a dozen cases of serious labor rights abuses at REI supplier factories disclosed by the company, it is worth noting that these cases likely represent a very modest fraction of the abuses workers have suffered in REI's supply chain.

As discussed in Section VII, the bulk of REI's production is in countries where labor rights violations are prevalent. Moreover, workers in these countries are rarely in a position to bring news of abuses to public light. Scott Nova, Executive Director of the Worker Rights Consortium (WRC), a leading labor rights watchdog that investigates factory conditions for universities, pension funds, and other organizations, advised the UMass Labor Center that most labor rights violations in global supply chains go unreported. He wrote, "Because workers who raise concerns about working conditions at an export factory generally face enormous risk of retaliation, even egregious and persistent labor rights violations are, in most cases, never reported outside a factory's gates."

It is therefore reasonable to assume that the cases of mistreatment summarized in this section represent the tip of an iceberg whose bulk remains hidden. The fact that so many examples

[39] News reports and social media posts in Chinese, Khmer, Indonesian, Spanish, and Vietnamese were reviewed by labor experts fluent in those languages in correspondence with the authors. The Cambodian Arbitration Council findings cited in this report were reviewed by a Cambodian labor lawyer.

[40] REI. (2024, October). *REI Co-op Brands Factory List*. https://www.rei.com/dam/18508562_rei-co-op-brands-factory-list.pdf

were identified from public sources is a major red flag, indicating widespread problems for workers who make REI products.

Wage Exploitation and Financial Abuses

El Salvador: Unionists Fired en Masse After Pressing for Payment of Legal Minimum Wage

The Textiles Opico factory in San Juan Opico, El Salvador, has been a major producer of REI private label clothing for a decade.[41] According to multiple reports from labor rights monitors, Textiles Opico has also been a major violator of its workers' rights.

Inside the Textiles Opico factory, an REI supplier. Source: texops.com.

In January 2017, at the moment that Textiles Opico was obligated to implement a new minimum wage, it terminated 75 employees. Shortly after the layoffs, SITRASACOSI,[42] a Salvadoran garment union representing workers at Textiles Opico, filed complaints with the Salvadoran Ministry of Labor and with two labor rights monitors, the Worker Rights Consortium (WRC) and the Fair Labor Association (FLA). The union alleged that Textiles Opico had just responded to the advent of the legally mandated increase in El Salvador's minimum wage (to about $1.50 an hour)[43] by carrying out an unlawful mass termination of factory employees. The

[41] The factory was also included in each of REI's publicly disclosed supplier lists available to the authors, from December 2016 to October 2020. From June 2014 to September 2024, the factory delivered at least 249 shipments of apparel to REI, with a total shipped weight of 814,135 pounds to REI.

[42] Sindicato de Trabajadoras, Trabajadores, Sastres, Costureras y Similares

[43] La Prensa Gráfica. (2016, December 15). *Aprueban Aumento al Salario Mínimo Sin La Participación de la Empresa Privada*.

union reported that the firings were unlawful because they discriminatorily targeted union members and because the company terminated all the workers without notice, in violation of an agreement signed by Textiles Opico that prohibited the firing of employees without prior notification to, and consultation with, the union. The union alleged that the union members were targeted in part to punish them for pressing management to fulfill its labor rights obligations, including the provision of mandatory safety equipment to workers and timely and faithful implementation of the new minimum wage increase.

Anti-union discrimination in hiring and firing is illegal in El Salvador, and is therefore a violation of REI's labor code, which requires adherence to national labor law. REI's code goes further, however, and specifically requires employers "to allow their employees to raise any job-related grievances they may have without penalty or threat of reprisal" and "to recognize and respect the legal rights of employees to freedom of association and collective bargaining."[44]

After an investigation on behalf of its affiliate universities,[45] the WRC found that Textiles Opico "discriminatorily selected union members for dismissal, violated a labor-management agreement intended to ensure that layoffs are conducted in a fair and non-discriminatory manner, and refused union members the right to be represented by their chosen union representatives at the time of their dismissals.[46] The WRC reported that union members were overrepresented among the group of workers chosen for termination by 440% and that Textiles Opico could not show that it used any objective criteria in determining who to fire. The WRC also concluded that the company unlawfully targeted the department within the factory where the union was most vocal, the maintenance department, by eliminating the department completely, along with every employee in it. The WRC's findings corroborated those of the Salvadoran government: its Ministry of Labor also found that Textiles Opico had committed multiple legal infractions and ordered the factory to reinstate the fired workers with back

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https://www.laprensagrafica.com/economia/Aprueban-aumento-al-salario-minimo-sin-la-participacion-de-la-empresa-privada-20161215-0082.html

[44] REI. (n.d.). *Factory Code of Conduct*.

[45] The WRC has 146 affiliated colleges and universities in the United States and Canada. These educational institutions receive assistance from the WRC to enforce "the labor standards they have put in place to protect the workers who make clothing and other merchandise bearing university names and logos." WRC. (2024, October 24). *Affiliate Institutions*. https://www.workersrights.org/affiliates/affiliate-institutions/. The Textiles Opico factory had been disclosed to the WRC as producing university licensed apparel by the licensee Team Beans, and, on that basis, after receiving a worker complaint, the WRC proceeded with an investigation into allegations of violations of university labor codes, although later "when approached, both Team Beans and the factory indicated that the latter was no longer producing for Team Beans and that the disclosure information Team Beans had provided was inaccurate." Nova, S. and J. Champagne. (2017, October 16). Re: Partial Remediation at Textiles Opico (El Salvador). *WRC*.
https://www.workersrights.org/wp-content/uploads/2018/01/WRC-Memo-re-Textiles-Opico-El-Salvador-10.16.17.pdf

[46] WRC. (2017). *WRC Factory Investigation: Textiles Opico*.
https://www.workersrights.org/factory-investigation/textiles-opico/

pay."[47] The WRC advised Textiles Opico and its brand customers, including REI, of its own conclusions and the necessary remedy: reinstatement of the workers with back pay.

Its lawless behavior exposed, Textiles Opico responded not by remedying the violations, but by ignoring the Labor Ministry's ruling and its reinstatement order,[48] as well as the WRC's subsequent findings and requested remedies. It took ten months from the date of the illegal mass dismissal, the pressure from multiple buyers, and intervention by several international labor and human rights organizations, also including the Committee in Solidarity with the People of El Salvador,[49] to finally convince Textiles Opico to commit to remedial action. Even then, remediation was partial, not complete, with some but not all workers offered their jobs back and payment of less than the full amount of back wages owed. Meanwhile, reports issued by the FLA,[50] which counts apparel brands among its members, showed that the violations in 2017 were a repeat of past abuses and that Textiles Opico had exhibited a pattern of providing false information about labor rights compliance to inspectors.

SITRASACOSI leaders speak out. Photo from CISPES, January 2017.

Brand pressure on the factory was crucial to the partial remediation achieved at Textiles Opico, but it was other brands, not REI, that acted responsibly and brought that pressure to bear. According to the WRC, REI did nothing. The independent monitor reported that, in response to the WRC's request for action, REI did not take "any meaningful action to correct the

[47] FLA. (2017, October 7). *Final Report: Third Party Complaint; TexOps (El Salvador)*. https://www.fairlabor.org/reports/textiles-opico-el-salvador/

[48] Mackey, D. (2017, June 27). As El Salvador increases its minimum wage, big business increases the pressure to reduce worker gains. *Equal Times*. https://www.equaltimes.org/as-el-salvador-increases-its

[49] CISPES. (2017, October 12). *Victory for Salvadoran Garment Workers*! https://cispes.org/article/victory-salvadoran-garment-workers

[50] FLA. (2014, March 20). *Textiles Opico SA, El Salvador*. https://www.fairlabor.org/reports/textiles-opico-sa-el-salvador/

violations."[51] The WRC cited Dick's Sporting Goods as a brand that intervened to protect the rights of the workers. If REI had also intervened to uphold the labor standards it publicly touts, perhaps remediation would have been more extensive and more timely. Since REI did not intervene, we do not know what it might have accomplished.

REI produced apparel at Textiles Opico during the time the violations occurred and during the time that the factory was ignoring remedial directives from the government and private monitors. REI continues to buy from the factory.

REI Suppliers in Indonesia Deny Workers Legally Owed Paid Leave and Other Benefits

Several REI supplier factories in Indonesia have been surveyed by Gajimu, the Indonesia team of the WageIndicator Foundation, with approximately 30 workers from each factory responding to the survey. The most frequently occurring violations of Indonesian law at these REI suppliers was denial of unemployment benefits, refusal to pay menstrual leave, and prohibitions on striking. In addition, workers raised concerns about unpaid annual leave and sick leave, requirements on pregnant women to engage in hazardous work, and insufficient guarantee of protection of pregnant women from dismissals.

Indonesia: Forced Relocation to Lower Wage Zone

REI's publicly available 2018 to 2020 REI Co-op Brands disclosures included PT Holi Karya Sakti in Indonesia as one the company's suppliers.

In October 2018, PT Holi Karya Sakti management announced to workers their plan to relocate operations from Semarang City to Grobogan. Out of 787 workers, 365 rejected the relocation. They cited the significantly lower wages in Grobogan compared to Semarang and called the

[51] WRC. (2017, July 31). *Worker Rights Consortium Assessment Textiles Opico (El Salvador): Findings, Recommendations, and Status*. https://www.workersrights.org/wp-content/uploads/2017/10/WRC_Assessment_re_Textiles_Opico_07.31.17.pdf

relocation “a form of injustice.”[52] The minimum wage rate in the district of the new factory location was only 67% of the rate at the original factory location.[53]

REI supplier PT Holi Karya Sakti in Grobogan, Indonesia.
Photo by Siswono ideLogin.

PT Holi Karya Sakti workers demonstrate in front of the factory in Semarang City on July 31, 2019. Photo by SPN.

[52] Alliva, I. (2019, October 29). Tak Kunjung Digaji, 307 Buruh PT HKS Gugat Perusahaan. *Gatra*. https://www.gatra.com/news-453808-hukum-tak-kunjung-digaji-307-buruh-pt-hks-gugat-perusahaan-.html

[53] Comparison of Semarang City minimum wage rate to that of Grobogan Regency. See: Ratnasari, Y. (2017, November 21). Daftar UMK 2018 Jawa Tengah: Semarang Tertinggi Rp2,3 Juta. *Tirto*. https://tirto.id/daftar-umk-2018-jawa-tengah-semarang-tertinggi-rp23-juta-cAnJ

Beyond the severe pay cut, workers also expressed concern over the much longer commuting distance – up to an hour from the previous site by public transportation – making the relocation both inconvenient and even more costly to them. Despite hundreds of workers raising their concerns in a demonstration on November 24, 2018,[54] and a series of formal mediation meetings between the Indonesian union federation Serikat Pekerja Nasional (SPN) and PT Holi Karya Sakti management, the REI supplier proceeded with its relocation.

On July 31, 2019, hundreds of workers, accompanied by their families, held a demonstration demanding severance pay, unpaid wages since November 2018, and unpaid religious holiday allowance,[55] as mandated by Indonesian labor law.[56] After failed attempts at negotiation and mediation, SPN filed a lawsuit against PT Holi Karya Sakti for not paying this compensation to workers. The latest available news on the case is from February 2020; as of then, the REI supplier had only offered to provide workers with 20% of the legally owed compensation due to them.[57]

PT Holi Karya Sakti Semarang workers demonstrate in front of the factory on November 11, 2018. Photos by SPN.

[54] SPN. (2018, November 28). *Prahara PT Holi Karya Sakti Kota Semarang*. https://spn.or.id/prahara-pt-holi-karya-sakti-kota-semarang/

[55] Tunjangan Hari Raya (THR) for Eid-al-Fitr

[56] SPN. (2019, August 1). *Ratusan Buruh PT Holi Karya Sakti Semarang Tuntut Hak Pesangon*. https://spn.or.id/ratusan-buruh-pt-holi-karya-sakti-semarang-tuntut-hak-pesangon/

[57] SPN. (2020, February 25). *Konsolidasi SPN Dengan UA Zensen*. https://spn.or.id/konsolidasi-spn-dengan-ua-zensen/

REI Suppliers in Cambodia and Indonesia Pay Subpoverty Wages

Workers from two REI supplier factories have reported the factories' average wage rates to Fashion Checker, a campaign of the Clean Clothes Campaign funded by the European Union, which has calculated the living wage gap.[58] At Joint Force Sporting Goods in Cambodia the average wage paid at the factory is only 34% of a living wage. At PT Sport Glove in Indonesia, the average wage paid at the factory is only 26% of a living wage. Overall, Fashion Checker rates REI as an "E": 0% living wage paid.[59]

Cambodia: Use of Short-Term Contracts to Deny Benefits, Union Leaders Fired

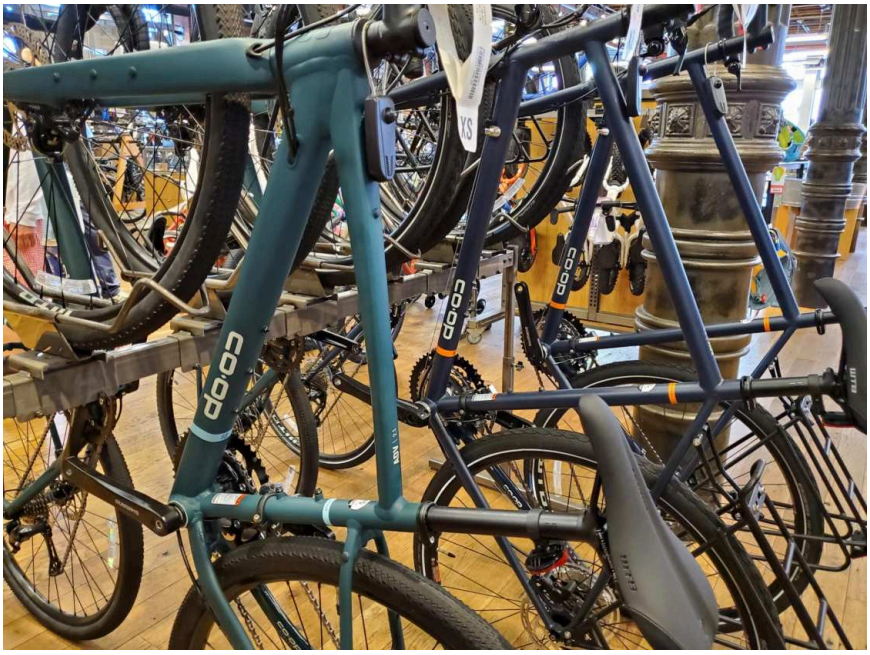
Seeking to address forced overtime, denial of sick leave, and management's unwillingness to grant workers contracts longer than three months, workers at XDS Bicycle in Cambodia, which supplied 66,987 pounds of bicycles to REI in 2024,[60] formed an independent union in 2023.[61]

[58] Fashion Checker. (n.d.). *REI*. https://fashionchecker.org/brand-profile.html?q=1830414

[59] In many key exporting countries, minimum wages in the garment industry and in other light manufacturing sectors are typically no more than a third of a living wage. Asia Floor Wage Alliance's 2024 figures show that a living wage in Cambodia is 3.2 times higher than minimum wage; a living wage in Indonesia is 4.2 times higher than the minimum wage in Central Java; a living wage in the Philippines is 3.3 times higher than the minimum wage in Central Luzon; and a living wage in Vietnam is 2.8 times higher than the Minimum Wage Region II rate. Research from the Fashion Checker project in 2023 found that, across six factories in Cambodia, workers received on average only 31% of a living wage, and in 2022 workers across 18 factories in Indonesia received only 48% of living wage, including their overtime pay and other benefits. For earlier research on wages in the global garment industry, see: Center for American Progress and Worker Rights Consortium. (2013, July 11). *Global Wage Trends for Apparel Workers, 2001–2011*. https://www.americanprogress.org/article/global-wage-trends-for-apparel-workers-2001-2011/. Clean Clothes Campaign. (2019, June). *Tailored Wages 2019: The state of pay in the global garment industry*. https://cleanclothes.org/file-repository/tailoredwages-fp.pdf/view

[60] According to import data. The factory was listed in REI's publicly available disclosure from August 2023 to October 2024.

[61] Information in this section was provided by a Cambodian labor lawyer.



Bicycles for sale at REI's SoHo flagship store. Photo by SILS.

However, before it was able to formally register as a union, the Workers' Union of XDS Bicycle (Cambodia) Co. Ltd., was quashed. REI's supplier fired four of its leaders, including its newly elected Vice President and Secretary. The union filed a case for conciliation, but the Cambodian Ministry of Labor and Vocational Training classified it as an individual dispute. This prevented the case from being forwarded to the Arbitration Council, the body that adjudicates labor disputes. There is evidence that this misclassification of labor disputes is part of a routine practice on the part of the Ministry. In fact, Human Rights Watch has criticized the Ministry for the "systemic misclassification of collective labor disputes as individual labor disputes."[62] The Worker Rights Consortium has found that, as a result of this type of misclassification, the Ministry has deemed cases of anti-union discrimination "non-arbitrable, leaving the workers without meaningful recourse or means to vindicate their rights."[63]

The case remains at the provincial court in Svay Rieng and three of the fired workers are continuing to fight for reinstatement in a case that violates REI's Factory Code of Conduct,

[62] Human Rights Watch. (2022, November 21). *Only "Instant Noodle" Unions Survive Union Busting in Cambodia's Garment and Tourism Sectors*.
https://www.hrw.org/report/2022/11/21/only-instant-noodle-unions-survive/union-busting-cambodias-garment-and-tourism

[63] WRC. (2024, March 28). *Factory Assessment: Sun Shui Shing Industrial (Cambodia) Co., Ltd. (Cambodia)* (p.12).
https://www.workersrights.org/wp-content/uploads/2024/03/WRC-Findings-Recommendations-and-Company-Response-at-Sun-Shui-Shing-Cambodia.pdf

which proclaims that "[e]mployers will recognize and respect the legal rights of employees to free association and collective bargaining."[64]

Meanwhile, XDS Bicycle employees continue to work on repeated short-term contracts. The Asia Floor Wage Alliance, a network of garment worker unions in Asia, has found that such contracts have been used extensively in Cambodia "to ensure industry can fire workers for otherwise impermissible reasons and thereby deter behaviour such as organising or filing complaints, as well as exclude workers from benefits."[65]

The International Human Rights Clinic at Yale Law School has documented in detail how employers in Cambodia have used short-term contracts to deny workers an array of benefits – including maternity leave, sick leave, annual leave, and seniority bonuses – and how employers use these contracts to hinder workers from joining unions, with short-term contract workers frequently fearing that their contract will not be renewed if they became union members and some managers even being so brazen as to blatantly tell workers that.[66] Consequently, the manner in which many employers have used short-term contracts in Cambodia, including undoubtedly at REI's supplier XDS Bicycle, is a violation of both Cambodian law and international law.[67]

Cambodia: Government Order to Pay Bonuses on Schedule Ignored

The Joint Force Sporting Goods factory in Phnom Penh, Cambodia was included in REI's publicly disclosed supplier lists in 2023 and 2024. Import records show that the factory exported 96,588 pounds of garments to REI during that time.

On behalf of its members at this REI supplier, the Cambodian Alliance of Trade Unions (CATU), an independent trade union federation that represents manufacturing workers in the country, brought a complaint to the Cambodian Arbitration Council concerning the factory's bonuses

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[64] REI. (n.d.). *Factory Code of Conduct*.

[65] Asia Floor Wage Alliance. (2021, March). *Garment Workers under Threat from Labour Deregulation in Asia: A review of recent labour and employment law changes in Cambodia, India, Indonesia and Sri Lanka* (p. 14). https://media.business-humanrights.org/media/documents/Labor-Deregulation-Asia-March-2021-Final-Draft-24-March1.pdf

[66] Allard K. Lowenstein International Human Rights Clinic Yale Law School. (2011, April). *Tearing Apart at the Seams: How Widespread Use of Fixed-Duration Contracts Threatens Cambodian Workers and the Cambodian Garment Industry* (pp. 58-59). https://www.workersrights.org/wp-content/uploads/2016/02/Cambodia_TearingApartattheSeams.pdf

[67] Cambodian labor law allows employers to hire workers under fixed-duration contracts for a period of two years, which can be extended for another two years. Industriall. (2023, August 30). *Union busting in Cambodia*. https://www.industriall-union.org/union-busting-in-cambodia. Also see: Allard K. Lowenstein International Human Rights Clinic Yale Law School (pp. 17-30).

payment schedule.[68] Joint Force Sporting Goods paid their workers miniscule monthly bonuses ranging from $7 to $30 as an additional payment each month, rather than together with their wage payments, which are twice monthly.

Wage levels at the factory are so low that as soon as workers are paid, they go to the bank to retrieve their money. It is illustrative of just how tight workers' budgets are that even when they receive a paycheck of $7, they withdraw it as soon as they can. Especially considering the long working hours and their limited time with their families, it is too cumbersome and time-intensive for workers barely making ends meet on the factory's low wages to wait in queues at the bank a third time each month to withdraw their meager earnings.

In March 2023, the Arbitration Council ruled in favor of the union, requiring Joint Force Sporting Goods to pay workers their monthly bonus together with their paycheck due on the tenth of the month.[69] The ruling applied to 110 employees working in the ironing department, the packing department, and the warehouse. More than a year later, this decision has not yet been implemented.[70] In addition to it being illegal, as the Arbitration Council found, paying workers in this manner shows disregard for their well-being and appears unnecessarily punitive.

It is concerning that REI's social responsibility team took no apparent action to ensure that this REI supplier comply with the Arbitration Council ruling, which required such a simple action as to combine the bonus payment with the wage payment.

China: Workers Forced to Work Seven Days a Week with No Rest

Dong Guan Best Pacific Textile, a fabric manufacturer in Guangdong, China, has been a strategic materials supplier to REI since at least January 2023, according to REI's public factory lists.[71]

Worker dissatisfaction at Dong Guan Best Pacific Textile has been long-standing, with workers raising complaints particularly about mandatory overtime in excess of that allowed by Chinese law. A series of testimonies from workers, starting 11 years ago,[72] capture workers' concerns with forced overtime on Sundays. A survey of workers employed at this REI supplier, published

[68] Reviewed by a Cambodian labor lawyer in correspondence with the authors. Arbitration Council. (2023, March 31). *008/23- Joint Force Sporting Goods*.
https://www.arbitrationcouncil.org/download/008-23-joint-force-sporting-goods/
[69] Ibid.
[70] Confirmation with CATU in October 2024.
[71] The first REI supplier list available to the authors that included REI's Tier 2 ("strategic materials suppliers") is the list published in January 2023. The previous REI supplier list on file with the authors is from July 2020 and does not include Tier 2 suppliers.
[72] 东莞超盈纺织有限公司 待遇及周边环境怎么样啊? Retrieved October 7, 2024,
https://zhidao.baidu.com/question/204943293.html

in January 2024, reported that 80% of respondents said they are required to work at least on one weekend day and 30% said they are required to work *both* Saturdays and Sundays, without being granted any weekdays off.[73] Further, in September 2024, a Chinese news monitor reported that employees of Dong Guan Best Pacific Textile have accused it of being an exploitative employer and were "strongly dissatisfied" with their treatment.[74]

In addition to violating Chinese labor law stipulating that workers must be granted at least one day off per week, this relentless work schedule is a violation of REI's own Factory Code of Conduct, which states that "[w]orkers will be entitled to one day off for every seven-day period worked."[75]

Hazardous and Inhumane Working Conditions

Taiwan: Migrant Workers Trapped in Debt Bondage

Giant Manufacturing in Taichung, Taiwan, supplied 591,660 pounds of bicycles to REI from January 2021 to April 2024. Giant Group, the owner of the factory, is the world's largest bike manufacturer and a top business partner of REI, with shipments to the outdoor gear retailer also coming from its factories in Jiangsu province in China, Giant (Kunshan) and Giant China.

In Taichung, Giant Manufacturing employs hundreds of Vietnamese and Thai migrants, alongside local workers, in appalling conditions. A June 2024 exposé in *Le Monde diplomatique* revealed that some of these workers were required to pay recruitment fees as high as $5,700 – forcing many of them to take out high-interest loans and leaving them in severe debt before beginning their employment at Giant Manufacturing.[76] Additionally, Vietnamese workers were obligated to pay an "anti-escape fee" in the range of $500 to $1,000, which recruiters said they would get back only upon returning home, and a monthly service fee to labor brokers that is deducted from their pay. In turn, the migrants work excessive overtime to try to repay their debts.

The workers described being housed in overcrowded, unsanitary dormitories at Giant Manufacturing, sometimes with 20 beds in a room. Reports of punitive management practices, including threats of deportation, further exacerbate the migrant workers' vulnerability.

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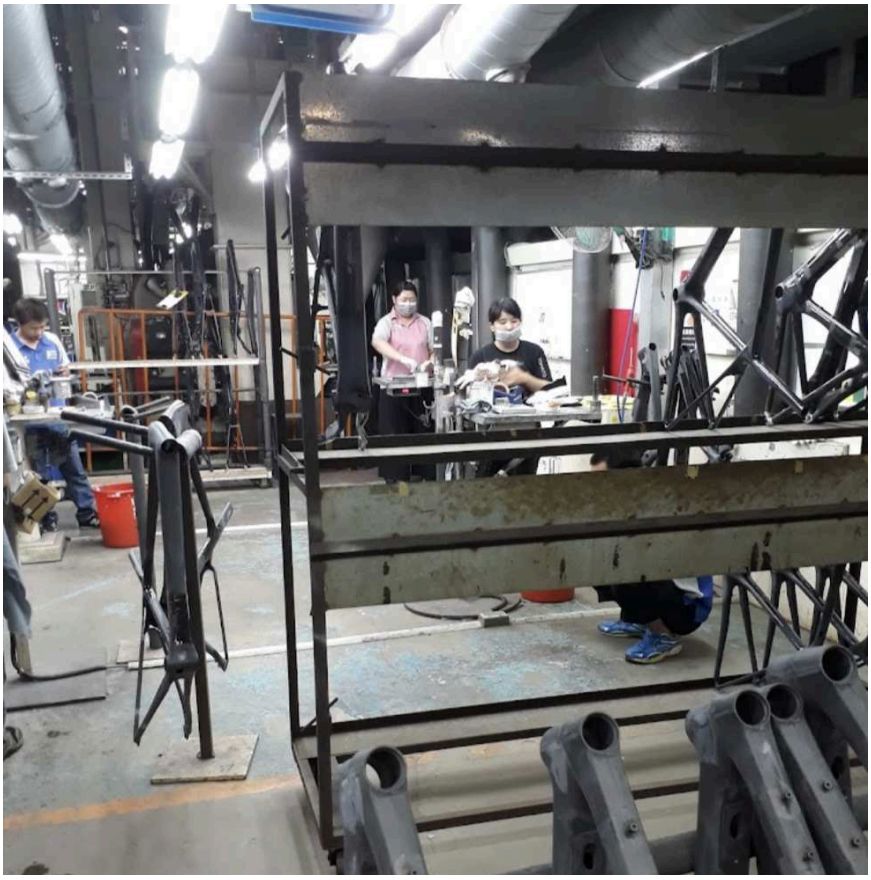
[73] 东莞超盈纺织有限公司 - 待遇点评. Retrieved October 7, 2024, https://www.job592.com/pay/daiyu/10006091.html.
[74] 唔哩头条. (2024, September 1). 东莞超盈纺织有限公司待遇及周边环境怎么样啊?. https://zhidao.baidu.com/question/764223697822399244.html
[75] REI. (n.d.). *Factory Code of Conduct*.
[76] Bengtsen, P. (2024, June 27). Are Tour de France Bike-Makers Overlooking Forced Labour Risks? *Le Monde diplomatique*. https://mondediplo.com/outside-in/tour-de-france-forced-labour

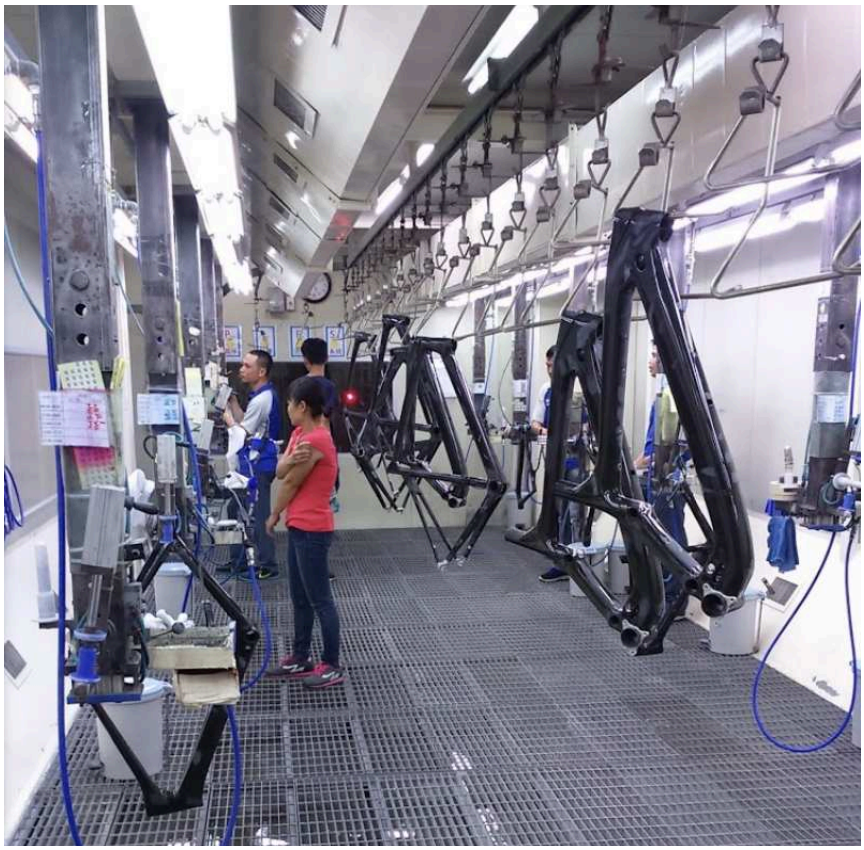
Bicycles ready to ship from REI supplier Giant Manufacturing in Taichung, Taiwan. Photo by Nenchuan Tseng.



Production of bicycle frames at Giant Manufacturing in Taichung, Taiwan. Photo by Hung Son.

Altogether, these abuses amount to at least five indicators of forced labor: abuse of vulnerability, intimidation and threats, debt bondage, abusive working and living conditions, and excessive overtime.[77] The International Labour Organization (ILO) maintains that the presence of several forced labor indicators constitutes a case of forced labor – an interpretation that has also been adopted by the US government.[78]

Despite the government of Taiwan's efforts to curb the abuse of migrant workers, including signing a trade agreement in which it committed to "eliminate the charging of recruitment fees and related costs to migrant workers,"[79] REI's business partner Giant Manufacturing did not even acknowledge workers' concerns and instead claimed compliance with Taiwan's laws.



Production of bicycle frames at Giant Manufacturing in Taichung, Taiwan. Photo by Nguyen Vinh.

[77] The 11 indicators of forced labor are defined in: ILO Special Action Programme to Combat Forced Labour. (2012, October 1). *ILO Indicators of Forced Labour*. https://www.ilo.org/publications/ilo-indicators-forced-labour

[78] US Department of Homeland Security. (n.d.). *11 Indicators of Forced Labor*. https://www.dhs.gov/medialibrary/assets/video/53979

[79] American Institute in Taiwan and the Taipei Economic and Cultural Representative Office in the United States. (2023, May). *Agreement Between the American Institute in Taiwan and the Taipei Economic and Cultural Representative Office in the United States Regarding Trade Between the United States of America and Taiwan* (Article 5.2(8)). https://ustr.gov/sites/default/files/2023-05/AIT-TECRO%20Trade%20Agreement%20May%202023.pdf

The article in *Le Monde diplomatique* quoted REI as stating that it is no longer sourcing from Giant Manufacturing in Taiwan. Notably, import records show that the time period when workers were making bikes for REI coincided with when workers testified to experiencing forced labor. Moreover, Giant's China factories continued to supply REI later in the year.

El Salvador: Pregnant Woman and a Mother of a Newborn Fired Unlawfully

The Youngone factory in El Salvador was included in REI's publicly disclosed supplier list from 2016 to 2020. Import records show that the factory exported 44,452 pounds of hoodies, jackets, and fleece pants to REI during that period.

REI shirt made in El Salvador. Photo by SILS.

FEASIES, a Salvadoran federation of independent unions, advocated for four workers who were unlawfully fired by this REI supplier in 2018 and 2019.[80] One worker was fired within days of telling the human resources department that she was pregnant; another was fired shortly after returning from maternity leave; and each of the other two served in the union leadership committee of two different unions in the factory, both affiliated to FEASIES.

Each of these four workers brought their complaints to the Salvadoran Ministry of Labor, which determined in each instance, within a matter of weeks, that the termination was a violation of the worker's rights. Specifically, Article 248 of the Salvadoran Labor Code prohibits the

[80] Information in this section was provided by the Worker Rights Consortium.

dismissal of a union leadership committee member without prior authorization from the authorities and Article 113 states that a worker cannot be fired during her pregnancy, her maternity leave, or during the first six months after her return to work following maternity leave.

In March 2019, the Ministry of Labor issued the last of its findings on these four terminations by Youngone El Salvador. Three months later, after REI's supplier had still taken no action to remedy these violations, the Worker Rights Consortium, which had received a complaint from FEASIES, engaged two brands sourcing from the factory.

As a result of that engagement, by the end of the year, Youngone El Salvador had reinstated three of the terminated workers with back pay. (The fourth accepted an additional check from the company in lieu of reinstatement.)

REI took no apparent action whatsoever in support of these workers who were discriminated against, despite claims in its Factory Code of Conduct that "REI is committed to promoting fair, safe, and non-discriminatory working environments for the workers producing our products;" "[e]mployers will not discriminate on the basis of gender;" and "[e]mployers will recognize and respect the legal rights of employees to free association and collective bargaining."[81]

Cambodia: Failure to Pay Maternity Leave as Legally Required

In the first three months of 2014, the Peace Glory (Cambodia) factory in Phnom Penh, Cambodia, supplied 25,223 pounds of shorts, breeches, tank tops, and t-shirts to REI.

During that same time, a group of workers from the factory brought a claim to the Cambodian Arbitration Council over this REI's supplier's improper payment of maternity benefits.[82] Under Cambodian law, employers are required to pay maternity leave, calculated at 50% of the worker's regular monthly earnings (including wage, overtime pay, and benefits) multiplied by the number of months in the leave period (usually three). The law does not allow an employer discretion as to when to pay the benefit; it must be paid at the outset of the leave period. An employer cannot withhold payment until the end of the leave period, because this would leave the worker without income for a period of months and because it could be used to pressure a worker, who for her own reasons might be contemplating resigning at the end of the leave period, to return to work against her will, for fear of losing the compensation. According to the workers' detailed complaint, it was common practice at Peace Glory to ignore the law and leave new mothers with no income for 90 days, until the end of the leave period.

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[81] REI. (n.d.). *Factory Code of Conduct*.

[82] This claim was reviewed by a Cambodian labor lawyer in correspondence with the authors. Arbitration Council. (2014, March 21). *The Arbitration Council, 048/14 – Peace Glory (Manufacturing)*. https://www.arbitrationcouncil.org/download/048-14-peace-glory-manufacturing/

Rather than address the issue, Peace Glory management tried to get the workers' complaint dismissed on a technicality, and succeeded – leaving the company free to keep violating the rights of postpartum workers. The factory continued to operate in violation of the law with respect to maternity leave, while producing REI products, with no apparent action from REI.

Vietnam: Workers Forced to Attend Disciplinary Meeting in Extreme Heat

The Fulgent Sun Footwear factory in Yen My district, Vietnam,[83] was included in REI's publicly disclosed supplier lists from February 2020 to February 2024. Import records show that the factory supplied 634,548 pounds of hiking boots, flip-flops, and leather shoes to REI from 2021 to 2023.

In June 2022, a manager of this REI supplier disciplined a group of workers outside in direct sunlight on the pavement next to the factory on an extremely hot day. Previously, this type of action had been a common disciplinary practice in Vietnam's factories, but it has been strictly restricted in recent years, and it is a violation of Vietnamese labor law which prohibits disciplinary actions that encroach upon human dignity and health.[84]

First, the manager turned off the electricity to a set of workstations, announcing that the workers must come outside for the meeting. During the meeting, workers sat on the hot pavement in direct sunlight while the manager cursed at them about their work performance. A management memo obtained by a Vietnamese television station shows that the meeting took place in 104°F (40°C) heat.[85]

Workers reported that the temperature was 113°F (45°C). After workers posted on social media about the extreme heat, a human resources officer told them to delete those posts.

This treatment of workers was a violation of REI's own Factory Code of Conduct, which says that "[e]mployers will not use physical or psychological disciplinary tactics" and that "[e]mployers will provide workers with a safe and healthy work environment."[86] Yet, import records show that the factory was one of REI's largest suppliers during 2021 to 2023.

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[83] The Vietnamese name of Fulgent Sun Footwear Co. Ltd. is Công ty TNHH Giày Ngọc Tề; see: MasoThue. *0101330967 - CÔNG TY TNHH GIÀY NGỌC TỀ*. Retrieved October 9, 2024, https://masothue.com/0101330967-cong-ty-tnhh-giay-ngoc-te#google_vignette

[84] Better Work Vietnam. (2019). *Guide to Vietnamese Labor Law for the Garment Industry*. Seventh Edition (p. 46). https://betterwork.org/wp-content/uploads/BWV_LLG-Booklet_English_2019.pdf

[85] Hung Yen Radio and Television Station. (2022, June 6). *Công ty giầy Ngọc Tề, họp công nhân ngoài đường giữa trưa nắng*. https://www.hungyentv.vn/news/95/8223/cong-ty-giay-ngoc-te-hop-cong-nhan-ngoai-duong-giua-trua-nang

[86] REI. (n.d.). *Factory Code of Conduct*.

Vietnam: Egregious Labor Rights Abuses

When REI first disclosed its Tier 2 suppliers,[87] the list included three textile production facilities operated by a textile manufacturer that had been dropped by the Norwegian Pension Fund Global, the world's largest sovereign wealth fund, due to egregious labor rights violations.

In May 2019 the Pension Fund's Council on Ethics recommended that "the company Formosa Chemicals & Fibre Corp and its subsidiary Formosa Taffeta Co Ltd be excluded from investment by the fund due to an unacceptable risk that the companies cause systematic human rights abuses."[88] Formosa Taffeta Co Ltd in Taiwan, and two of its subsidiaries, Formosa Taffeta (Zhong Shan) Co Ltd in China and Formosa Taffeta Viet Nam Co Ltd in Vietnam, are listed by REI as Tier 2 suppliers in each REI Co-op Brands Factory List from January 2023 to October 2024.

The Council on Ethics wrote:

> Investigations into working conditions at Formosa Taffeta's factory in Vietnam identified numerous labour rights violations such as the illegal and involuntary use of overtime, underpayment of employees, discrimination, and violations of occupational health and safety requirements. The Council on Ethics emphasises that Formosa Taffeta has provided misleading information about working hours to the Council, and that it in practice does little to prevent the abuse of labour rights within its own operations.[89]

In August 2020, the Norges Bank issued its decision to exclude Formosa Chemicals & Fibre Corp and Formosa Taffeta Co Ltd from the Government Pension Fund Global "because of unacceptable risk for violation of human rights."[90] This means that the $1.17 trillion fund[91] divested all holdings in Formosa Taffeta and declared the company off-limits for any future

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[87] We have REI disclosures on file from December 2016, January 2018, July 2020, February 2020, January 2023, August 2023, February 2024, June 2024, August 2024, and October 2024. While this is not a complete list of REI disclosures, the first list in this set in which Tier 2 factories were included was January 2023. These three Formosa factories also appear in the most recent REI disclosure (October 2024).

[88] Council on Ethics. (2020, August 31). *Formosa Chemicals & Fibre Corp, Formosa Taffeta Co Ltd*. https://etikkradet.no/formosa-chemicals-fibre-corp-formosa-taffeta-co-ltd-2/

[89] Council on Ethics. (2020, August 31).

[90] Norges Bank Investment Management. (2020, August 31). *Decisions on exclusions and active ownership*. https://www.nbim.no/en/the-fund/news-list/2020/decisions-on-exclusions-and-active-ownership/

[91] At the time of the decision, the sovereign wealth fund had $1.17 trillion in assets. As of September 2024 it has more than $1.7 trillion. Michael Katz. (2020, September 3). *Norway Pension Giant Drops Three Companies over Alleged Human Rights Violations, Chief Investment Officer*. https://www.ai-cio.com/news/norway-pension-giant-drops-three-companies-alleged-human-rights-violations/. Norges Bank Investment Management. *Market Value*. Retrieved September 27, 2024, https://www.nbim.no/en/the-fund/Market-Value/

investment because of its failure to meet minimum human rights standards. At the time the fund had held "a 0.84% stake in Formosa Chemicals & Fibre, valued at $144 million, and a 0.64% stake in Formosa Taffeta valued at $12.2 million."[92]

Nonetheless, three Formosa Taffeta textile plants each currently appear on REI's list of "strategic material suppliers."[93] This shows a grave inadequacy in REI's vetting of its suppliers. It is unclear whether REI simply did not notice the news reported in *Reuters*[94] referred to one of its suppliers or if REI considers compliance with its own code of conduct optional.

Suppression of Union Rights and Freedom of Association

Philippines: Short-Term Contract Scheme Used to Bust Union, Then All 132 Union Members Who Remained Fired

Dong-In Entech K1 in Mariveles, Philippines, disclosed by REI as a supplier in 2016-2018, shipped 91 shipments totaling 452,661 pounds of backpacks, trail seats, and other outdoor gear to REI in 2017 and 2018, making it a top REI supplier during that period.

While supplying REI, Dong-In Entech K1 management sought to crush the union at the facility, ultimately firing all unionized workers at the factory. The workers employed on permanent contracts at the factory had affiliated with the independent factory-level union, the Dong-In Entech K1 Employees Association. Apart from these employees who were the original workforce hired at the facility in 1996, the newer workers at the plant were on short-term contracts and did not have any option to join the union since Philippine law does not permit contract workers to join unions.[95] Asia Floor Wage Alliance has called short-term contracts "one of industry's most powerful tools to undercut worker power."[96] Human rights groups and unions in the Philippines have denounced the use of repeated short-term contracts and have

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[92] Fouche, G. and T. Solsvik. (2020, August 31). Norway fund excludes firms over human rights violation risk. *Reuters*. https://uk.finance.yahoo.com/news/norway-fund-excludes-firms-over-102242906.html

[93] Formosa Taffeta reports that it has two suppliers in Vietnam and two in China, in addition to its spinning and weaving operations in Vietnam: Formosa Taffeta Co., Ltd. *Organizational Structure*. Retrieved September 27, 2024, https://www.ftc.com.tw/newftc/en/organization.php. Formosa Taffeta Co., Ltd., *Subsidiaries*. Retrieved September 27, 2024, https://www.ftc.com.tw/newftc/en/company.php

[94] Fouche, G. and T. Solsvik, (2020, August 31).

[95] ITUC. (n.d.). *Philippines - Legal Profile*. Retrieved November 16, 2024, https://www.ituc-csi.org/spip.php?page=legal_info&cc=PHL&lang=en

[96] Asia Floor Wage Alliance. (2021, March). *Garment Workers under Threat from Labour Deregulation in Asia: A review of recent labour and employment law changes in Cambodia, India, Indonesia and Sri Lanka* (p. 25). https://media.business-humanrights.org/media/documents/Labor-Deregulation-Asia-March-2021-Final-Draft-24-March1.pdf

pressed for stronger legislation from the government to halt employers' abusive use of such contracts.[97]

The Dong-In Entech K1 Employees Association had called on management to change the contracts of workers who had been hired on repeated short-term contracts to permanent contracts. Instead, just as this union was preparing in July 2017 to negotiate its next collective bargaining agreement, the large Korean conglomerate Dong-In Entech Co. Ltd.,[98] which owned the facility, started transferring hundreds of short-term contract workers to its new nearby non-union facility, Dong-In Recreational Equipment Mfg Corp.[99] In response, the union filed a legal complaint and held multiple protests.

In November 2017, the Philippine Department of Labor and Employment ruled that the company was guilty of illegal contracting and ordered Dong-In Entech K1 to grant permanent contracts to 646 of the plant's 1200 workers. Each of these 646 workers had been employed at the factory on repeated short-term contracts for at least five years and some for as long as 17 years. The management's illegal use of repeated short-term contracts had kept these workers from accruing seniority while giving management the flexibility to not renew the employment of those workers who were sympathetic to the union. This allowed Dong-In Entech K1 to stifle union growth. Unsurprisingly, the REI supplier appealed the Department of Labor and Employment's decision, slowing the route to justice for the workers.

Then, to make matters worse, Dong-In Entech K1 put all workers with permanent contracts on unpaid furlough in early December 2017, citing a decrease in orders. Two months later, in a blatant act of union-busting, this REI supplier fired all 132 of these union members. These workers, who had been with the company since 1996, were suddenly left without a job, and not a single union member remained at the factory.

Ultimately, remedies for the workers were limited, with only some of the workers who had continued to push their case receiving back wages and separation pay from the National Labor Relations Commission in 2021.[100] There is no evidence of any contribution by REI, a significant business partner of the manufacturer, to this very delayed partial remedy. REI currently lists the

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[97] Natividad, N. (2020, December 10). The Long Battle to End 'Contractualization' in the Philippines. *Vice*. https://www.vice.com/en/article/contractualization-endo-philippines-labor-workers-rights-duterte/. Center for Trade Union and Human Rights (CTUHR). (2024, April 30). *2nd Labor Day under Marcos Jr.: Nothing for Workers*. https://ctuhr.org/releases/2nd-labor-day-under-marcos-jr-nothing-for-workers/

[98] Dong-In Entech Co. Ltd. (n.d.). *Business Introduction.* Retrieved October 29, 2024. https://www.dong-in.com/theme/theme06/company/kr.php

[99] Center for Trade Union and Human Rights. (2018, March 7). *Urgent Appeal: Korean High-End Sporting and Athletic Goods Manufacturer Fires All Union Members*. https://ctuhr.org/urgent-appeals/urgent-appeal-korean-high-end-sporting-and-athletic-goods-manufacturer-fires-all-union-members/

[100] July 1 and September 15, 2021, posts by Amba Bala: https://www.facebook.com/profile/100027714222103/search/?q=entech

non-union facility, Dong-in Recreational Equipment Mfg Corp, which workers had been transferred to, as a supplier.

Indonesia: False Charges Filed Against Union Leaders in Retaliation for Workers Rallying for Higher Wages

The PT Pungkook Indonesia One (Subang) factory in Indonesia exported 196 shipments of bags and apparel, totaling 1,182,297 pounds, to REI from December 2020 to September 2024.

On November 25, 2021, Indonesian labor groups, the Indonesian Metal Workers' Union Federation (FSPMI) and the Subang Labor Alliance, held a demonstration demanding an increase to the regional minimum wage,[101] a poverty-level wage that was roughly $0.73 an hour at the time.[102] Among the demonstrators were garment workers from PT Pungkook Indonesia One (Subang).

Prior to the protest, the FSPMI union had attempted to negotiate in good faith with the REI supplier on how many workers would be allowed to take part in the demonstration. FSPMI requested that 200 of its members be allowed to take time off to participate, but management said it would impose penalties on any participating workers.

Unwilling to allow management to curtail their right to freedom of assembly, on the day of the demonstration, approximately one thousand of the 2,800 PT Pungkook Indonesia One (Subang) employees joined in. Afterwards, management docked each of these workers' wages in their next paycheck, in the range of IDR 200,000 to 300,000 ($14 to $21) per person.[103]

[101] Kasep, A. (2021, December 31). 6 Anggota Garda Metal dan Sekretaris PUK SPAI FSPMI PT Pungkook Indonesia One Subang Di Kriminalisasi kan. *Koran Perdjoeangan*. https://www.koranperdjoeangan.com/6-anggota-garda-metal-dan-sekretaris-puk-spai-fspmi-pt-pungkook-indonesia-one-subang-di-kriminalisasi-kan/

[102] WageIndicator Foundation. (2021). *Provincial and Regencies Minimum Wage in West Java 2021*. https://decentworkcheck.org/labour-laws-per-country/minimum-wages-indonesia/provincial-and-regencies-minimum-wage-in-west-java. Exchange-Rates.org. (2021, November 25). *Indonesian Rupiah (IDR) To US Dollar (USD) Exchange Rate History for 2021*. https://www.exchange-rates.org/exchange-rate-history/idr-usd-2021

[103] Kasep, A. (2021, December 31). Exchange-Rates.org. (2021, November 25).

Protest in front of REI supplier PT Pungkook Indonesia (Subang), February 2024. Photo by Syntia (koranperdjoeangan.com).

Further, the REI supplier carried out acts of intimidation and retaliation against the FSPMI union. The factory manager sued seven leaders of the FSPMI labor union at the Subang district court demanding they pay losses to him of IDR 1 billion ($69,660) on December 10, 2021.[104] The FSPMI union claimed this lawsuit was an attempt at discrimination and a violation of workers' right to freedom of association.

After protests by FSPMI in several cities on January 10, 2022, to demand withdrawal of the lawsuit,[105] a joint FSPMI and Subang Labor Alliance protest on November 25, 2022, finally resulted in management agreeing to sit down with the union, accompanied by witnesses from the police and army. Although union representatives reported bullying during the negotiations, the meeting concluded with management finally agreeing to drop its lawsuit against the seven union leaders. The union agreed to end its demonstration at the factory. Management also agreed that two percent of the union members would have a right to participate in future "dispensation activities" and that the union would have the option to negotiate for participation by a larger number of workers.

It is concerning that an REI supplier would retaliate against workers and union members so severely for calling on the government to increase the regional minimum wage and that it would take an entire year for the factory management to reach such a basic agreement with the FSPMI union.

[104] Exchange-Rates.org. (2021, December 10).

[105] Kasep, A. (2022, January 11). Akhirnya Gugatan PT Pungkook Indonesia One Terhadap Anggota FSPMI di Cabut. *Koran Perdjoeangan*. https://www.koranperdjoeangan.com/akhirnya-gugatan-pt-pungkook-indonesia-one-terhadap-anggota-fspmi-di-cabut/

Anti-union discrimination at this REI supplier did not end in 2022. More recently, the chair of the factory-level union, who was also a Labor Party candidate for a local district seat, was reprimanded for trying to prevent the demotion of a union member who was disciplined for storing food at his workstation that he was planning to eat before the start of his evening overtime shift. Unwilling to tolerate management's intimidation and bullying of union members, the FSPMI union responded by organizing a two-day protest in front of the factory, February 6 to 7, 2024.[106]

The road to union recognition at PT Pungkook Indonesia One (Subang) was paved with violence. Management only recognized the FSPMI union at the factory in 2016, after a pro-union demonstration by thousands of people in front of the factory, following the assault and attempted murder of two FSPMI union leaders who had been en route to a meeting with PT Pungkook Indonesia One (Subang) employees. On September 3, 2016, approximately 500 yards from the factory, roughly 20 individuals attacked the two union leaders. They were brutally beaten, and one was doused with gasoline in an attempt to burn him alive, before local residents intervened to rescue them.[107]

When selecting the factory to produce its goods, REI should have taken this 2016 attack on union leaders into account and engaged with factory management to ensure that union rights were fully protected. Had REI done that, it could have helped prevent the further repression of workers' rights in 2022 and 2024 while it was sourcing from the factory. Instead, it appears that REI did nothing at all, ignoring severe and repeated repression of workers' rights at one of its major suppliers in Indonesia.

[106] Kasep, A. (2024, February 4). Stop Workplace Bullying, FSPMI Subang Kembali Gelar Demonstrasi di PT. Pungkook Selama 2 Hari. *Koran Perdjoeangan*.
https://www.koranperdjoeangan.com/stop-workplace-bullying-fspmi-subang-kembali-gelar-demonstrasi-di-pt-pungkook-selama-2-hari/

[107] Setelah Didemo Akhirnya Manajemen PT Pungkook Berjanji Tidak Akan Halangi Pembentukan Serikat Pekerja. (2016, September 6). *Koran Perdjoeangan*.
https://www.koranperdjoeangan.com/setelah-didemo-akhirnya-manajemen-pt-pungkook-di-subang-berjanji-tidak-akan-halangi-pembentukan-serikat-pekerja/. Dua Buruh di Pukuli LSM, Ribuan anggota FSPMI dari Jabar Geruduk PT. Pungkok. (2016, October 9). *lampusatu.com*.
https://www.lampusatu.com/aksi-buruh/dua-buruh-di-pukuli-lsm-ribuan-anggota-fspmi-dari-jabar-geruduk-pt-pungkok/

REI backpack made in Indonesia. Photo by SILS.

El Salvador: Workers Who Complained Were Fired

Pettenati Centro América in Coatepeque, Santa Ana, El Salvador, has been a "strategic materials supplier" to REI since at least January 2023, according to REI's public factory list.[108]

Since 2021, dozens of workers from the Pettenati factory have posted complaints on Facebook about mistreatment by factory management, including high production quotas, delayed wage payments, and unwarranted dismissals.[109]

[108] The first REI supplier list available to the authors that included REI's Tier 2 ("strategic materials suppliers") is the list published in January 2023. The previous REI supplier list on file with the authors is from July 2020 and does not include Tier 2 suppliers.

[109] This section is based upon review of dozens of posts and comments on Facebook by researchers contributing to this report. Links to the series of posts are on file with the authors.

Cloth production at REI supplier Pettenati Centro América.
Photo by Roberto Baldi.

During the COVID-19 pandemic, numerous Pettenati workers were laid off and those who retained their jobs were burdened with higher workloads. A worker commented in May 2021 that working on Sundays and holidays had become obligatory for any worker wanting to keep their job. Workers commented that management would say “there’s the street” and “the door is wide open,” meaning that workers were free to quit if they weren’t willing to accept the required work schedule.

> “We’re required to work holidays and Sundays and we’re shown the door if we don't want to work those days.”
>
> – Worker from Pettenati Centro América, El Salvador[110]

Another complaint from workers is that the company fires its workforce in October and then rehires the same workers in November, in a scheme to avoid paying them a year-end bonus. This is why Pettenati workers have been calling on management to pay them their accrued severance on an annual basis, as is commonly provided by other factories in the area, so that they do not lose access to that compensation each time they are rehired at the factory as

[110] Translation of an anonymous complaint from a Pettenati Centro América worker, posted on Facebook by Noticias Textiles El Salvador on May 22, 2021.

"new" employees. The workers have sent formal letters to the REI supplier on this matter, but to no avail.

While several Pettenati workers raised their complaints anonymously, some others posted from their own Facebook accounts and were later fired. For example, in September 2021, four Pettenati workers were fired who posted complaints about the company. A worker from this REI supplier commented in November 2023 that those who raise complaints are fired, indicating that the pattern of threats levied by management had not improved.

> "We are tired of the abuse of authority and the overload of work."
>
> – Worker from Pettenati Centro América, El Salvador[111]

The heavy workload continued in 2024 at this REI supplier. In September 2024, a worker complained that Pettenati was firing workers from the dyeing department and expecting the remaining workforce to manage the same workload with fewer employees. It remains to be seen whether REI will take any action on the complaints that continue to be raised by workers at this REI strategic materials supplier.

Cambodia: Attempts to Intimidate and Silence Union Leaders

The Bowker Garment Factory in Kandal province, Cambodia, which was publicly listed by REI as a supplier from February to October 2024, supplied 66,205 pounds of apparel to REI in the first nine months of 2024.

In recent months, workers at this REI supplier have raised a series of concerns related to working conditions at the factory.[112] Bowker employees report long working hours, forced overtime, and being shortchanged on their pay. The workers also report health and safety concerns, including excessively high temperatures and a roof that leaks during rainstorms. In December 2022, workers from the factory also drew the attention of brands and the Ministry of Labor and Vocational Training to the fact that Bowker was requiring them to apply for unpaid

[111] Translation of an anonymous complaint from a Pettenati Centro América worker posted on September 14, 2024, on Facebook by Noticias Textiles El Salvador.

[112] This section includes information provided by a Cambodian labor lawyer.

leave for Saturdays – while still working overtime Mondays through Fridays[113] – violating Cambodian labor law.[114]

In June 2024, the REI supplier fired, on fabricated charges, two factory-level leaders of the union at the factory affiliated to the Free Independent Trade Union Federation (FUFI) who had sought to improve working conditions at the facility.[115]

The following month, the REI supplier then acted further to quash union activity by its employees by suing leaders of the four unions present at the facility. Bowker filed a complaint to the Ministry of Labor and Vocational Training asking the ministry to take action against the local unions, alleging that they had spread false information on Facebook and to journalists.[116] By attempting to intimidate and silence union leaders, the REI supplier undermined workers' ability to advocate for fair treatment.

Despite these multiple violations of REI's Factory Code of Conduct and union calls for intervention, REI has yet to show any evidence of working towards remedying the mistreatment at its supplier.

[113] Sokun, K. (2023, January 4). *CamNews.* ក្រសួងការងារហៅតំណាងកម្មករជាង១០នាក់នៅរោងចក្រ បូវយើរ ទៅដោះស្រាយក្រោយមានវិវាទការងារ.
https://www.camnews.org/2023/01/04/%e1%9e%80%e1%9f%92%e1%9e%9a%e1%9e%9f%e1%9e%bd%e1%9e%84%e1%9e%80%e1%9e%b6%e1%9e%9a%e1%9e%84%e1%9e%b6%e1%9e%9a%e1%9e%a0%e1%9f%85%e1%9e%8f%e1%9f%86%e1%9e%8e%e1%9e%b6%e1%9e%84%e1%9e%80%e1%9e%98%e1%9f%92/

[114] Additionally, the Cambodian Arbitration Council website compiles a series of earlier worker complaints, since 2013, concerning Bowker Garment Factory. See: Arbitration Council. (n.d.). Bowker Garment Factory (Cambodia) Co. Ltd. Retrieved November 21, 2024, https://www.arbitrationcouncil.org/?s=bowker

[115] Chev, P. (2024, June 22). *CamNews.* មេដឹកនាំសហជីពស្នើក្រសួងការងាររកយុត្តិធម៌ក្រោយពីថៅកែរោងចក្រ បូវយើរ បញ្ឈប់ពីការងារ.
https://www.camnews.org/2024/06/22/មេដឹកនាំ%e2%80%8bសហជីព%e2%80%8bស្នើ%e2%80%8bក/

[116] Bandith, S. (2024, July 30). ក្រសួងការងារហៅតំណាងសហជីព ១៤នាក់ មកពី ៤ស្ថាប័ន តាមពាក្យបណ្តឹងរោងចក្រ Bowker. *CamNews*.
https://www.camnews.org/2024/07/30/%e1%9e%80%e1%9f%92%e1%9e%9a%e1%9e%9f%e1%9e%bd%e1%9e%84%e2%80%8b%e1%9e%80%e1%9e%b6%e1%9e%9a%e1%9e%84%e1%9e%b6%e1%9e%9a%e2%80%8b%e1%9e%a0%e1%9f%85%e2%80%8b%e1%9e%8f%e1%9f%86%e1%9e%8e%e1%9e%b6%e1%9e%84-2/

REI supplier Bowker Garment Factory in Cambodia has invested in solar arrays but not in responding to workers' concerns over substandard working conditions. Photo by Phương Nam.

VI. Weaknesses in REI's Transparency and Purchasing Practices

REI Fails to Disclose All Factories Supplying REI

REI says that it publicly discloses all finished goods suppliers. We searched government import and export records to test this claim. It is fair to say that REI does disclose most of its suppliers; however, it does not disclose all of them.

We identified eight suppliers that produced goods for REI in the past two years but never appeared in REI's public disclosure (or appeared at one point, but were then removed by REI from the disclosure despite continued production):[117]

1. BIHQ Pte Ltd c/o Bodynits Tien, Vietnam
2. Futurux Global Limited, which operates Ningbo Tekmax Bicycle Co Ltd among other subsidiaries in China
3. Goleader Industries (Zhejiang), China
4. Karon Inc (also known as Ji Ang), Taiwan
5. Komperdell Sportartikel Gmbh, Austria
6. Rose Knitting (Asia), which operates Huidong Rose Knitting Factory Ltd among other subsidiaries in China
7. VT Garment, Thailand
8. Viet Thinh Garment Joint Stock Company, Vietnam

Customs records are far from perfect; some shipments never enter the record (because of filing errors by shippers, for example) and some enter the record but with the name of the importer (i.e., the retailer selling the product) obscured. For this reason, there may be a substantial number of additional cases in which REI sourced from supplier factories recently but failed to disclose this. We do not know the reasons why REI failed to disclose the supplier relationships in question. Some or all of the omissions may be unintentional. It is important to bear in mind, however, that REI's sourcing team knows, without exception, which factories supply REI and surely maintains a record of every order placed with every supplier factory and every shipment received.

[117] Cursory research in the Chinese online forums Baidu and Sina and the Taiwanese site Salary found public complaints made by workers from two of these factories: multiple workers posted comments about delayed wages, overcrowded dormitories, verbal abuse, and a toxic work environment at Ningbo Tekmax Bicycle, and a worker complained about long working hours at Karon, describing the mood at work as "I can't express the bitter hardship."

REI's Purchasing Practices Prioritize Flexibility Over Sustainability

Light manufacturing, and the apparel industry in particular, is notorious for outsourcing production in a manner that prioritizes the interests of brands over the interests of suppliers and workers. In seeking to lower their production costs, most brands contract their production to large numbers of factories across multiple countries, careful to limit how many suppliers they create long-term, dedicated relationships with in favor of opting for short-term arrangements with most of their production base. REI is no exception to this, despite its commitment to "advancing more sustainable business practices."[118]

Examination of changes in REI's supplier base show that REI is frequently swapping out the factories making its products, indicating that REI favors maintaining its own flexibility to transfer production over suppliers' needs for sustainable partnerships with buyers. In December 2016 – the earliest date from which we have been able to obtain a copy of REI's Private Brands Factory List – REI disclosed 63 entities as "factories manufacturing on behalf of [its] private brands within the prior six months, as well as factories expected to receive purchase orders within the next six months." However, by February 2020,[119] REI had left 41% of those factories. As shown in Figure 1, at the 15 factories for which we have been able to identify worker numbers, a combined 37,387 workers were employed. Discounting the three factories with numbers particularly far from the mean, the average number of workers employed at an REI supplier factory was 1,855. Taking this average for the 11 factories for which we have not been able to obtain employee numbers, we estimate that across the full set of 26 factories that REI departed, a total of 57,792 workers were employed with unknown consequences for workers.

[118] REI. (2024). Engaging Brands and Industry Partners. *2023 Impact Report*. https://www.rei.com/impact/planet

[119] We used REI's February 2020 factory list for this analysis in order to examine the period immediately prior to the COVID-19 pandemic, recognizing that the beginning of the pandemic was characterized by high levels of uncertainty for many garment manufacturers due to sourcing decisions of brands and retailers, in case that had any impact on the number of suppliers that REI retained. Below we then analyze the period from the start of the pandemic until present.

Figure 1: Factories Disclosed by REI in December 2016 That Were No Longer Listed in REI's February 2020 Disclosure for Which Worker Numbers Are Available

Factory	Number of Employees
Acetrikes Bicycles (Taicang) Co., Ltd.	280
Branch Of Yupoong Vietnam Co., Ltd.	2,500
Chinh Tuc Co., Ltd.	1,000
Dong In Entech K1 Inc.	1,200
Feeder Apparel Corp.	1,872
Fullyear-Brother Enterprise Co., Ltd.	50
GuangDong XinBao Electrical Appliances Holdings Co., Ltd.	15,000
Highrock Recreation Products Co., Ltd.[120]	480
Metro Wear, Inc.	2,640
Picacho Sa De CV	2,500
Pungkook Saigon III Co., Ltd.	1,653
Qingdao Youngone Sports Products Co., Ltd.	2,250
Shen Gang Tungsang (ShenZhen) Co., Ltd.	750
Star Fashion Co., Ltd.	5,136
Zhangjiagang Xin Chang Headwear Co., Ltd.	76
Total	**37,387**

[120] REI listed Highrock Recreation Products Co., Ltd. as a supplier in 2023 and 2024 but did not do so in February 2020.

Figure 2: Factories Disclosed by REI in February 2020 That Were No Longer Listed in REI's October 2024 Disclosure for Which Worker Numbers Are Available

Factory	Number of Employees
Dongguan Chang Sheng Gloves Apparel, Ltd.	455
Fulgent Sun Footwear Co., Ltd.	3,100
Giant (China) Co., Ltd.	1,178
Giant (Kunshan) Co., Ltd.	1,578
Giant Manufacturing Co., Ltd. (GTM)	2,939
Golden Zone Garments and Accessories Inc.	1,000
Huidong Rose Knitting Factory, Ltd.	482
Jiangsu Huayi Fashion Group Co., Ltd. Knitting Branch	48
Kanaan Saigon Co., Ltd. - Factory 1	751
Komperdell	59
Linea Aqua (Pvt), Ltd. (Hanwella)	2,117
Manufacturing Sportwear Joint Stock Company - Thai Binh Branch - Factory No. 8	2,976
P.T. Kahatex	6,901
P.T. Liebra Permana-Semarang	1,733
Pendleton Woolen Mills	351
P.T. Holi Karya Sakti	1,329
Qingdao Jointwell Caps Co., Ltd.	144
Shanghai Mantal Garment & Accessories Co., Ltd.	150
Tai Viet Camping Products Industries Co., Ltd.	569
Yangzhou Jinquan Travelling Goods Co. (Hanjiang)	405
Youngone El Salvador S.A. de C.V.	1,646
Total	**29,911**

Since the beginning of the COVID-19 pandemic – a period of compounding economic crisis for most garment workers[121] – to the present, REI has left slightly more than *half* of its suppliers. In February 2020, REI disclosed 76 suppliers; however, by October 2024, REI had left 51% of those factories. As shown in Figure 2, at the 21 factories for which we have been able to identify worker numbers, 29,911 workers were employed. Discounting the two factories with numbers particularly far from the mean, the average number of workers employed at an REI supplier factory was 1,569. Taking this average for the 18 factories for which we have not been able to obtain employee numbers, we estimate that across the full set of 39 factories that REI departed, a total of 58,153 workers were employed with unknown consequences for workers.

This data shows that REI does not prioritize long-term relationships with its suppliers.[122] Switching out dozens of factories across a span of eight years, potentially impacting as many as 100,000 workers at these factories that lost their business for REI, is the opposite of a sustainable approach to supply chain management. Such a frequent level of swapping production partners for new ones is well-known among academic experts and industry leaders to exacerbate consequences for workers.[123] For example, supply chain researchers Mark

[121] LeBaron, G., P. Kyritsis, P. Polanco Leal, and M. Marshall. (2021). *The Unequal Impacts of Covid-19 on Global Garment Supply Chains*. Sheffield: University of Sheffield. https://www.workersrights.org/wp-content/uploads/2021/06/The-Unequal-Impacts-of-Covid-19-on-Global-Garment-Supply-Chains.pdf. Clean Clothes Campaign. (2021, July). *Still Un(der)paid: How the garment industry failed to pay its workers during the pandemic*. https://cleanclothes.org/file-repository/ccc-still-underpaid-report-2021-web-def.pdf/view. Anner, M. (2020, October 16). *Leveraging Desperation: Apparel Brands' Purchasing Practices during Covid-19*. PennState Center for Global Workers' Rights. https://ler.la.psu.edu/wp-content/uploads/sites/26/2022/04/Leveraging-Desperation_October-16-2020.pdf. WRC. (2021, April). *Fired, Then Robbed: Fashion brands' complicity in wage theft during Covid-19*. https://www.workersrights.org/wp-content/uploads/2021/04/Fired-Then-Robbed.pdf. WRC. (2020, November). *Hunger in the Apparel Supply Chain: Survey findings on workers' access to nutrition during Covid-19*. https://www.workersrights.org/wp-content/uploads/2020/11/Hunger-in-the-Apparel-Supply-Chain.pdf.

[122] Most of the factories listed in Figures 1 and 2 continued operating long after REI's departure, indicating that the findings presented here are generally not due to REI ending business relationships because of factory closures.

[123] See, for example, Anner, M. (2019, June 27). Squeezing workers' rights in global supply chains: purchasing practices in the Bangladesh garment export sector in comparative perspective. Review of International Political Economy. http://dx.doi.org/10.1080/09692290.2019.1625426. Anner, M., J. Bair, and J. Blasi. (2012, August). *Buyer Power, Pricing Practices, and Labor Outcomes in Global Supply Chains*. Institutions Program Working Paper Series, University of Colorado at Boulder. https://wsr-network.org/wp-content/uploads/2018/02/inst2012-0011.pdf. Anner, M. (2019, November 15). *Sourcing Dynamics, Workers' Rights, and Inequality in Garment Global Supply Chains in India*. PennState School of Labor and Employment Relations. https://ler.la.psu.edu/wp-content/uploads/sites/26/2021/11/CGWR-Garment-Sourcing-and-Workers-Rights-in-India-Nov.-15-2019.pdf. Arengo, E. (2019, February). *Future of Fashion: Worker-Led Strategies for Corporate Accountability in the Global Apparel Industry* (p. 11). International Labor Rights Forum. https://laborrights.org/sites/default/files/publications/Future_of_Fashion_ILRF.pdf. Kashyap, A. *Paying for a Bus Ticket and Expecting to Fly" How Apparel Brand Purchasing Practices Drive Labor Abuses*. Human Rights Watch. https://www.hrw.org/report/2019/04/24/paying-bus-ticket-and-expecting-fly/how-apparel-brand-purchasing-practices-drive

Anner, Jennifer Bair, and Jeremy Blasi find that suppliers are "under pressure to maintain market share by keeping production costs low" and that "one principal avenue for achieving this is through minimizing labor costs in ways that suppress or violate workers' rights."[124] Transformers Foundation, a supplier organization, criticizes "chas[ing] lower prices from factory to factory or country to country" and calls long-term relationships and repeat orders "a crucial component of a safe and fair workplace, along with any brand's plan to achieve transparency, traceability, and sustainability targets."[125]

By jumping from factory to factory, REI undermines respect for workers' rights and incentivizes abuse by sending factory owners a message that it prioritizes low cost over developing long-term relationships with its suppliers. Indeed, upon reviewing the data presented in this section, Ineke Zeldenrust, International Coordinator of the Clean Clothes Campaign, a global network of more than more than 230 organizations dedicated to improving working conditions and empowering workers in the garment and sportswear industries, said: "This data shows that REI fails to invest in long-term, stable relations with its suppliers, which is an important precondition for ensuring human rights are respected in the workplace. If REI wants its customers to be loyal, it should be loyal to its workers both in production countries and in the US."

> "During our probationary period, the factory management investigates new employees to make sure no unions come into the factory."
>
> – Worker from REI supplier Pro Dept El Sal, El Salvador[126]

[124] Anner, M., J. Bair, and J. Blasi. (2012, August). *Buyer Power, Pricing Practices, and Labor Outcomes in Global Supply Chains*. University of Colorado at Boulder, Institutions Program Working Paper Series: INST2012-11 (p.7). https://wsr-network.org/wp-content/uploads/2018/02/inst2012-0011.pdf. Citing to: Anner, M. (2011). The Impact of International Outsourcing on Unionization and Wages: Evidence from the Apparel Export Sector in Central America. *Industrial & Labor Relations Review* 64 (2) (pp. 305-22). https://www.jstor.org/stable/41149494

[125] Transformers Foundation. (2020). *Ending Unethical Brand and Retailer Behavior: The Denim Supply Chain Speaks Up* (p. 48). https://static1.squarespace.com/static/5efdeb17898fb81c1491fb04/t/62ed28af6907bc4bc70aa666/1659709644923/Transformers-Foundation_Ethical-Report_LowRes_New.pdf

[126] Quote provided by a labor rights investigator who interviewed the worker in 2018, when the factory supplied REI.

VII. REI Sources Primarily from Countries with High Risk of Labor Rights Abuses and Shrinking Civil Society Space

In Section V we identified significant publicly reported labor rights abuses at a dozen REI suppliers. We understand, based on our analysis in Section IV of REI's own findings, that *most* REI supplier factories are not fully in compliance with the REI Factory Code of Conduct. In the absence of detailed assessments of individual suppliers provided by the company, in this section we take a macro level approach by conducting a risk assessment of labor rights abuses in the countries where REI has the largest number of suppliers. This approach is in line with REI's self-described process for determining supplier locations. According to its own disclosure, "When considering new manufacturing locations, REI reviews multiple factors, including regional political stability, known labor issues, migrant labor patterns, local labor laws, government enforcement of labor laws, workplace safety, the existence of local or regional labor rights practitioners and other factors."[127]

In this risk assessment we consider the factors in REI's own framework to assess the top countries supplying REI's private-label products during the one year period from September 2023 to August 2024. We focus here particularly on the existence of known labor issues and government enforcement of labor laws.

Made in the USA?

Production in the United States for retail in the US is not captured in shipping records. REI does have some production in the US for its private label brand and advertises its "Made in the USA" products with a dedicated webpage.[128] REI's Co-op Brands Factory List published in October 2024 lists six Tier 1 entities and one Tier two entity with US addresses as factories, as shown in Figure 3 below. Calls from a researcher contributing to this report to each of those entities confirmed that only three of them are factories; the others are corporate offices and a couple of them do screen printing at the site – meaning that REI is misrepresenting the proportion of its factory base that is actually in the United States. Visits by researchers to two REI stores confirmed that REI-brand socks and water bottles displayed on REI's website as US-made are also labeled as such.

In one instance, however, in relation to another brand, Terry Precision Cycling, which is sold at REI's stores and on its website, a researcher found a contradiction: REI's website

[127] REI. (n.d.). *Disclosures for California Transparency in Supply Chains Act of 2010*. https://www.rei.com/dam/REI_Disclosures_for_the_California_Transparency_in_Supply_Chains

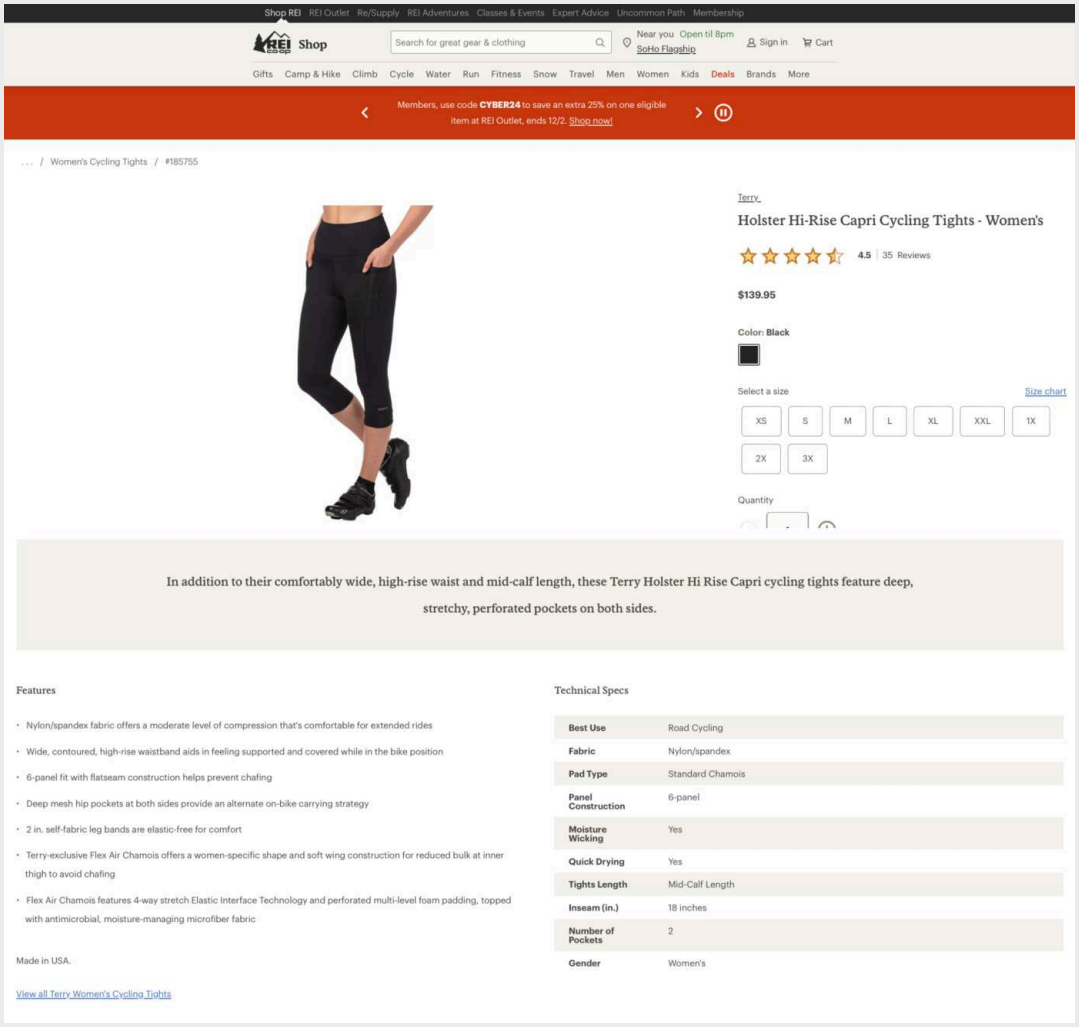
[128] REI. *Made in the USA*. Retrieved on October 24, 2024, https://www.rei.com/s/made-in-the-usa

lists Terry's "Holster Hi-Rise Capri Tights" as "Made in USA" but the same product in the store has a "Made in China" label.[129]

> REI is misrepresenting the proportion of its factory base that is actually in the United States.

Terry Holster Hi-Rise Capri labeled "Made in China" at the REI SoHo store. Photo by SILS.

[129] REI website accessed in November 2024, https://www.rei.com/product/185755/terry-holster-hi-rise-capri-cycling-tights-womens, and REI SoHo flagship store visited in November 2024.



Terry Holster Hi-Rise Capri labeled “Made in USA”
as shown on REI website in November 2024.

Figure 3 provides the total number of REI Tier 1 suppliers as disclosed by REI in October 2024. Vietnam, China, Indonesia, and Taiwan are the top supplying locations. This is consistent with analysis of shipments to REI from September 2023 to August 2024 which revealed 793 shipments to REI were from Vietnam, 629 from China, 262 from Indonesia, and 225 from Taiwan. There was no other country that shipped more than 100 shipments to REI during the 12-month period. In this section we focus our risk assessment of the labor rights landscape of these four counties.

Figure 3: REI's Publicly Disclosed Finished Goods Suppliers

Country	Number of Tier 1 Suppliers Disclosed in October 2024
Cambodia	4
China	11
El Salvador	2
Guatemala	1
Indonesia	8
Mexico	1
Philippines	3
South Korea	2
Taiwan	7
USA	6
Vietnam	16
Total	**61**

We find that in each of these countries labor rights violations are rampant, workers are paid subpoverty wages, and there is shrinking civil society space. In Vietnam, China, and Indonesia, several types of significant workers' rights violations are frequently present in export-oriented factories. In the case of Taiwan, conditions for most manufacturing workers are generally better than in the other three countries, with the exception of one particular egregious type of abuse affecting many migrant workers: debt bondage.

> The majority of REI's production takes place in locations where human rights and labor rights violations are rampant, where workers are paid subpoverty wages, and where there is shrinking civil society space.

Vietnam

REI's October 2024 supplier list includes 20 factories in Vietnam – 16 Tier 1 suppliers and four Tier 2 suppliers. Review of US import data shows that REI imported at least 3.7 million pounds of apparel, bags, camping gear, and bicycles from Vietnam to the US from September 2023 to August 2024. Scanning the racks at three REI stores indicates that the majority of REI's private label clothing is made in Vietnam. However, the only mention of Vietnam in REI's 2023 and 2022 impact reports is a reference to the use of solar panels in generating electricity to manufacture REI products, and its 2020 and 2021 reports do not include any mention at all of the country.[130]

In Vietnam, it is outright illegal for workers to form independent unions. All legally recognized unions are required to operate under the strict control of the Vietnam General Confederation of Labor (VGCL), which is overseen by the Vietnamese government.[131] This system gives the state control over union activities. As a result, workers have no true autonomy to advocate for their rights. Candidates for union leadership are either appointed or approved by the VGCL rather than independently selected by the workers themselves, further entrenching government and management control over labor representation. This centralized control effectively suppresses independent labor movements and means that workers do not have legal pathways to challenge exploitative conditions outside the narrow, state-approved framework, causing workers at times to resort to wildcat strikes to reclaim benefits of which they have been deprived.

[130] REI. (2024). *2023 Impact Report*. https://www.rei.com/impact/planet. REI. (2023). *2022 Impact Report* (p. 45). https://www.rei.com/dam/18553157_impact-report-2022.pdf. REI. (2022). *2021 Impact Report*. https://www.rei.com/dam/18553210_impact-report-2021.pdf. REI. (2021). *2020 Impact Report*. https://www.rei.com/dam/18553203_impact-report-2020.pdf.

[131] United States Department of State, *2022 Country Reports on Human Rights Practices: Vietnam*, https://www.state.gov/reports/2022-country-reports-on-human-rights-practices/vietnam/.

REI shirt made in Vietnam. Photo by SILS.

During negotiations for the Trans-Pacific Partnership trade agreement, the government of Vietnam committed it would allow independent labor organizations; however, that promise has remained unfulfilled since the United States withdrew from the negotiations in 2017.[132] The government of Vietnam has yet to implement meaningful reforms that would allow independent unions.

Health and safety violations are rampant in Vietnam's apparel and footwear factories, further jeopardizing workers, especially vulnerable migrant laborers from rural areas in the country. A quarter of 442 factories assessed by Better Work Vietnam, a partnership between the ILO and the International Finance Corporation, did not have a functioning fire alarm system and 16% had obstructed emergency exits and escape routes.[133] Gender-based discrimination is a major concern, with women workers often facing age discrimination, as some employers terminate them as early as age 35.[134]

Vietnam's minimum wage leaves many workers struggling to meet basic needs, forcing them into debt and necessitating excessive overtime to survive. According to Better Work Vietnam,

[132] Hoang, L. (2023, January 30). U.S. pushes Vietnam on Union rights, Xinjiang Forced Labor. *Nikkei Asia*. https://asia.nikkei.com/Economy/U.S.-pushes-Vietnam-on-union-rights-Xinjiang-forced-labor

[133] Better Work Viet Nam. (2023, October 12). *Annual Report 2023* (p.18). https://betterwork.org/wp-content/uploads/BWV_AnnualReport_2023_ENG_v8.pdf

[134] United States Department of State, *2022 Country Reports on Human Rights Practices: Vietnam*.

nearly 75% of factories assessed exceeded the legal limits on monthly overtime and 45% did not pay the full amount owed for overtime.[135]

Vietnamese workers receiving minimum wage often do want some overtime in an effort to close the significant gap between their low hourly wages and the amount needed to provide for themselves and their families. Apparel and footwear manufacturers take advantage of workers' desperation, requiring extremely long hours in violation of international standards for meager additional overtime pay, creating a vicious cycle of exploitation.[136] A 2021 Oxfam Australia study found that women in the garment sector faced significant hardships, often relying on overtime to make ends meet, while battling poverty and debt.[137] Researchers have also documented cases of employees pressured to perform unpaid work during rest periods; employees subject to illegal deductions from their wages; and restrictions on workers' ability to use their annual leave, sick leave, and family leave.

> "I worked hard at the company and the team leader cursed at me all day."
>
> – Former worker from REI supplier Premier Global (Vietnam) Garment in Thuận An, Vietnam[138]

Fair Trade USA Certification Masks Worker Exploitation in Vietnam

REI stores contain a handful of racks of shirts, rain jackets, rain pants, and long underwear bottoms prominently boasting Fair Trade USA's "Fair Trade Certified" hang tag and all labeled "Made in Vietnam." This hang tag gives REI's customers an impression that the workers who sewed the product were treated fairly. However, Fair Trade USA has faced substantial criticism for having the weakest standards of all fair trade certifiers, which was apparent at the very outset of the certifier's entry into the apparel sector.[139] The Fair World Project, which advocates

[135] Better Work Viet Nam. (2023, October 12). *Annual Report 2023* (p.17).

[136] Beth Wright. (2019, April 11). Vietnam Garment Workers Rely on Excessive Overtime. *Just Style*. https://www.just-style.com/features/vietnam-garment-workers-rely-on-excessive-overtime/

[137] Oxfam Australia. (2022). *The Consequences of Low Wages: A Study on Fashion Suppliers in Vietnam*, 2022. https://www.oxfam.org.au/wp-content/uploads/2021/11/The-Consequences-of-Low-Wages-a-Study-on-Fashion-Suppliers-in-Vietnam-.pdf

[138] Translation of Google review for "Công Ty Tnhh May Mặc Premier Global Viet Nam," 2022, https://g.co/kgs/H2NW6mM.

[139] Bama Athreya wrote in 2022: "In 2013, after years of offering public comments on the standards under development, a number of Fair Trade and anti-sweatshop groups sent an open letter to Fair Trade USA expressing serious concerns with the evolving standard and system. They noted in particular a concern that expanding Fair Trade to the apparel sector without coordination with major labour movement advocates or trade unions would

for equitable trade practices and labor justice, scored Fair Trade USA as the lowest ranked fair trade certification, giving it a "D" for its lack of emphasis on fair wages and freedom to organize.[140] David Jaffee, author of *Brewing Justice: Fair Trade Coffee, Sustainability, and Survival,* observed that many *companies* have also distanced themselves from Fair Trade USA, which is now dominated by large corporate firms.[141] According to Bama Athreya, an international labor rights specialist, "in no sense has Fair Trade certification been transformative of underlying sexism, racism, economic conditions or labour relations for the workers who produce apparel."[142]

A search of news reports and social media in Vietnamese and English returned little information on the three factories supplying REI that are listed as "fair trade partners" by Fair Trade USA: High Rock Recreation Products, Pungkook Saigon Two Corporation, and Youngone Nam Dinh.[143] In Google Reviews for Pungkook Saigon Two Corporation, workers said they did not have complaints about the wage level. Particularly concerning, however, was a remark in October 2024 stating that there is frequent turnover at the factory due to high pressure on the job, noting that new employees who cannot keep up with the fast production pace are "cursed at" or placed on probation within a week of starting.[144] In July 2024, another worker called the factory's culture "toxic".[145] If the labor practices at these facilities were truly above and beyond those of a typical apparel factory, thereby actually warranting certification, we would expect to find *positive* information about the conditions, instead of nothing at all or reports about toxic workplace culture and production quotas so high that they are hard to achieve.

While REI carries some fair trade certified apparel, the fact that this clothing is certified by Fair Trade USA, widely criticized as the weakest of all such certifications, and exclusively made in Vietnam, a country where workers can be jailed for forming an independent union, casts doubt on REI's commitment to ethical production. This is tantamount to greenwashing, with REI

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undercut the deep and transformative impact on producing communities that distinguished Fair Trade from other social auditing programmes. Anti-sweatshop groups publicly critiqued weaknesses in the Fair Trade USA certification model." Athreya, B. (2022). Can fashion ever be fair? *Journal of Fair Trade*, 3(2), p. 20. https://www.jstor.org/stable/48676228

[140] Fair World Project. (2019). *Reference Guide to Fair Trade and Worker Welfare Programs*. https://fairworldproject.org/choose-fair/certifier-analysis/reference-guide-to-fair-trade-and-worker-welfare-programs-2/

[141] Jaffee, D. (2014). Epilogue: "Seeking Justice in a Shifting Terrain. *Brewing Justice: Fair Trade Coffee, Sustainability, and Survival*. 1st ed. Berkeley: University of California Press (p. 292). https://www.jstor.org/stable/10.1525/j.ctt7zw0dh.18

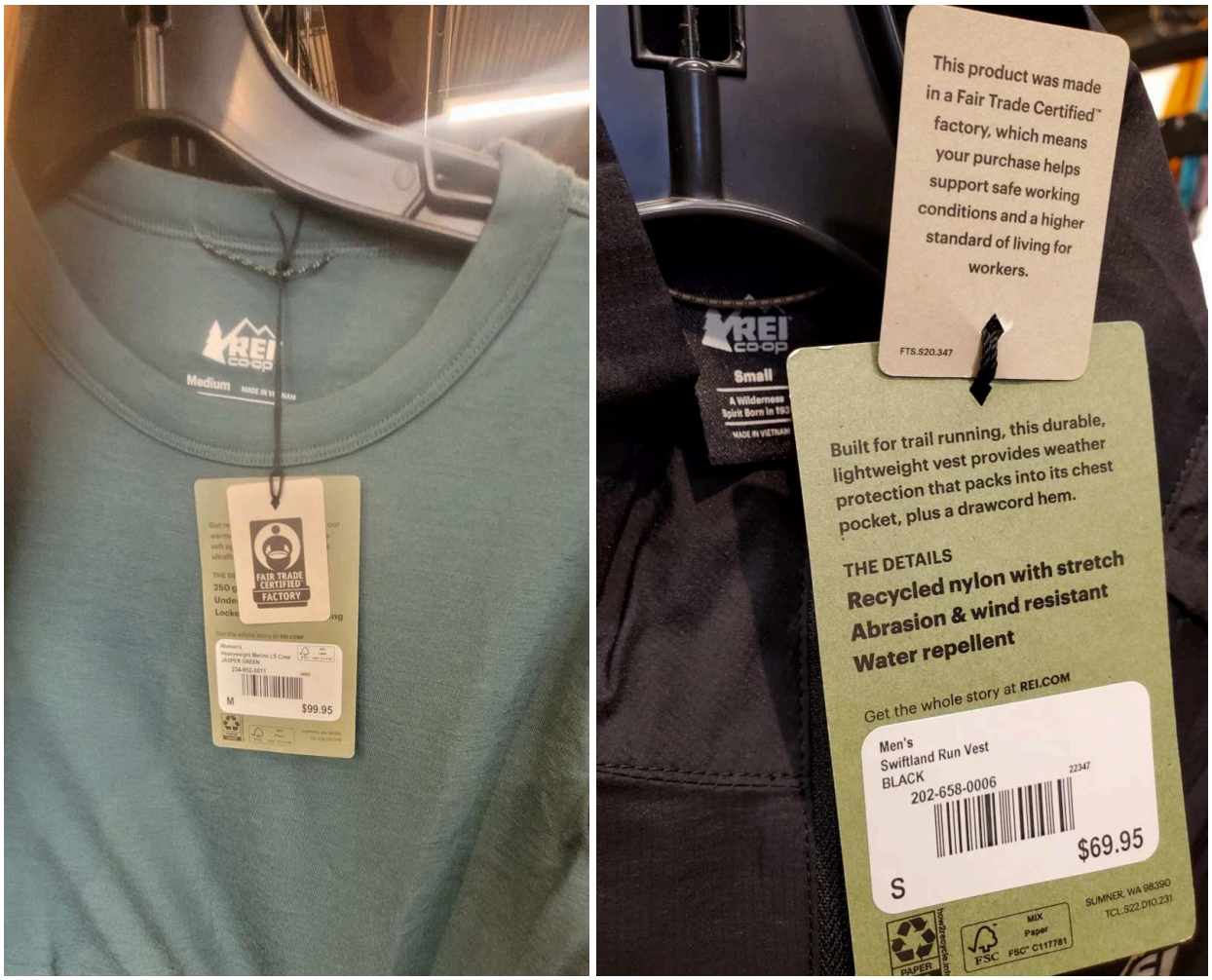
[142] Athreya, B. (2022). Can fashion ever be fair? *Journal of Fair Trade*, 3(2), p. 21. https://www.jstor.org/stable/48676228

[143] Fair Trade Certified. *Fair trade partners*. Retrieved October 24, 2024, https://partner.fairtradecertified.org/directory/results?role=Factory&country=Vietnam&hasProfile=false&page=1&perPage=25

[144] Google Reviews. (2024, October). *Pungkook Saigon II Co. Ltd*. https://maps.app.goo.gl/vMwNa93yvT3W4A987

[145] Review Congty. (2024, July). *Pungkook Saigon 2*. https://review-congty.com/companies/pungkook-sai-gon-2

benefiting from an appearance of fair sourcing while producing in factories where it is illegal for workers to organize freely.



All Fair Trade USA certified apparel found in REI stores is made in Vietnam, where it is illegal for workers to form independent unions. Photos by SILS.

China

REI's October 2024 supplier list includes 27 factories in China – 11 finished goods ("Tier 1") suppliers and 16 ("Tier 2") strategic materials suppliers. Review of US import data shows that REI imported at least 4.3 million pounds of goods from China to the US from September 2023 to August 2024 – mainly tents, self-inflating mats, folding chairs, and bicycles.

> "Regular workers have to work in two shifts, with a working time of 12 hours. There are basically no days off and [we] often need to work overtime."
>
> – Worker from REI supplier Dong Guan Best Pacific Textile in Guangdong, China[146]

The government of China is notorious for restricting workers' rights and freedoms. The International Trade Union Confederation's (ITUC) 2024 Global Rights Index ranks China as among the nations with "no guarantee of rights."[147] Since 2016, the Committee on Freedom of Association of the ILO has continuously drawn attention to the intimidation, arrest, and disappearance of people who have tried to defend workers' collective interests in China.[148] The immense constraints on workers' right to organize in China means that there is a high risk that workers will experience abusive working conditions and that, when they do, their ability to successfully defend their rights will be minimal.

China has not ratified either of the ILO core conventions on union rights: the Freedom of Association and Protection of the Right to Organize Convention, 1948 (No. 87), and the Right to Organize and Collective Bargaining Convention, 1949 (No. 98).[149] The only union that is legally allowed to operate in China is the government-controlled All China Federation of Trade Unions (ACFTU).[150] This effectively prohibits workers from forming independent unions – a violation of international labor standards that promote freedom of association and the right to organize.

> "The company often defaults on wages and social security payments."
>
> – Worker from REI supplier Guangzhou Tien Sung Sporting Goods in Guangdong, China[151]

[146] 东莞超盈纺织有限公司工资待遇及点评. (2020, March 2). https://www.job592.com/pay/compl10006091.html
[147] International Trade Union Confederation. (2024). *2024 ITUC Global Rights Index: The World's Worst Countries for Workers*. https://www.ituc-csi.org/IMG/pdf/2024_ituc_global_rights_index_en.pdf
[148] ILO. (2023, November 2). *Report of the Committee on Freedom of Association*. 349th Session, Geneva, October 30 - November 9, 2023 (p.72). https://www.ilo.org/media/249346/download
[149] Ibid (p.66).
[150] China Labour Bulletin. (2023, July 10). *Workers' rights and labour relations in China*. https://clb.org.hk/en/content/workers'-rights-and-labour-relations-china
[151] 广州天生集团. (2020, March 11). https://www.job592.com/pay/comxc26263480.html

Recent investigations into working conditions at Chinese manufacturers have exposed low piece rates, forced overtime, an absence of employment contracts, health and safety hazards, and other violations of Chinese law.[152] Chinese law stipulates a maximum 44-hour work week; however, data from the National Bureau of Statistics indicates that six-day work weeks are common for many workers, despite judicial and governmental affirmations of legal working hour limits.[153] Although Chinese law allows for collective wage bargaining, employers are not mandated to negotiate in good faith with employees.[154] Spontaneous strikes and work stoppages are not illegal, but they can result in arrests or police crackdowns. Hong Kong-based China Labour Bulletin has recorded 1,713 collective worker actions in China between September 2023 and August 2024,[155] estimating that these actions represent about 5-10% of worker strikes and other protests.[156]

> "If you have something to do and take half a day off, you will lose at least 400 to 500 yuan this month [– approximately a fifth of the monthly salary[157]]."
>
> – Worker from REI supplier Jiangsu Huayi Fashion Group in Jiangsu, China[158]

The global apparel supply chain is heavily exposed to risks of forced labor of Uyghur and other Turkic and Muslim majority peoples in the Xinjiang Uyghur Autonomous Region (Uyghur Region) in western China and in factories in other parts of China receiving forcibly transferred

[152] Farber, A. (2024, October 10). Barbie workers suffer burnt hands and blistered skin for 2p a doll. *The Times*. https://www.thetimes.com/uk/society/article/barbie-mattel-factory-6q8jq38gt. Kollbrunner, T. (2021, November). Toiling away for Shein. *Public Eye*. https://stories.publiceye.ch/en/shein/. Hastings, R. (2022, October 15). Shein: Fast-Fashion Workers Paid 3p per Garment for 18-Hour Days, Undercover Filming in China Reveals. *inews*. https://inews.co.uk/news/consumer/shein-fast-fashion-workers-paid-3p-18-hour-days-undercover-filming-china-1909073

[153] United States Department of State. (n.d.). *Country Reports on Human Rights Practices in 2022*: *China*. https://www.state.gov/reports/2022-country-reports-on-human-rights-practices/china/. Chapell, B. (2021, August 30). Employers Can't Require People to Work 72 Hours a Week, China's High Court Says. *NPR*. https://www.npr.org/2021/08/30/1032458104/12-hour-6-day-996-work-schedule-illegal-china-deaths-tech-industry

[154] United States Department of State. (n.d.). *Country Reports on Human Rights Practices in 2022: China*.

[155] China Labour Bulletin. *Strike Map*. Retrieved September 20, 2024, https://clb.org.hk/en

[156] China Labour Bulletin. (2024, January 10). *An introduction to China Labour Bulletin's Strike Map*. https://clb.org.hk/en/content/introduction-china-labour-bulletin's-strike-map

[157] WageIndicator Foundation. (n.d.). *Minimum Wage – Jiangsu (in effect in 2022)*. https://wageindicator.org/salary/minimum-wage/china-custom/archive/20220101/6886-jiangsu

[158] 有人在江苏华艺集团工作吗，这个公司怎么样呢. (2022, March 22). https://zhidao.baidu.com/question/42296034.html

workers from the province. These violations intersect with other human rights abuses, which have been deemed crimes against humanity,[159] such as persecution based on ethnicity and religion, arbitrary detention, mass surveillance, cultural suppression, and family separation. Over the past five years, researchers have found that approximately one in five cotton garments in the global apparel market contained cotton from the Uyghur Region.[160]

The Uyghur Forced Labor Prevention Act (UFLPA), a US law that went into effect in 2022, prohibits the importation of goods from the Uyghur Region. The UFLPA Entity List currently bans the importation of goods from 39 textile entities to keep forced labor out of US supply chains.[161] We did not find any documented exposure for REI's private label products; however, *five* brands sold by REI – Adidas, Nike, Columbia Sportswear, Patagonia, VF Corporation (owner of The North Face) – have been publicly identified as having a high risk of selling products tainted with Uyghur forced labor.[162]

Five brands sold by REI – Adidas, Nike, Columbia Sportswear, Patagonia, and The North Face – have been publicly identified as having a high risk of selling products tainted with Uyghur forced labor.

Even though China is the top country of production for REI-branded products and there is a high risk of abuse for the Chinese workers making those products, the only mention of China in

[159] Human Rights Watch. (2021, April 19). *"Break Their Lineage, Break Their Roots": China's Crimes against Humanity Targeting Uyghurs and Other Turkic Muslims*.
https://www.hrw.org/report/2021/04/19/break-their-lineage-break-their-roots/chinas-crimes-against-humanity-targeting

[160] Kelly, A. (2020, July 23). 'Virtually Entire' Fashion Industry Complicit in Uighur forced labour, say rights groups. *The Guardian*.
https://www.theguardian.com/global-development/2020/jul/23/virtually-entire-fashion-industry-complicit-in-uighur-forced-labour-say-rights-groups-china. Coalition to End Forced Labour in the Uyghur Region. (n.d.). *Apparel and Textile Industry*. https://enduyghurforcedlabour.org/fashion/

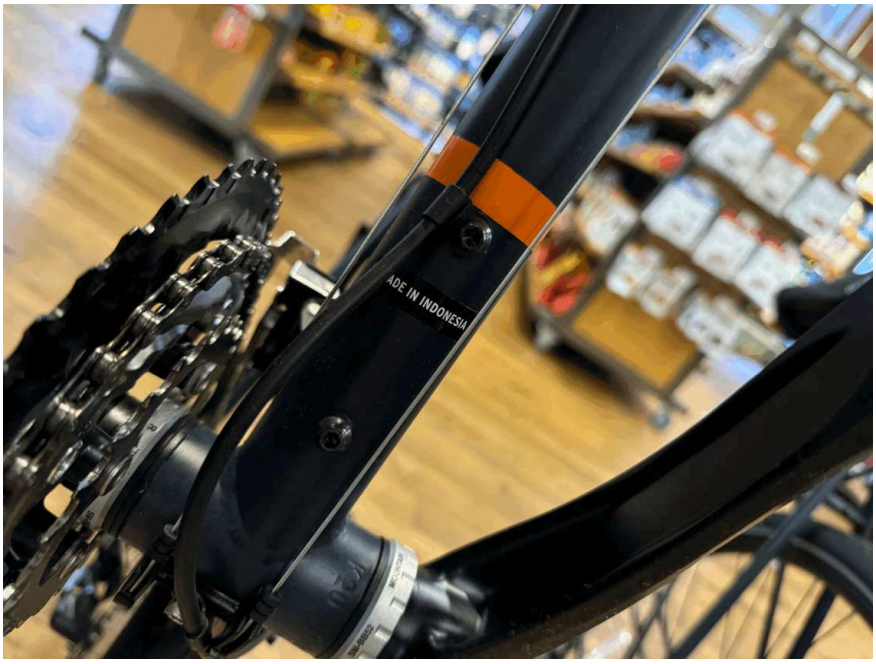
[161] US Department of Homeland Security. (2024, May 16). *DHS Announces 26 Additional PRC-Based Textile Companies to the UFLPA Entity List*.
https://www.dhs.gov/news/2024/05/16/dhs-announces-26-additional-prc-based-textile-companies-uflpa-entity-list. US Department of Homeland Security. (2024, October 31). *DHS Places Additional PRC-Based Textile Companies on the UFLPA Entity List*.
https://www.dhs.gov/news/2024/10/31/dhs-places-additional-prc-based-textile-companies-uflpa-entity-list

[162] Supply Trace. Retrieved October 8, 2024, https://supplytrace.org. Murphy, L. et al. (2021, November). *Laundering Cotton: How Xinjiang Cotton is Obscured in International Supply Chains*. Sheffield, United Kingdom: Sheffield Hallam University Helena Kennedy Centre.
https://www.shu.ac.uk/helena-kennedy-centre-international-justice/research-and-projects/all-projects/laundered-cotton

REI's 2022 *Impact Report* is a reference to the use of solar and wind projects to generate electricity, and its 2020, 2021, and 2023 reports do not include any mention whatsoever of the country.[163]

Indonesia

REI's October 2024 supplier list includes eight Tier 1 supplier factories in Indonesia. Review of US import data shows that REI imported at least 2.08 million pounds of apparel and bags from Indonesia to the US from September 2023 to August 2024. Based on visual assessment of REI-branded clothing in three REI stores, Indonesia is the second largest supplier of apparel to REI after Vietnam.



REI bicycle made in Indonesia. Photo by SILS.

Workers in Indonesia who seek to organize have been facing an uphill battle for years, with significant legal obstacles to freedom of association including restrictions on the right to strike.[164] Amnesty International reports that civil liberties in Indonesia have been under increasing attack in the past several years.[165] The apparel and footwear industry has taken

[163] REI. (2023). *2022 Impact Report* (p. 48). https://www.rei.com/dam/18553157_impact-report-2022.pdf

[164] Risfa, N. (2023, January 13). Izzati Indonesia's emergency labour regulation changes spark worker anger a year out from election, but Jokowi's government is unwavering. *The Conversation*. https://theconversation.com/indonesias-emergency-labour-regulation-changes-spark-worker-anger-a-year-out-from-election-but-jokowis-government-is-unwavering-197281

[165] Amnesty International Indonesia. (2022). *Silencing Voices, Suppressing Criticism: The Decline in Indonesia's Civil Liberties*. https://www.amnesty.org/en/wp-content/uploads/2022/10/ASA2160132022ENGLISH.pdf

advantage of the shrinking civil society space to further weaken workers' bargaining power and legal rights.

Against widespread opposition by Indonesian trade unions, the Omnibus Law on Job Creation was pushed through in late 2020 in a process marred by poor consultation and communication about the content of the bill.[166] While Indonesia's Constitutional Court declared the law unconstitutional due to lack of proper consultation and other procedures, in late 2022 the passage of the Emergency Regulation in Lieu of Law effectively reinstated the law's provisions, to the condemnation of unions.[167]

Under the "emergency regulation" veil, an array of deregulations has been instituted that are unfavorable to workers.[168] Previous restrictions on fixed-term employment and the use of outsourced labor have been relaxed. Certain entitlements that Indonesian workers had enjoyed, such as provisions for long leave after six years of service, have been eliminated. The maximum overtime limit was increased from three to four hours per day, and from 14 hours to 18 hours per week.

As part of the deregulations, a new method for setting minimum wage across the country was ushered in, which reduced consultation and accountability to workers' needs. The new method stripped away a requirement for calculating provincial minimum wage rates based on a survey of basic living needs.[169] It also made piece rate payments legal in Indonesia, as long as the payments amount to minimum wage, which employers have taken advantage of by setting unreasonably high production targets.[170]

Over the past several years, garment manufacturers have been increasingly relocating their factories from West Java, which has strong union density in the sector, to Central Java.[171] The main driver is lower costs: Central Java has the lowest wage of any province not only in Indonesia, but in the entire southeast Asia region, and the rate is less than half the minimum

[166] Asia Floor Wage Alliance (AFWA). (2021, March). *Garment Workers Under Threat from Labour Deregulation in Asia*.
https://media.business-humanrights.org/media/documents/Labor-Deregulation-Asia-March-2021-Final-Draft-24-March1.pdf
[167] IndustriALL. (2023, January 12). *Indonesian Unions Reject Emergency Regulations Replacing Omnibus Law*.
https://www.industriall-union.org/indonesian-unions-reject-emergency-regulation-replacing-omnibus-law
[168] AFWA. (2021, March).
[169] Thea, A., "Substansi Tak Sesuai Harapan, Serikat Buruh Tolak Perppu Cipta Kerja," *Hukum Online*, January 1, 2023,
https://www.hukumonline.com/berita/a/substansi-tak-sesuai-harapan--serikat-buruh-tolak-perppu-cipta-kerja-lt63b25fa54f54c/
[170] AFWA. (2021, March).
[171] Saini. (2021).

wage of Indonesia's historical manufacturing bases of Jakarta and urban West Java.[172] As factories emerge in parts of the country outside of historical union strongholds, an array of labor rights violations have been reported including unjust layoffs, wage theft, rampant use of fixed-term contracts, and denial of legal benefits.[173] The map on Open Supply Hub of factories in Indonesia producing for REI shows that the company currently produces mostly in Central Java, taking advantage of the region's low wages and low union density.[174]

The only mention of Indonesia in REI's 2022 and 2023 impact reports is a reference to the use of solar panels in generating electricity to manufacture REI products, and its 2020 and 2021 reports do not include any mention at all of the country.[175]

Taiwan

REI's October 2024 supplier list includes 19 factories in Taiwan – seven Tier 1 suppliers and 17 Tier 2 suppliers. Review of US import data from this period shows that REI imported at least 966,000 pounds of goods – mainly bicycles, bicycle parts and accessories, and hiking poles – from Taiwan to the US from September 2023 to August 2024. REI's strategic material suppliers in Taiwan, which will not appear in US import data since they are Tier 2 factories, also include textile plants.

When workers in Taiwan seek to organize to improve their working conditions, they encounter certain restrictions to their right to freedom of association that are embedded in Taiwan's labor law. Migrant workers in Taiwan, primarily from southeast Asia, are especially at high risk of experiencing systemic labor rights violations.

The Taiwanese government places arbitrary restrictions on unionization, barring workers from smaller companies and those employed through labor contractors from organizing.[176] Strikes are almost entirely forbidden unless they pertain to narrow "adjustment disputes" on wages or working conditions, meaning workers have little power to challenge deeper, systemic abuses. Moreover, employers often hide behind arbitration processes that overwhelmingly favor their

[172] WageIndicator Foundation. (n.d.). *Minimum Wage – Indonesia*. Valid in October 2024. https://wageindicator.org/salary/minimum-wage/indonesia

[173] Asia Pacific Forum on Women, Law and Development (APWLD) and Federasi Serikat Buruh Persatuan Indonesia (FSBPI). (2023). *Women Workers in Central Java Special Economic Zones Collectivise to Fight for their Human and Labour Rights*. https://apwld.org/wp-content/uploads/2023/09/Country-Briefer_Indonesia_Rev_28082023.pdf. LIPS (Sedane Labor Information Institute). (n.d.). *Gender Based Violence Research in Old Industrial Areas (Jakarta, Serang, Bogor, Sleman and Semarang) and in New Industrial Areas (Subang, Majalengka, Grobogan) 2020-2021*.

[174] Open Supply Hub, *REI Facilities*. Retrieved October 9, 2024. https://opensupplyhub.org/facilities?contributors=7217&countries=ID&sort_by=contributors_desc

[175] REI. (2023). *2022 Impact Report* (p. 45). https://www.rei.com/dam/18553157_impact-report-2022.pdf.

[176] United States Department of State. (n.d.). *2022 Country Reports on Human Rights Practices: Taiwan*. https://www.state.gov/reports/2022-country-reports-on-human-rights-practices/taiwan/

interests, leaving workers, who seek remedies for abuses they have experienced, without meaningful recourse.[177]

In 2022 and 2023, Transparentem, an organization that investigates environmental and human rights conditions in global supply chains, uncovered severe violations of workers' rights at nine textile factories in Taiwan employing migrant workers.[178] The investigators identified multiple indicators of forced labor, as defined by the ILO. These abuses included high recruitment fees, the retention of the migrants' identity documents, monthly broker fees, and contract renewal fees – conditions that place workers at significant risk of forced labor and debt bondage. Workers also faced restricted movement, excessive overtime, and intimidation, further reinforcing Transparentem's observation of forced labor.

Although Transparentem has not published the names of the textile factories it investigated, there is a very high likelihood that some of them supplied REI. In September 2024, REI signed a joint letter to Taiwan's Minister of Labor and Minister of Economic Affairs concerning the treatment of migrant workers – a letter that coincided with the release of the report and is featured on Transparentem's webpage, alongside the report.[179] The letter, organized by the American Apparel & Footwear Association (AAFA) and the Fair Labor Association (FLA), calls for critical reforms, including the prohibition of recruitment fees, the protection of workers' freedom of association, and streamlined processes for migrant workers to change employers.[180] Such action, however, represents the bare minimum of what a company sourcing from facilities responsible for forced labor should be doing.

It is important to understand that signing such a letter does not absolve REI of its *own* responsibility to prevent, detect, and remedy labor rights violations at factories in Taiwan producing REI products, consistent with the United Nations Guiding Principles on Business and Human Rights. However, no evidence is available indicating any action by REI related to its own suppliers following Transparentem's investigation. Given that REI's own purchasing practices directly contribute – either positively or negatively – to working conditions in its supply chain, REI must take a proactive approach to ensure remediation when violations in its supply chain are detected rather than waiting for government intervention or otherwise deferring responsibility to others.

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[177] Matsuzuka, Y. (2017, May). The Labor Situation in Taiwan. *Japan Labor Issues* 1, no. 3 (pp. 22-32). https://www.jil.go.jp/english/jli/documents/2017/003-02.pdf

[178] Transparentem. (2024, September). *Labor Abuses at Taiwanese Textile Manufacturers: Due Diligence Beyond Tier One - Interim Report*. https://transparentem.org/report/taiwan-textile-manufacturers-interim/

[179] Transparentem. (2024, September). *Interim Report – Labor Abuses at Taiwanese Textile Manufacturers*. https://transparentem.org/report/taiwan-textile-manufacturers-interim/

[180] Fair Labor Association. (2024, September 12). *Fifty Global Brands Urge Taiwan to Support Responsible Recruitment of Migrant Workers*. https://www.fairlabor.org/fifty-global-brands-urge-taiwan-to-support-responsible-recruitment-of-migrant-workers/

REI's 2020-2023 impact reports do not include any reference to Taiwan,[181] despite Taiwan's significance to REI as a sourcing destination for bicycles, bike parts, and textiles, and considering the high risk of forced labor in those manufacturing facilities that employ migrant workers.

Responsibilities of Other Brands Sold by REI

The sections above have focused on conditions in factories producing for REI's own brand; however, about 80% of the products sold at REI stores are provided by other brands.[182] But that does not mean that those brands have any less responsibility to "ensure fair, safe, and non-discriminatory working environments" that are "based on International Labour Organization principles and internationally-accepted fair labor practices."[183] Notably, for at least the past decade, REI has required all brands sold in its stores to also adhere to its Factory Code of Conduct.[184] Additionally, in 2018, REI announced new sustainability standards that "apply to every brand and product sold at REI."[185]

Supply chain transparency is widely understood as "an important first step toward more meaningful corporate accountability."[186] Fashion Revolution, an international network calling for greater transparency in the fashion supply chain, has documented the growing transparency in the industry that has resulted from years of concerted activist pressure, finding that 52% of the 250 largest apparel and footwear brands and retailers now publicly disclose their Tier 1 suppliers.[187] REI says it holds the brands it sells to "high standards;"[188] however, of the 36 apparel and/or footwear brands that each sell at least 100 different products on REI's website,[189] only half – no more than the industry average – publicly disclose the names and addresses of their manufacturing facilities.

[181] REI. (2024). *2023 Impact Report*. https://www.rei.com/impact/planet. REI. (2023). *2022 Impact Report* (p. 48). https://www.rei.com/dam/18553157_impact-report-2022.pdf. REI. (2021). *2020 Impact Report*. https://www.rei.com/dam/18553203_impact-report-2020.pdf. REI. (2022). *2021 Impact Report*. https://www.rei.com/dam/18553210_impact-report-2021.pdf

[182] It is possible that this figure from 2011 is outdated. We did not find a figure in REI's reports since then. REI. (2012). *2011 REI Stewardship Report*. https://www.rei.com/dam/18553135_impact-report-2011.pdf

[183] REI. (n.d.). *Factory Code of Conduct*.

[184] REI. (2016). *2015 Stewardship Report* (p. 9). https://www.rei.com/dam/18553215_impact-report-2015.pdf

[185] REI. (2018, April 9). *REI Co-op introduces new standards to raise bar on sustainability across outdoor and retail industries*. https://www.rei.com/newsroom/article/rei-co-op-introduces-new-standards-to-raise-bar-on-sustainability-across-outdoor-and-retail-industries

[186] Transparency Pledge. (n.d.). *Our Demands*. https://transparencypledge.org/our-demands/.

[187] Fashion Revolution. (2023, July). Fashion Transparency Index 2023 (p. 9). https://www.fashionrevolution.org/fashion-transparency-index/. Fashion Revolution. (2024). What Fuels Fashion? (p. 30). https://www.fashionrevolution.org/transparency/. Also see: Transparency Pledge. (n.d.). *Who's Aligned*. Accessed on October 4, 2024. https://transparencypledge.org/aligned/

[188] REI. (2023). *2022 Impact Report* (p. 4). https://www.rei.com/dam/18553157_impact-report-2022.pdf

[189] REI website accessed on August 9, 2024.

Many brands whose products REI sells produce apparel in Bangladesh or Pakistan, but only 14% of the brands sold at REI have signed the landmark International Accord for Health and Safety in the Textile and Garment Industry.[190] The Accord is a legally binding and enforceable agreement between global union federations and more than 250 apparel brands,[191] launched after the Rana Plaza building collapse killed 1,134 garment workers in Bangladesh. It has corrected 140,000 fire, electrical, and building safety issues across more than 2,000 factories in the country making them safer for over two million garment workers,[192] and has recently expanded to Pakistan where it covers more than 500 factories.[193] Brands currently selling apparel produced in Bangladesh at REI that have not signed the Accord include Arc'teryx (owned by Amer Sports, which is part of Anta Sports), Columbia Sportswear, Helly Hansen (owned by Canadian Tire), Kühl, Outdoor Research, Patagonia, and The North Face (owned by VF Corporation).[194] Brands currently selling apparel produced in Pakistan at REI that have not signed the International Accord include Duer and The Landmark Project.

REI Continued Business with North Face Despite Its Failure to Sign Landmark Fire and Building Safety Agreement

After the deaths of more than 1,300 Bangladeshi garment workers in preventable factory disasters from 2010 to 2013, students at dozens of college campuses in the United States raised serious concerns about worker safety and rights in the apparel industry, particularly regarding The North Face. At a time of global outcry over unsafe factories in Bangladesh, REI sold The North Face products that were made in Bangladesh despite the brand's refusal to sign a legally binding and enforceable agreement to protect Bangladeshi garment workers sewing clothes in deathtrap factories for export.

[190] International Accord for Health and Safety in the Textile and Garment Industry. (2024, November 30). *Meet our signatories*. https://internationalaccord.org/signatories/

[191] Ibid. The predecessor agreement to the International Accord for Health and Safety in the Textile and Garment Industry was called the Accord on Fire and Building Safety in Bangladesh.

[192] International Accord. (2023, May 15). *A decade of workplace health and safety under the Accord*. https://internationalaccord.org/10-years-international-accord-bangladesh-pakistan/. International Accord. (n.d.). *A decade of progress in workplace safety in Bangladesh*. Retrieved November 30, 2024, https://internationalaccord.org/countries/bangladesh/

[193] International Accord. *Pakistan Accord*. Retrieved November 30, 2024, https://internationalaccord.org/countries/pakistan/

[194] Brands with apparel labeled “made in Bangladesh” or “made in Pakistan” identified during visits to REI’s flagship stores in New York and the District of Columbia in November 2024.

The North Face coat made in Bangladesh at REI's SoHo flagship store in Manhattan, November 2024. Photo by SILS.

Students around the United States engaged in an array of actions focusing on The North Face, including publishing a dedicated website called northfacedeathtraps.com with a petition to The North Face and organizing a speaking tour to universities with a garment worker who had survived a horrific factory building collapse.[195]

In addition to raising awareness on their campuses, students brought their activism to REI. After REI told students it considered its refusal to sign the Accord to be a "legitimate choice,"[196] students held a "national day of action" on July 26, 2014. *The Washington Post* reported demonstrations at 30 REI stores, which urged REI to end its contract with The North Face.[197] As part of these protests, 21 people were arrested at the Rockville, Maryland, store.[198]

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[195] United Students Against Sweatshops. (n.d.). *End Deathtraps Bangladesh Worker Tour*. Screenshot of February 19, 2015. https://web.archive.org/web/20150219000707/http://northfacedeathtraps.com/tour/. The website has since been taken offline.

[196] As quoted by United Students Against Sweatshops (USAS) in its July 22, 2014, letter to REI CEO Jerry Stritzke, archived at https://web.archive.org/web/20151007001537/http:/northfacedeathtraps.com/files/2014/07/USAS-to-REI-07.22.14.pdf

[197] Chen, C. (2014, July 26). Protesters arrested at Rockville REI store while demonstrating against labor practices. *The Washington Post*. https://www.washingtonpost.com/local/crime/protesters-arrested-at-rockville-store-while-demonstrating-against-labor-practices/2014/07/26/32f0b834-14ff-11e4-8936-26932bcfd6ed_story.html

[198] Ibid.

Students call on REI to end its business relationship with The North Face, over its parent company VF Corporation's refusal to sign the Accord on Fire and Building Safety in Bangladesh. Photos provided by student activists present at the protests in 2014.

Ultimately, 26 universities cut their contracts with The North Face's parent company VF Corporation over its failure to sign the Accord,[199] but REI failed to take comparable action. Ten years later, in November 2024, REI is still selling The North Face products that are made in Bangladesh.[200]

Meanwhile, The North Face – the top apparel and textile brand sold by REI apart from its own private label products – is freeriding on safety improvements in South Asia, including the installation of fire-rated doors, sprinklers, and alarm systems that have been achieved by other brands under the Accord. As of VF's latest supplier list (from August 2024), 47% of VF's disclosed suppliers in Bangladesh and 67% of VF's disclosed suppliers in Pakistan are already covered by the Accord due to the participation in the Accord by other brands sourcing from those factories. Looking only at Tier 1, the level of freeriding is even higher: of VF's Tier 1 factories in Bangladesh, as many as 74% are covered by the Accord, and 100% of VF's Tier 1 factories in Pakistan are covered. This means that some workers producing for VF continue to work in deathtrap factories, and, at other VF supplier factories, where life-saving repairs and renovations are taking place, other brands are footing the bill for inspections and development of corrective action plans while VF shirks its responsibility to workers. REI has turned a blind eye to workplace safety for a decade, but it is not too late for REI to act and require all brands it sells that source from Bangladesh or Pakistan to sign the International Accord.

[199] Letter from USAS to REI CEO Jerry Stritzke on July 22, 2014, archived at https://web.archive.org/web/20151007001537/http:/northfacedeathtraps.com/files/2014/07/USAS-to-REI-07.22.14.pdf

[200] Observed at the REI stores in Washington, DC, Woodland Hills, CA, and New York, NY, in fall of 2024.

VIII. REI's Ongoing Partnership with Infamous Corporate Criminals

Above we described REI's current partnership with the Taiwanese company Formosa Taffeta, a partnership that persists four years after the world's largest sovereign wealth fund announced its divestment from Formosa Taffeta over serious labor rights abuses. Formosa Taffeta is part of a larger corporate entity, informally known as the Formosa corporation ("Formosa").[201] Via its steel production unit, Formosa is responsible for the worst commercial environmental disaster in the history of Vietnam.

In April of 2016, Formosa illegally discharged an immense volume of toxic industrial waste into the South China Sea, fouling a vast swath of the Vietnamese coastline.[202] The toxins emitted by Formosa, including cyanide and phenol (carbolic acid), spread along 125 miles of coast and were consumed by fish and other sea life. An estimated 150,000 pounds of dead fish washed ashore.[203]

The effects of Formosa's environmental catastrophe were grim. Hundreds of coastal residents in Hà Tĩnh, Quảng Bình, Quảng Trị, and Thừa Thiên-Huế provinces were poisoned by the consumption of tainted seafood and at least one of them died. Another person was killed by chemical poisoning after diving in contaminated water. Two Formosa workers were diagnosed with cancer after exposure to chemicals at the plant.[204] The livelihood of tens of thousands of fishers and their families was ruined, and the local economy, heavily reliant on the seafood industry, was decimated.

After the spill, Formosa, at every juncture, acted with disregard for its responsibilities to the victims of its environmental recklessness. First, aided by Vietnam's authoritarian government, Formosa attempted to hide its involvement entirely, denying that its plant was the source of the

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[201] Formosa Plastics Group's annual report refers to Formosa Taffeta as a subsidiary: Formosa Plastics Group. (2024). *2023 Annual Report* (pp. 32 and 45). https://www.fpg.taipei/uploads/images/media-center/ebook-top/2024/2023%20EN%20annual.pdf

[202] Paddock, R. C. (2016, June 8). Toxic Fish in Vietnam Idle a Local Industry and Challenge the State. *The New York Times*. https://www.nytimes.com/2016/06/09/world/asia/vietnam-fish-kill.html. Martínez Cantera, A.L. (2017, August 14). 'We are jobless because of fish poisoning': Vietnamese fishermen battle for justice. *Guardian*. https://www.theguardian.com/global-development/2017/aug/14/vietnamese-fishermen-jobless-fish-poisoning-battle-justice. Green Trees. (n.d.). *An Overview of the Marine Life Disaster in Vietnam*. https://the88project.org/wp-content/uploads/2019/08/AnOverviewOfTheMarineLifeDisasterInVietnam-Final.pdf

[203] Associated Press. (2016, July 1). Vietnam blames toxic waste water from steel plant for mass fish deaths. *Guardian*. https://www.theguardian.com/environment/2016/jul/01/vietnam-blames-toxic-waste-water-fom-steel-plant-for-mass-fish-deaths

[204] Trang, D. (2017, November 8). Timeline: The Formosa Environmental Disaster. *The Vietnamese Magazine*. https://www.thevietnamese.org/2017/11/timeline-the-formosa-environmental-disaster/

toxic release.[205] In the face of overwhelming evidence, Formosa was eventually forced to admit that it caused the spill. However, even after its cover-up was exposed, the corporation maneuvered to evade full responsibility. Affected communities received only small amounts of compensation,[206] and it appears that the bulk of what Formosa did pay ended up in Vietnamese government coffers.

Formosa's effort to dodge full accountability succeeded because of a brutal state crackdown on the pleas for justice from victims of the spill. The government attacked community leaders and environmental activists who led calls for compensation and persecuted journalists who tried to bring the truth about the catastrophe to public light. Activists protesting peacefully for "clean water, clean government, and transparency" were beaten by police, as were community members seeking to file petitions for redress at Vietnamese courts."[207] Human Rights Watch reports that at least 41 activists and journalists were sentenced to long prison terms.[208]

Thirty-one are still behind bars. Activist Hoang Duc Binh is serving a 14-year prison sentence for participating in protests and supporting the efforts of fishermen to obtain compensation for the destruction of their livelihoods.[209] Prominent journalist Pham Doan Trang was slapped with a nine-year prison term for "conducting propaganda against the state."[210] A prime exhibit in her prosecution was a report she authored about the spill and its devastating impacts. The authorities subjected one man to a criminal indictment merely because he drove affected community members to a court building.[211]

Although the campaign of legal repression was carried out in part on its behalf, there is no evidence that Formosa ever intervened with the government to discourage the excessive force repeatedly used against peaceful protestors, the criminalization of public reporting on the catastrophe, or the absurdly long prison sentences imposed.

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[205] Paddock, R.C. (2016, June 30). Taiwan-Owned Steel Factory Caused Toxic Spill, Vietnam Says. *The New York Times*. https://www.nytimes.com/2016/07/01/world/asia/vietnam-formosa-ha-tinh-steel.html

[206] RFA Vietnamese. (2024, October 15). Activists dismiss Formosa claim of fulfilled obligations regarding spill in Vietnam. *Radio Free Asia*.
https://www.rfa.org/english/news/vietnam/formosa-compensation-environment-spill-10152024124255.html

[207] Gossman. P. (2024, May 14). Victims of Vietnam's Formosa Toxic Spill Deserve Justice. *Human Rights Watch*.
https://www.hrw.org/news/2024/05/14/victims-vietnams-formosa-toxic-spill-deserve-justice

[208] Human Rights Watch has featured profiles of some of these prisoners, among other political prisoners, at: Human Rights Watch. (2024, September 23). *Free Vietnam's Political Prisoners!*
https://www.hrw.org/video-photos/interactive/2024/09/23/free-vietnams-political-prisoners

[209] Human Rights Watch. (2018, January 24). *Vietnam: Crackdown on Rights Activists*.
https://www.hrw.org/news/2018/01/24/vietnam-crackdown-rights-activists

[210] Human Rights Watch. (2021, December 13). *Vietnam: Free Prominent Blogger*.
https://www.hrw.org/news/2021/12/13/vietnam-free-prominent-blogger

[211] Human Rights Watch. (2018, January 24).

Eight years after the spill, community leaders, human rights organizations, and bodies of the United Nations continue to advocate for Formosa to adequately address the harm it caused. In May 2024, the Office of the United Nations High Commissioner for Human Rights wrote to the Vietnamese government and Formosa concerning "the continued lack of access to effective remedy by those affected by the toxic discharge."[212] Formosa responded by asserting, falsely, that "nearly full recovery" had been achieved within two years and that it had fulfilled its obligations.[213]

The Center for International Environmental Law, the Center for Biological Diversity, and Earthworks have called Formosa "a serial offender of environmental and human rights."[214] 2016 was not the first nor the last time that the company was responsible for large-scale environmental harm, injury, and death. Formosa Plastics Global Archive, which "supports a transnational network of people concerned about the operations" of Formosa,[215] has compiled information on numerous other incidents involving the company, including:

- Starting in 1994, for more than 25 years, Formosa discharged billions of lentil-sized plastic pellets into a bay and a connected inland waterway in Texas,[216] with the eventual

[212] Office of the United Nations High Commissioner for Human Rights. (2024, May 16). *Mandates of the Working Group on the issue of human rights and transnational corporations and other business enterprises; the Special Rapporteur on the human right to a clean, healthy and sustainable environment; the Special Rapporteur on the right to food; the Special Rapporteur on the promotion and protection of the right to freedom of opinion and expression; the Special Rapporteur on the rights to freedom of peaceful assembly and of association; the Special Rapporteur on the right of everyone to the enjoyment of the highest attainable standard of physical and mental health; the Special Rapporteur on the situation of human rights defenders and the Special Rapporteur on the implications for human rights of the environmentally sound management and disposal of hazardous substances and wastes*. Ref.: AL VNM 3/2024. https://spcommreports.ohchr.org/TMResultsBase/DownLoadPublicCommunicationFile?gId=29057

[213] Formosa Ha Tinh Steel Corporation. (2024, September 30). *Re: Response by Formosa Ha Tinh Steel Corporation (Ref: AL OTH 73/2024)*. https://spcommreports.ohchr.org/TMResultsBase/DownLoadFile?gId=38682

[214] Patton, J., N. Reisch, D. Ridge Creamer. (2021, October). Formosa Plastics Group: A Serial Offender of Environmental and Human Rights. *Center for International Environmental Law, Center for Biological Diversity, and Earthworks*.
https://www.ciel.org/wp-content/uploads/2021/10/Formosa-Plastics-Group_A-Serial-Offender-of-Environmental-and-Human-Rights.pdf

[215] Disaster STS Network. (n.d.). *Formosa Plastics Global Archive*. Retrieved September 30, 2024. https://disaster-sts-network.org/content/formosa-plastics-archive/essay

[216] According to an internal company document, for example, on one day Formosa discharged 167,000 pounds of plastic pellets (nurdles). Twenty-two thousand nurdles weigh a pound. See: Erdenesanaa, D. (2023, April 24). Diane Wilson on Fighting Plastic Pollution, Losing Everything, and Gaining Her Soul. *Texas Observer*. https://www.texasobserver.org/diane-wilson-goldman-environmental-prize-seadrift/. Gardiner, B. (2022, February 22). How a dramatic win in plastic waste case may curb ocean pollution. *National Geographic*. https://www.nationalgeographic.com/environment/article/how-a-dramatic-win-in-plastic-waste-case-may-curb-ocean-pollution

two-year clean-up effort requiring the removal of at least 32,840 tons of contaminated soil and debris.[217]

- In 1998, Formosa Plastics dumped mercury-laden toxic waste in Sihanoukville, Cambodia, causing hundreds of people to fall ill and five to die.[218]
- In 2004, an explosion and chemical fire at a Formosa plastics factory in Illiopolis, Illinois, killed five people and seriously injured three.[219]
- In 2015, the collapse of scaffolding at the Formosa Ha Tinh complex (where the chemical spill later occurred) killed 14 workers and trapped more than one hundred for hours, at least 27 of whom were injured.[220]
- In October 2022, a fire inside Formosa Ha Tinh caused the emission of massive amounts of foul-smelling, opaque, yellow smoke, permeating a six-mile radius of the factory and causing local residents to feel ill.[221]
- In July 2024, the collapse of scaffolding at Formosa Advanced Technologies, a subsidiary of the Formosa conglomerate in Douliu city, Yunlin county, Taiwan, killed two people and injured three.[222]

Since the 1990s, Formosa has sought approval to build a giant petrochemical complex in southeast Louisiana. Despite the massive and sustained community resistance that has held Formosa at bay to date, the corporation is continuing to ignore local concerns and push for permission to proceed. Louisiana's First Circuit Court of Appeal ruled in January 2024 in favor of Formosa,[223] even though Formosa has still not produced a detailed air-pollution model, which is a requirement of the Clean Air Act.

It is extraordinary that REI, which styles itself a leader in sustainability and a corporate "good guy," chooses to maintain a partnership with a corporate criminal that has shown brazen disregard for environmental standards, has been expelled from the world's largest sovereign wealth fund on human rights grounds, and is apparently content to benefit from the silencing of community leaders and journalists who have been deprived of their freedom because they dared to criticize its actions.

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[217] San Antonio Bay Estuarine Waterkeeper. (2022, September 14). *$28.9 Million Phase I Cleanup of Formosa's Discharged Plastic Nurdles in Cox Creek Begins*. https://disaster-sts-network.org/content/press-release-289-million-phase-i-cleanup-formosa's-discharged-plastic-nurdles-cox-creek

[218] Patton, J., N. Reisch, and D. Ridge Creamer. (2021, October). Formosa Plastics Group (p. 29).

[219] U.S. Chemical Safety and Hazard Investigation Board. (2007, March). *Investigation Report: Vinyl Chloride Monomer Explosion*. Report No. 2004-10-I-IL (p. 8). https://www.csb.gov/assets/1/20/formosa_il_report.pdf

[220] Patton, J., N. Reisch, and D. Ridge Creamer. (2021, October). Formosa Plastics Group (p. 30).

[221] Radio Free Asia. (2022, October 27). *Fire at Formosa steel factory in Vietnam emits thick putrid yellow smoke*. https://www.rfa.org/english/news/vietnam/formosa_pollution-10272022160139.html

[222] Focus Taiwan. (2024, July 6). *2 dead, 3 injured in Yunlin scaffolding collapse*. https://focustaiwan.tw/society/202407060016

[223] Dryfoos, D. (2024, August 19). Formosa Plastics returns to fight again. *The Lens*. https://thelensnola.org/2024/08/19/formosa-plastics-returns-to-fight-again/

Since REI did not publicly disclose its Tier 2 supplier list until relatively recently, it is unclear when its relationship with Formosa began, but REI has been sourcing from multiple Formosa factories since at least January 2023.[224] The environmental catastrophe in Vietnam has been widely covered by international news media. Formosa's expulsion from the Norwegian Pension Fund was publicly announced by the Norwegian central bank. REI executives should have been aware for years of their partner's corporate character. Yet REI's partnership with Formosa rolls along – in Vietnam, Taiwan, and China.

In his letter to REI's co-op members accompanying the company's last annual impact report, CEO Eric Artz wrote: "I'm proud to serve the co-op as CEO because I believe we all have a duty to leave the world better than we found it… We have continued our great work to steward public lands."[225] In the prior year's report, he advised that REI is "committed to advancing more sustainable business practices" and continuously seeks opportunities to "shrink [its] environmental footprint.[226] Partnering with a supplier that lets its environmental critics suffer in jail, commits egregious labor abuses, and has put a disastrous 125-mile long environmental footprint down Vietnam's central coast would not appear to be an effective way to advance these stated goals.

[224] The first REI disclosure available to the authors that includes Tier 2 suppliers is from January 2023. That list includes three Formosa Taffeta entities.

[225] Artz, E. (2024, April 30). Letter to the REI Co-op Community. *REI*. https://www.rei.com/dam/EricsLetter

[226] REI. (2024). Renewable Energy and Green Building. *2023 Impact Report*. https://www.rei.com/impact/planet#renewable-energy-and-green-building

IX. Conclusion

The evidence reviewed in this report reveals a troubling and systemic failure by REI to address persistent workers' rights violations in its supply chain.

Despite REI's public commitments dating back to 2006 to report on factory compliance, REI's impact reports and key performance indicators lack meaningful data on labor rights achievements. Over nearly two decades, with numerous reported violations, REI never publicly reported on a concrete positive impact for workers, despite its stated goal of "continuous improvement." REI's failure to demonstrate a single instance of completed remediation raises grave concerns about whether it is serious about ensuring supplier compliance with its Factory Code of Conduct.

This lack of transparency becomes even more concerning in light of REI's professed public image as a leader in sustainability and corporate responsibility, including REI's claims that its Fair Labor Program promotes "fair, safe and nondiscriminatory working conditions for people working in the co-op's supply chains." While other brands have taken steps to address labor violations, REI has frequently remained on the sidelines, benefiting from remedies achieved by others without contributing to solutions – free-riding on the corrective actions secured by other brands.

Ultimately, we found a yawning gap between REI's pretensions to social responsibility and the evidence provided by the workers who make its outdoor gear. REI's supply chain workers face a high risk of exposure to egregious labor rights abuses, with no reliable avenue for recourse or remedy. Unless REI takes immediate and meaningful action to address these failings, its claims of social responsibility will continue to ring hollow. Genuine progress requires not just promises but measurable outcomes that improve the lives of the workers who make REI's products.

> "By working at the garment factory, I have missed out on my daughter's childhood. I never get time off for personal things and I can't go to meetings with the teachers or other school events. I regret not being able to spend time with her."
>
> – 39-year-old woman who works at a factory producing garments for REI[227]

[227] Quote provided to the authors by a labor rights organization that interviewed the worker, who requested anonymity.