How Patagonia Gave Itself Away

Idea In Short

In September 2022, Patagonia founder Yvon Chouinard stopped owning Patagonia. He and his family transferred the company's voting stock to a newly created trust and gave the remaining 98% of shares to Holdfast Collective, a nonprofit fighting climate change. The move, framed publicly as making Earth its only shareholder, redirected an estimated $100 million a year in Patagonia profit toward conservation and climate advocacy instead of a sale, an IPO or a traditional inheritance. This article explains how that ownership structure works, why Chouinard chose it over cashing out and how it connects to Patagonia's older bet on repair and resale through its Worn Wear program. It also covers how the outdoor apparel maker still generates roughly $1.5 billion in annual revenue while asking customers to buy less of its own product.

A climbing gear shop that became a clothing company

Patagonia grew out of Chouinard Equipment, a blacksmithing operation Yvon Chouinard started in the early 1960s to make reusable steel pitons for his own climbing trips in Yosemite. By 1970, the company had become the largest supplier of climbing hardware in the United States, but Chouinard concluded his own pitons were scarring the rock faces climbers depended on, so he phased them out in favor of removable aluminum chocks. The clothing side of the business started almost by accident in 1972, when Chouinard began importing rugby shirts and other gear for climbers and it grew quickly enough that the company opened its first retail store in Ventura, California, the following year under the Patagonia name. That Ventura headquarters and the surfing culture around it, still shapes a company built by people who used its products before they sold them.

An ad that told customers to buy less

Patagonia's marketing has long worked against the instinct to sell more. On Black Friday 2011, the company ran a full-page ad in The New York Times headlined "Don't Buy This

Jacket", listing the water, carbon and waste involved in producing its R2 fleece and asking readers to think twice before buying a new one.1 Sales rose about 30% in the year that followed rather than falling, a result Patagonia has never claimed as proof the campaign worked as intended. The ad captured a tension that runs through the whole business:

> Patagonia needs customers to keep buying its gear to fund its environmental commitments, even as its stated philosophy tells them to buy less of it

Worn Wear turns old jackets into a business line

Patagonia formalized that philosophy into an actual revenue line through Worn Wear, a program that buys back used Patagonia clothing for store credit, then cleans, repairs and resells it. The company operates what it describes as the largest apparel repair facility in the United States, out of Reno, Nevada and mended 174,799 items globally in its 2025 fiscal year. Worn Wear stays small on purpose, generating around $13 million against total company revenue of roughly $1.47 billion in the same period, but it gives Patagonia a way to compete with fast fashion on longevity rather than price. Customers who trade in a jacket get store credit rather than cash, which routes the transaction back into new Patagonia purchases even as it keeps old garments out of landfills.

Earth becomes the only shareholder

> In September 2022, Yvon Chouinard and his family gave up ownership of Patagonia entirely, transferring the company to a trust and a nonprofit rather than selling it or passing it to their children

The transfer split Patagonia's stock into two pieces with different jobs. The Patagonia Purpose Trust received all of the company's voting shares, about 2% of the total and exists to keep Patagonia's mission legally binding on future leadership, with the Chouinard family electing and overseeing its trustees.2 Holdfast Collective, a newly formed nonprofit organized under section 501(c)(4) of the tax code, received the remaining 98% of nonvoting shares and now collects Patagonia's annual profit that is not reinvested in the business, an amount the company projected at roughly $100 million a year depending on performance. Because Holdfast is a 501(c)(4) rather than a standard charity, it can fund political lobbying and campaign work on climate issues, not just grants to environmental nonprofits, a distinction that shaped criticism of the structure as well as praise for it.3

A structure built to survive its founder

Chouinard has said he considered selling Patagonia or taking it public and rejected both, arguing that a sale would hand control to buyers with no obligation to the company's environmental commitments and that going public would subject Patagonia to shareholder pressure for short-term growth.4 The trust-and-nonprofit structure lets the business keep operating exactly as before under chief executive Ryan Gellert, who has run Patagonia since September 2020, while permanently rerouting the financial upside away from any future owner who might want to sell the company or shift its priorities. Because the shares moved to a 501(c)(4) nonprofit rather than through a sale, the Chouinard family avoided the federal capital gains tax a roughly $3 billion sale would have triggered, an amount analysts estimated at more than $700 million, while still owing about $17.5 million in gift tax on the smaller trust portion of the transfer.5

A private company that still has to sell clothing

None of this changes what Patagonia does day to day: design, manufacture and sell outdoor clothing and gear to people who hike, climb, ski, surf and fish. The company remains privately held and does not disclose detailed financials the way a public competitor would, but industry estimates put its annual revenue at roughly $1.5 billion, built on premium pricing for products designed to last years rather than seasons. Patagonia has held B Corp certification since 2012, a third-party standard that verifies environmental and social performance and Chouinard was a founding member of 1% for the Planet, a network of businesses that donate at least 1% of sales to environmental causes.6 Those commitments predate the 2022 ownership transfer by decades, which is part of why employees and customers describe the move as an extension of existing practice rather than a sudden reversal.

Key Partners

Patagonia works with a network of contract factories, mostly in Asia, that manufacture its clothing and gear to specifications the company audits for labor and environmental standards. Raw material suppliers, including organic cotton farms and recycled polyester producers, support Patagonia's efforts to reduce the environmental footprint of its fabrics. Holdfast Collective now functions as a financial partner of sorts, since it depends on Patagonia's profit and has an interest in the company's continued commercial success. Environmental nonprofits and grassroots activist groups partner with Patagonia on the grant-making and land conservation work the company has funded for years through its 1% for the Planet commitment.

Key Activities

Designing and manufacturing durable outdoor clothing and gear remains Patagonia's core activity, with an emphasis on materials and construction that hold up to repeated repair rather than replacement. Running Worn Wear, including collecting, cleaning, mending and reselling used garments, has become a distinct operational activity requiring its own repair facility and logistics. Environmental grant-making and advocacy, funded through both the 1% for the Planet pledge and Holdfast Collective's dividend, occupy significant company resources beyond retail operations. Maintaining the governance structure of the Patagonia Purpose Trust, including trustee oversight, is now an ongoing activity tied directly to how the company is owned.

Key Resources

Patagonia's brand, built over five decades on environmental credibility and product durability, functions as its most valuable resource and the reason customers accept premium pricing. The Reno repair facility and the expertise built up running it give Patagonia a resale and mending capability few apparel competitors can match at scale. Its private ownership structure itself acts as a resource, insulating the company from public shareholder demands for quarterly growth. Employees who join Patagonia specifically for its environmental mission provide a workforce more willing to accept the company's unconventional marketing and business decisions than a typical retail staff.

Value Propositions

Patagonia offers customers durable, repairable outdoor gear backed by a warranty and repair program that reduces the total cost of ownership over a product's life. For environmentally conscious buyers, purchasing from Patagonia now means funding a company whose profits go directly to climate advocacy rather than private shareholders. The Worn Wear program gives customers a way to buy used gear at a discount or trade in old items for credit, appealing to budget-conscious and sustainability-minded shoppers at once. Patagonia's specialization in technical performance for climbing, skiing, surfing and fishing continues to serve customers who need equipment tested for specific outdoor conditions.

Customer Relationships

Patagonia builds relationships through its no-questions-asked repair and warranty policy, which keeps customers returning to the company rather than replacing gear elsewhere. Worn Wear events, where the company sets up repair stations in different cities, create direct, in-person contact between customers and the brand outside a normal retail transaction. Environmental campaigns and advocacy content published on Patagonia's website and social channels position the company as a cause customers can support rather than just a vendor. Customer service teams handle repair requests, warranty claims and product guidance across phone, email and in-store channels.

Channels

Patagonia sells directly through its own retail stores and outlet locations across the United States and internationally. Its e-commerce site handles a growing share of sales and also hosts the Worn Wear resale marketplace for used gear. Wholesale partnerships with specialty outdoor retailers extend Patagonia's reach into stores the company does not operate itself. Pop-up repair events and truck tours bring the Worn Wear program directly to customers in cities without a dedicated Patagonia store.

Customer Segments

Serious outdoor athletes, including climbers, skiers, surfers and anglers, make up Patagonia's core segment, requiring technical gear tested in the conditions it is sold for. Environmentally conscious consumers who prioritize a company's climate commitments alongside product quality form a growing segment drawn specifically to the 2022 ownership structure. Budget-conscious shoppers access the brand through Worn Wear's discounted resale inventory rather than paying full price for new gear. Corporate and organizational buyers purchase branded Patagonia gear for employees or events, valuing the company's reputation as much as its technical specifications.

Cost Structure

Manufacturing costs, including contract factory fees and premium materials such as recycled fabrics and organic cotton, represent Patagonia's largest expense category. Retail and e-commerce operating costs, covering store leases, staffing and platform maintenance, support the direct-to-consumer side of the business. Environmental grants and the operational cost of running Worn Wear's repair facility add expenses a conventional apparel competitor would not carry. Marketing costs remain comparatively modest given Patagonia's reliance on earned media and advocacy campaigns rather than heavy paid advertising.

Revenue Streams

Patagonia generates the large majority of its revenue from selling new clothing and outdoor gear through retail stores, e-commerce and wholesale partners. Worn Wear resale and repair services contribute a small but growing secondary revenue stream, built on buybacks, mending fees and discounted resale of used gear.

- 1Don't buy this jacket, Black Friday and the New York Times
- 2Patagonia founder gives away company to fight climate change
- 3Yvon Chouinard and the Patagonia Purpose Trust
- 4Patagonia's next chapter: Earth is now our only shareholder
- 5Patagonia uses capitalism to save the planet
- 6Patagonia, Inc.

Summary

Patagonia's ownership structure does not make the company a nonprofit itself. It remains a for-profit apparel business that competes on price, durability and design against Columbia, The North Face and Arc'teryx and its executives still have to hit sales targets to generate the profit Holdfast Collective depends on. What changed in 2022 is where that profit goes once it clears the business: not to Chouinard's heirs or public shareholders, but to an entity legally built to fund climate work in perpetuity. Combined with Worn Wear, the repair and resale arm that keeps old jackets in circulation instead of landfills, the ownership transfer extends a strategy Chouinard had pursued since founding the company, using a conventional business to fund unconventional goals. Whether the structure holds up over decades depends on how closely future trustees stick to his intent once the Chouinard family is no longer directly involved.