

# APPENDIX D: DISCLOSURE ON MANAGEMENT APPROACH

## MEC'S APPROACH TO MANAGING FOR SUSTAINABILITY

MEC believes that our reporting is enhanced by following the Sustainability Reporting Guidelines of the Global Reporting Initiative (GRI). One of the standard disclosures of the GRI is information about our management approach in six performance areas: Economy, Environment, Labour Practices and Decent Work, Human Rights, Society, and Product Responsibility. These management disclosure requirements and our approach in each area are presented in this section. For our complete GRI Index, see Appendix B.

## MANAGING RISK AT MEC

---

To prepare for the unexpected and prioritize focus, MEC actively manages risk (e.g., financial, strategic or reputational risk). We use a risk management framework to identify and assess key risks, respond in a way that aligns with our goals, understand and accept risk levels, and communicate openly. This approach mitigates and controls significant risks where possible, considering all exposures. Identified risks span social, environmental, economic and ethical areas – ranging from climate change to privacy breaches to ethical sourcing issues (material risks are addressed in this report).

---

## ECONOMY

*Provide a concise disclosure on the Management Approach items (goals and performance, policy, and additional contextual information) with reference to the following aspects: economic performance; market presence; and indirect economic impacts.*

Our goal is to be the most viable, vibrant outdoor retail business in Canada. Our Charter is our overarching policy statement in this regard. We don't set specific market share targets because, as a co-operative, we exist to serve the needs of our members. Our co-operative structure also supports long-term business sustainability. Keeping prices reasonable for members means we're a low margin business with small surpluses. We grow at a modest rate and finance it with our surplus so that we can keep our debt load low. This contributes to a resilient business model that helps us weather economic cycles without drastic changes in staff levels. This in turn ensures that we retain the intellectual capital that sustains and inspires us.

## ENVIRONMENT

*Provide a concise disclosure on the Management Approach items (goals and performance, policy, organizational responsibility, training and awareness, monitoring and follow-up, and additional contextual information) with reference to the following aspects: materials; energy; water; biodiversity; emissions, effluents and waste; products and services; compliance; transport; and overall.*

We affect the environment through our products, operations, logistics and community outreach and advocacy activities. Responsibility for the environmental attributes and impacts of products rests with the Senior Manager of Buying and Design. The main policy statements for products are our Design Charter and our Product Selection Policy. The Product Selection Policy ensures MEC will not design or buy products for motorized activity, activities that have unacceptable environmental impacts, or activities intended to harm or kill animals. Our Statement of Intent is "Innovation in product design not only ensures high function in our gear but success in our journey towards environmental sustainability. By building product for long life, designing for efficient material use, and choosing lower impact materials and production techniques, we are working to reduce our ecological footprint on the planet." These provide high level guidance and we have tended to rely on the initiative and integrity of designers and buyers to interpret them.

This approach has produced wins in the areas of organically grown cotton, recycled polyester and the elimination of PVC from specific products, but makes it harder to communicate our priorities. We are moving to a more systematic approach that is based on upstream engagement with chemical suppliers and mills, from which we expect downstream benefits in the areas of materials, water, emissions, effluents and waste, and biodiversity.

The Senior Manager of Operations and Senior Manager of Logistics have responsibility for the environmental effects of operations in our stores, distribution centre, and product transportation. Our Green Facilities Policy addresses materials, energy and air emissions, and waste – the most significant areas of impact through our operations. Through it we have set goals for zero waste and LEED certification of buildings. Our Old Growth Free Policy sets standards for paper selection. We have well established tracking programs for GHG in buildings and product transportation, waste audits and green operations audits. We do not yet track paper use or staff travel/commuting to the same degree. Sustainability Coordinators in each store raise awareness and build enthusiasm and understanding for programs.

While product and operations efforts focus on minimizing our footprint, our community outreach programs aim to protect wilderness and encourage participation in outdoor recreation. Our advocacy program supports this effort and sustainability generally. Our Sustainability Policy, Advocacy Policy and Community Involvement Policy guide this work, which is the responsibility of the Director of Sustainability and Community. We track our community donations in line with our commitment to 1% For The Planet and report on it to our membership at our Annual General Meeting. We are collaborating with CPAWS on an ambitious goal to protect Canadian wilderness through the Big Wild campaign.

## LABOUR PRACTICES AND DECENT WORK

*Provide a concise disclosure on the Management Approach items (goals and performance, policy, organizational responsibility, training and awareness, monitoring and follow-up, and additional contextual information) with reference to the following Labour aspects: employment; labour/management relations; occupational health and safety; training and education; and diversity and equal opportunity.*

Our Human Resources policies provide for MEC's own employees, while our Sourcing Policy and Vendor Codes of Conduct address working conditions for workers in supply chains. To avoid repetition, we describe our approach to ensuring fair labour practices and decent working conditions for our own employees in this section. Our approach for workers in supply chains is explained below, under Human Rights.

Our goal is to become a destination employer, which means that potential employees seek us out as a preferred employer. Our human resources policies, overseen by the Senior Manager of Human Resources, include compensation and benefits; occupational health and safety; selection and hiring; professional development and continuing education; paid volunteerism; and community leadership, among others. In 2007 we introduced new policies in the areas of diversity, harassment and whistle blower protection. We provide some unusual benefits, such as staff loans for bikes and kayaks/canoes that have been designed to respond to the needs and interests of MEC employees. Each store has an occupational health and safety committee as required by provincial regulations.

Policies and related programs are communicated and reinforced through a variety of channels and events. We monitor employee engagement annually through an independently administered and benchmarked survey. We also benchmark our compensation and benefits annually.

Employees in our Distribution Centre are represented by Canadian Retail Workers Union and covered by a collective agreement. We have a constructive relationship with the union and have not received any grievances.

## HUMAN RIGHTS

*Provide a concise disclosure on the Management Approach items (goals and performance, policy, organizational responsibility, training and awareness, monitoring and follow-up, and additional contextual information) with reference to the following Human Rights aspects: investment and procurement practices; non-discrimination; freedom of association and collective bargaining; abolition of child labour; prevention of forced and compulsory labour; complaints and grievance practices; security practices; and indigenous rights.*

The rights and interests of workers in our supply chains are addressed through the Sourcing Policy, Country Selection Guidelines, and Supplier Code of Conduct, which together take as their minimum standard, the conventions of the International Labour Organization. Our goal is to improve worker conditions in factories that supply us, and to be a leader in Canada in this regard. Responsibility is shared among the Director of Ethical Sourcing, who has monitoring responsibility, and the Senior Managers of Production, and Buying and Design with implementation responsibility.

We have an internal monitoring program that uses local auditors reporting to the Director of Ethical Sourcing and which produces corrective action plans. We also participate in independent audits through the Fair Labor Association (FLA). FLA audits cover Forced Labour, Child Labour, Juvenile Workers, Harassment and Abuse, Discrimination, Health and Safety, Freedom of Association, Wages and Benefits, Documentation, and general compliance with laws and codes.

Our focus has been on supply chains for inventory. We have not yet developed a policy to address the sourcing of non-inventory items beyond paper.

## **SOCIETY**

*Provide a concise disclosure on the Management Approach items (goals and performance, policy, organizational responsibility, training and awareness, monitoring and follow-up, and additional contextual information) with reference to the following aspects: community; corruption; public policy; anti-competitive behaviour; and compliance.*

We see compliance and ethical conduct as starting with good governance. Our elected Board sets the tone with a governance policy, code of conduct, conflict of interest policy, and advocacy policy. The Chief Executive Officer has overall operational responsibility. Expectations are communicated to staff through human resources policies on code of business conduct, conflict of interest, and interaction with the public. But there is no systematic monitoring of staff compliance. We instituted a whistle blower policy in 2007. We have not experienced any significant legal compliance issues in the past two years.

We decided to take a more active public policy role, especially in relation to issues affecting wilderness and outdoor recreation, and to support this created an Advocacy Policy in 2006. We have surveyed our members as a first step to understanding our mandate to advocate.

## **PRODUCT RESPONSIBILITY**

*Provide a concise disclosure on the Management Approach items (goals and performance, policy, organizational responsibility, training and awareness, monitoring and follow-up, and additional contextual information) with reference to the following aspects: customer health and safety; product and service labelling; marketing communications; customer privacy; and compliance.*

Our responsibility for our products begins with design and continues through the life of the product. For MEC-brand products our Design Charter includes principles of accountability, quality and responsibility. Our products are designed to be used and to endure under challenging outdoor conditions. Safety is an integral aspect of functionality. Product labelling is defined mainly by regulation – the only additional labelling we provide is for sustainability information purposes. This is a MEC specific labelling program.

All of our customers are members, which means that we maintain a certain amount of personal information about them. We use this to administer share redemptions, to enable members to vote in director elections, and in the rare event of a product safety issue, to alert them. Our Senior Manager of Information Systems is our Privacy Officer with responsibility for complying with privacy legislation. Privacy awareness is part of new staff training. A third party services monitors our website and reports quarterly to protect the privacy of members making purchases online.