

ADDENDUM TO VENDOR MANUAL

Supplier Team Evaluation Program (STEP)

All Vendors supplying MEC-brand Products are required to participate in MEC's Supplier Team Evaluation Program (STEP). STEP ensures that MEC Products are sourced, developed, and manufactured in compliance with the MEC Vendor Code of Conduct. MEC-brand Vendors agree to work in compliance with the terms set forth in MEC's Social Compliance Policy found immediately below.

MEC Social Compliance Policy

Suppliers providing MEC-branded merchandise must agree to work with MEC in accordance with the following:

Policy 1 – Mandatory Participation

Full disclosure of factories and subcontractors (if any) that will be used for MEC production is required. Participation and cooperation in audits are required.

Policy 2 – Improving Factory Conditions

Factories shall show incremental improvements over a reasonable timeframe.

Policy 3 – Egregious Infractions

The following factory conditions and practices must be corrected immediately, under the supervision of MEC. If infractions continue after initial notification by MEC, then the Vendor will be responsible for subsequent verification audit fees. Examples of infractions include:

- Threatening the physical and mental well-being of workers
- Endangering the community surrounding the factory
- Employing child labour or forced labour
- Operating in such a manner that the health of workers and or the immediate community are immediately threatened

Policy 4 – Incomplete Audits

Factories that deny entry to auditors; tamper, bribe or obstruct audits; or cancel a booked audit without 48 hours' notice will be charged up to US\$2,500 to cover audit fees, travel, and administration.

Policy 5 – Non-Compliance

A factory breaching any of the above policies will be declared "Non-compliant." MEC reserves the right to suspend or terminate their business with Non-compliant factories.

Policy 6 – Disclosure of Factory Location and Audit Results

MEC, may at its sole discretion, disclose factory locations and audit results.

Policy 7 – Factory Rights

Factories have the right to:

- Be treated with respect by MEC employees and representatives, including auditors
- Seek additional clarity to the audit findings and dispute any finding based on factual information
- Negotiate a timeline for making factory improvements based on a reasonable consideration of constraints, such as complex manufacturing processes and costs or production timelines.

For more information about MEC's Social Compliance program, and to answer any questions you may have regarding this program, please contact your MEC Production Specialist.