

UNDERSTANDING
OUR MATERIAL ISSUES

MATERIALITY ANALYSIS

MEC'S 2013
MATERIALITY MATRIX

① MATERIALITY AND MEC

Material information is information that is significant enough to affect the judgements, evaluations, and behaviours of management or stakeholders.

At MEC, we use materiality analysis in two ways:

- To inform sustainability strategy by highlighting issues that matter to stakeholders and the organization
- To inform reporting scope to ensure transparent communication about material issues

By understanding what is material to our organization and our stakeholders, we can prioritize our strategy and our reporting accordingly. See [here](#) for more detail.

We have been conducting materiality analyses since 2009, and update our material issues on an annual basis. We use a four-step process to identify and prioritize material issues, using our past priority sustainability issues as a starting point:

1. We identify and map our stakeholders – organizations and groups that are most affected by our actions, or have the greatest potential to affect MEC.

2. We develop a list of possible issues by reviewing key documents and sources, gaining feedback and input from stakeholders, and consulting documents that more broadly represent stakeholder views.
3. We then note how often issues are raised, and group similar issues. We rate and plot them in terms of their importance to stakeholders and their influence on MEC's business success.
4. Finally, we review and revise our draft matrix to reflect input from our senior management team and other key individuals. The extent of this final validation step varies depending on how much the issues have changed from the previous year.

This document presents the material issues we have identified for 2013. It is the first time that we have publicly shared our materiality matrix. Your feedback is important to us. Please email us at accountability@mec.ca to share your views.

② MATERIAL ISSUES DEFINITION

This section presents a table listing MEC's 12 material topics and 45 issues, as well as how we have defined these issues.

● PRODUCT OFFERING

Assortment relevance

Product assortment that is relevant to existing and potential members. Includes fit and style.

Value for price

Well-priced products and services. Value as a combination of price, assortment, quality, fit, and style, as well as environmental and social attributes.

Quality

Appropriate quality standards. Includes return policy.

Availability

Product in stock.

Product safety

Products and services that are safe for use, including product composition (e.g., lead) and performance (e.g., crash testing).

Environmentally preferred attributes

Environmentally preferred product attributes.

● SERVICES OFFERING

Services offering

Services assortment that is relevant to existing and potential members (e.g., rentals, bike shop).

Member service

Level of member service in-store and online.

Information and knowledge

Product information and knowledge, activity expertise. All communication channels (e.g., online, signage) and employees.

Alternative ownership and use

Service-based experiences and alternatives to purchasing gear (e.g., rentals, gear swap, fix-it, take-back) that solve member needs and enable active and responsible lifestyles. Includes information and solutions.

● BUSINESS HEALTH

Competitiveness and market position

Position and market share in a changing and competitive marketplace. Includes growth and associated reputational and strategic impacts.

Business model adaptability

Adaptable business model that enables change in an increasingly

complex economy. Includes MEC's capital structure, taxation, and access to capital and financing.

Branding

Activities that build an engaging and consistent brand that is relevant to the marketplace. Stays true to MEC's core values.

● BUSINESS SUSTAINABILITY LEADERSHIP

Accountability

Responsibility for the impacts of MEC's actions. Includes stakeholder engagement, management systems, transparency, and credibility measures (e.g., external rankings, appropriate assurance).

Communications and public policy

Proactive communication on sustainability issues. Public engagement on appropriate issues (e.g., activity, carbon, conservation policy).

Community investment

Grants and in-kind investments in community. Includes disaster relief.

② MATERIAL ISSUES DEFINITION

● ENVIRONMENT AND RESOURCE SUPPLY

Energy, carbon, and climate change

Contributions to climate stability. Energy use and carbon emissions in supply chain and operations. Current boundaries include product transportation, employee commute, business travel, and facilities.

Materials use and waste

Natural and synthetic materials: extraction, development, and disposal. Reduction of materials use and reduction of waste in product design, manufacturing, and operations.

Green chemistry and harmful discharge

Responsible chemical management. Elimination of harmful chemical discharge and related impacts on people and the environment, primarily in product and materials.

Water use and quality

Optimal water quality and minimal water use in manufacturing, operations, and external systems.

● RESILIENT AND RESPONSIBLE SUPPLY CHAIN

Human rights and worker well-being

Human rights, ethics, and labour issues toward supply chain worker well-being. Includes MEC's Code of Conduct expectations for MEC-label products, and in future, non-MEC-label products.

Responsible manufacturing and procurement

Expectations of product suppliers (MEC-label and non-MEC-label) and services. Includes social (e.g., human rights, ethics, labour issues), and supplier environmental management practices.

Sourcing resilience

Resilience of MEC supply base and systems. Includes access to and volatility in materials availability, costing (including exchange rates), trade regulation, political instability, labour, and partner financial health.

Country of origin

Global sourcing and consumer country of origin preferences and issues. Includes decline of products made in Canada, and increase of products made in China.

Animal welfare issues

Ethical treatment of animals (e.g., live plucked down, mulesing).

Traceability

Processes, systems and controls to enable supply chain transparency, primarily in MEC-label products, to validate any claims (from environment to quality) and ensuring product safety.

● EMPLOYEE ENGAGEMENT AND WORKPLACE

Attracting and retaining talent

Efforts to attract and retain MEC employees with the skills, capacity, and talent to achieve marketplace goals. Includes an engaging workplace.

Workplace health and safety

Workplace health and safety practices; injury and recovery.

Training and development

Investments in employees' skills and capacity to achieve MEC's goals.

Compensation

Employee benefits and compensation. Includes liveable wages.

② MATERIAL ISSUES DEFINITION

● EMPLOYEE ENGAGEMENT AND WORKPLACE *CONTINUED*

Diversity

Diversity of employees (and members) to reflect changing face of Canada and avoid discrimination.

Organizational culture

Change management transition to strengthen organizational culture to more proactively respond to external market changes, best serve members, and reflect active lifestyle.

● MEMBER ENGAGEMENT

Member participation in MEC

Encouraging and enabling seamless member engagement with MEC, including purchasing, member input, voting, and events.

Member satisfaction

Member satisfaction with their cumulative MEC experience.

● OPERATIONS

Omni-channel access

Seamless online, in-store, and mobile member access to MEC.

Supply chain, information systems, and logistics

Competitive and productive supply chain, logistics, and retail operations.

Green buildings and store siting

Green buildings and equipment, water management, materials and resources, indoor air quality, education and inspiration, building re-use. Sustainable sites, community connectivity and neighbourhood impact, alternative transportation, and access.

● ACTIVE LIFESTYLE

Active lifestyle and recreation

Active lifestyles among existing and potential members. Includes in-store outreach, community investment, envoys, safe recreation, and understanding of activity trends.

Youth activity engagement

Outdoor participation in children (through families) and young adults.

● CONSERVATION

Conservation – environment

Protection of places that are environmentally significant. Includes land and water.

Conservation – access

Protection of places and development of infrastructure that ensures access to recreation. Includes low-impact recreation, and front- and back-country.

● GOVERNANCE AND CO-OPERATIVE IDENTITY

Board composition

Skilled and representative board composition, and processes to ensure governance capacity.

Governance practices

Progressive, responsible governance practices. Capacity to ensure good practices.

Co-operative identity

Identification of being a co-operative (e.g., living co-operative principles, benefits to members, decision-making process, support of co-operative movement).

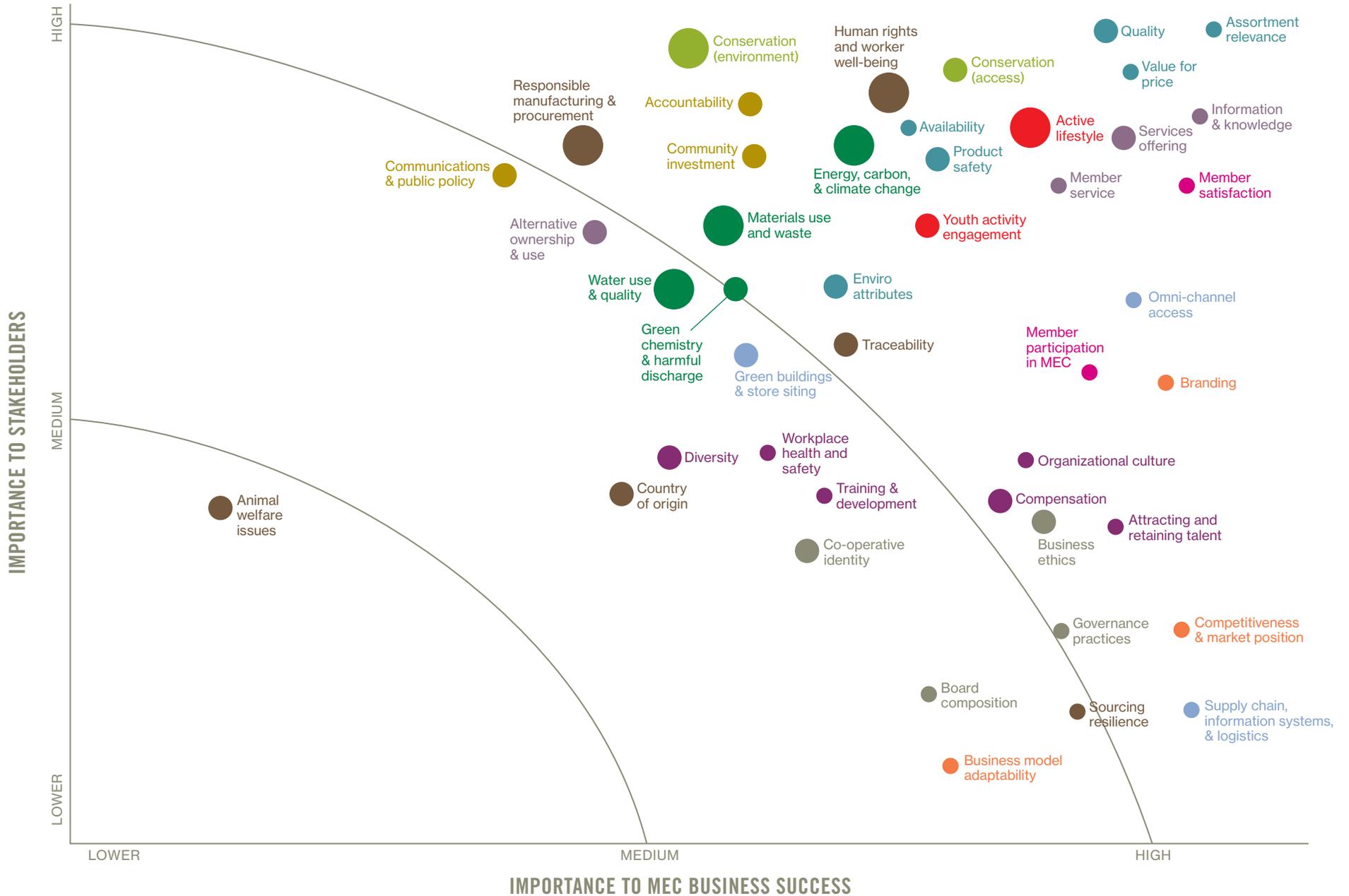
Business ethics

Business practices that abide by ethical principles. Includes all aspects of organizational and individual conduct.

③ ANALYSIS RESULTS

This section illustrates the material issues we have identified through a two-dimensional matrix, plotting the issues based on their influence on our business success (x axis) and their importance to stakeholders (y axis). The bubble size depicts MEC's assessment of how significant the issues are on a global scale.

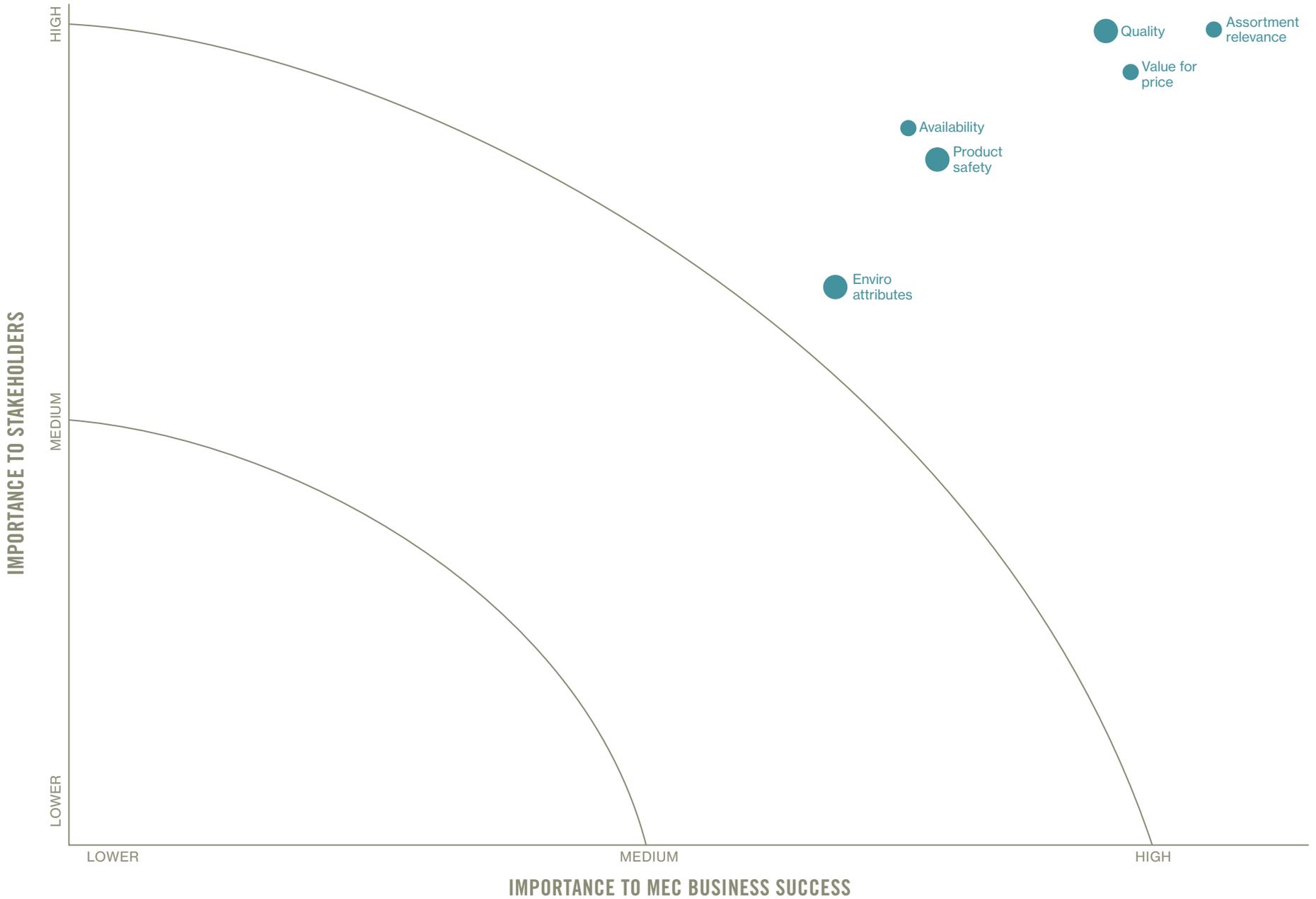
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- SERVICES OFFERING
- BUSINESS HEALTH
- BUSINESS SUSTAINABILITY LEADERSHIP
- ENVIRONMENT AND RESOURCE SUPPLY
- RESILIENT AND RESPONSIBLE SUPPLY CHAIN
- EMPLOYEE ENGAGEMENT AND WORKPLACE
- MEMBER ENGAGEMENT
- OPERATIONS
- ACTIVE LIFESTYLE
- CONSERVATION
- GOVERNANCE AND CO-OPERATIVE IDENTITY



- Product Offering
- Services Offering
- Business Health
- Business Sustainability Leadership

- Environment and Resource Supply
- Resilient and Responsible Supply Chain
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- Active Lifestyle
- Conservation
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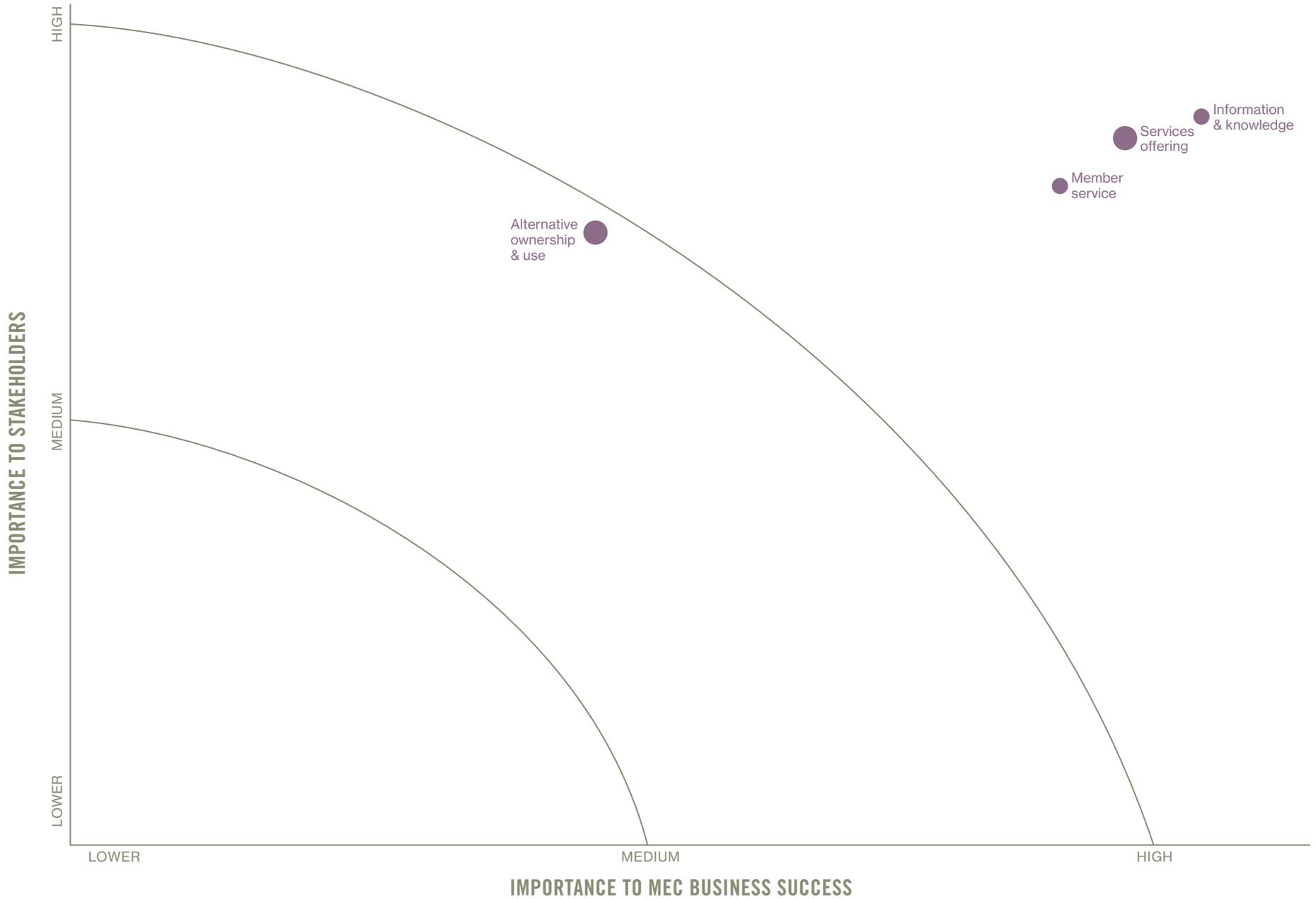
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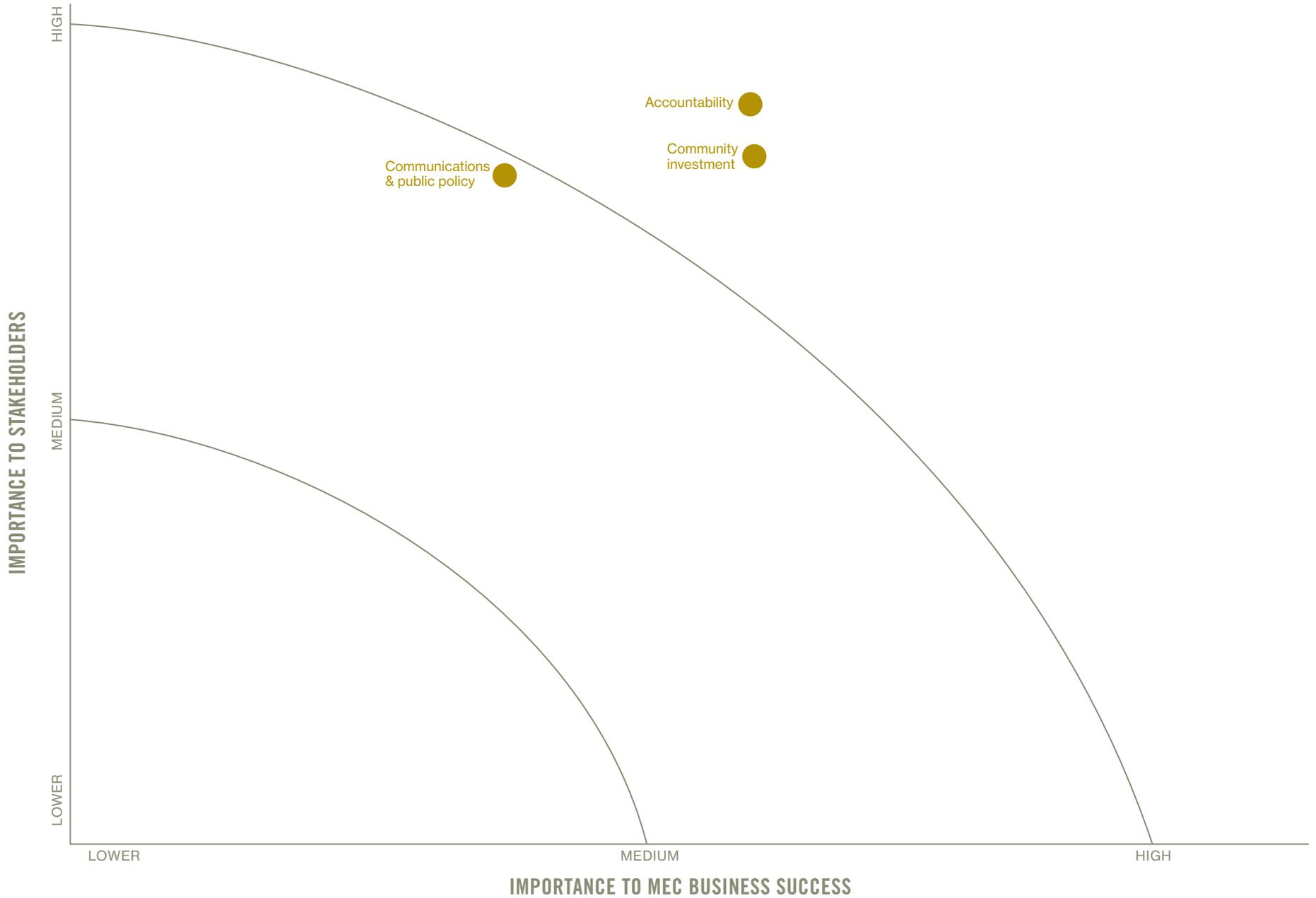
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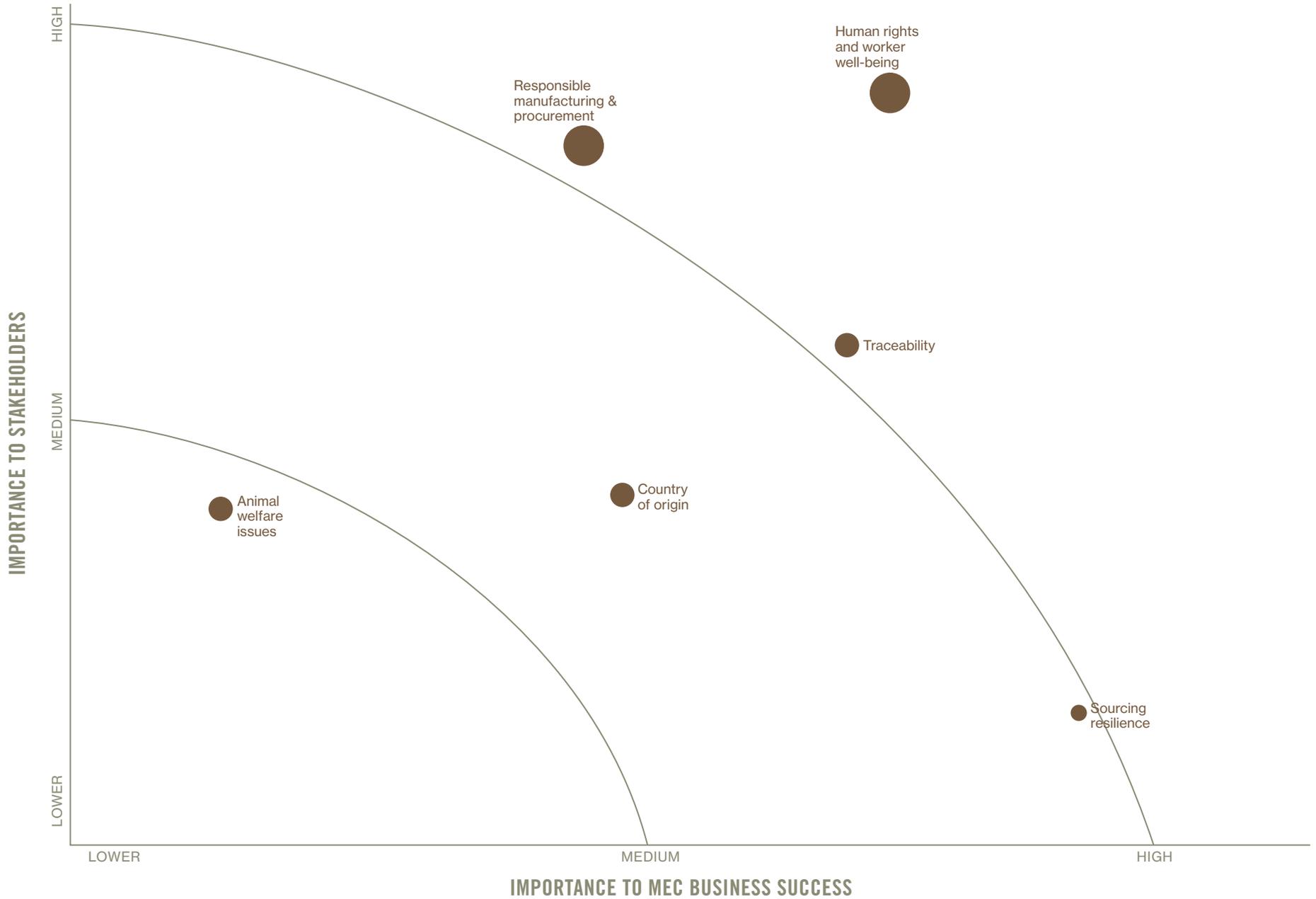


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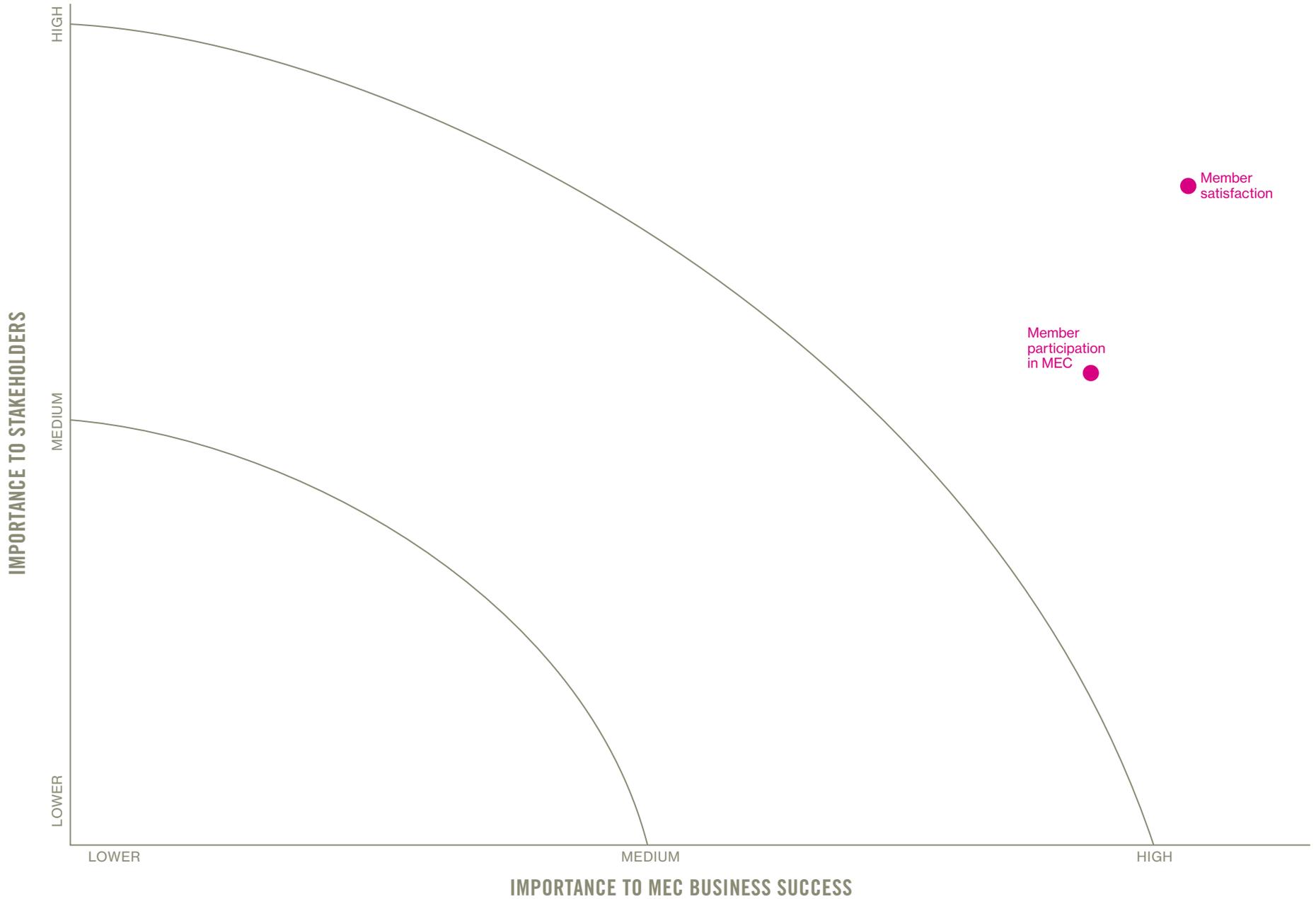
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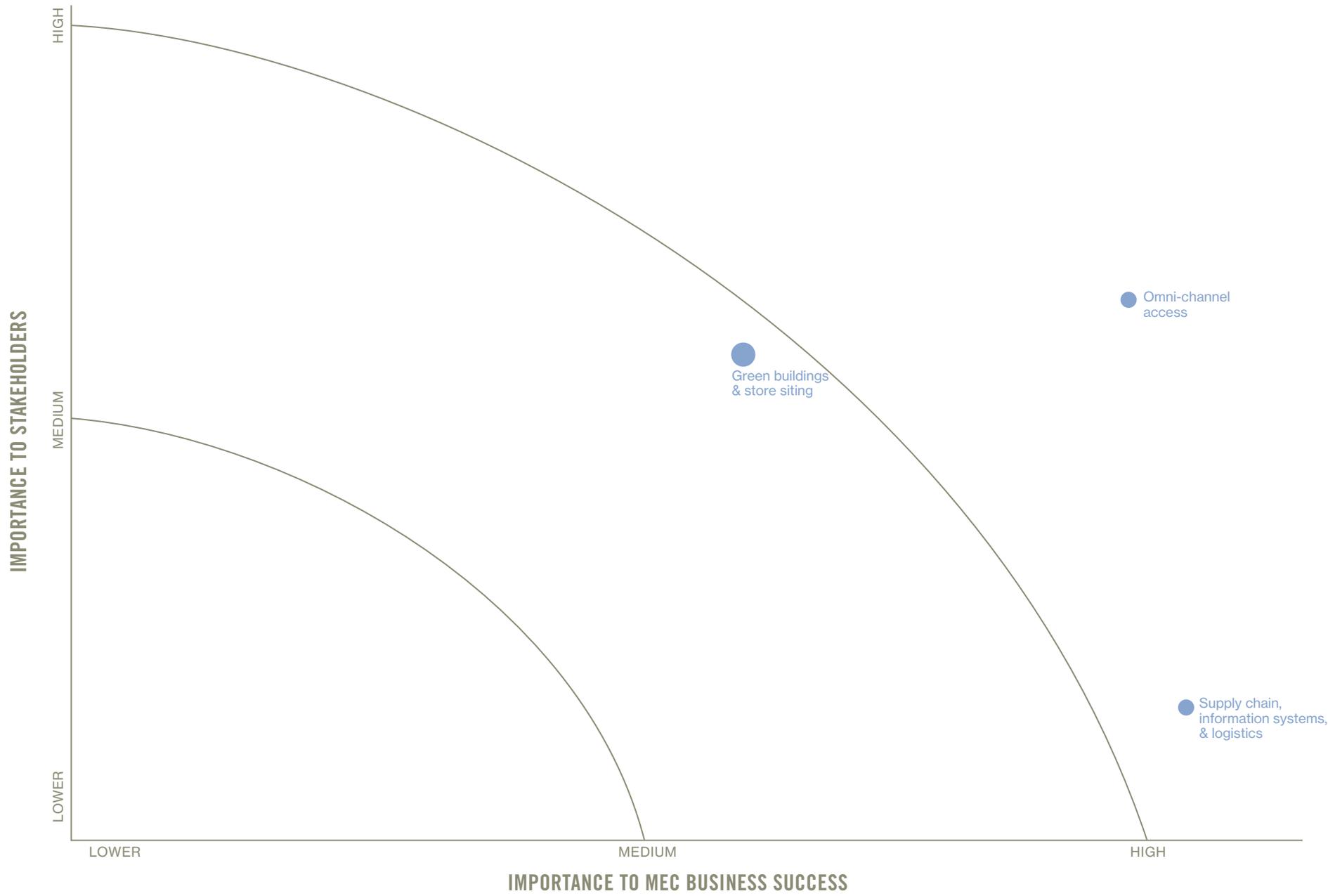
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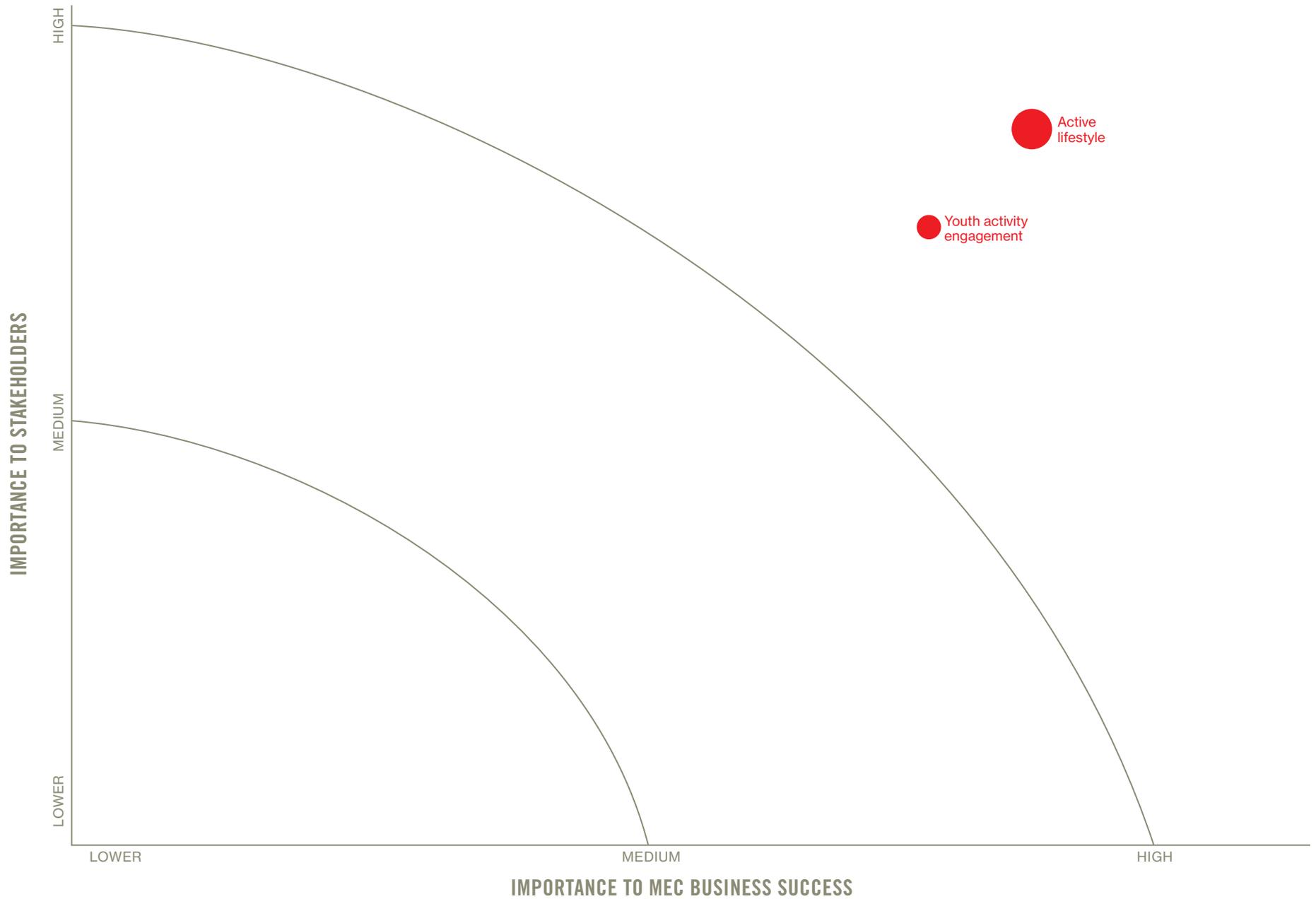
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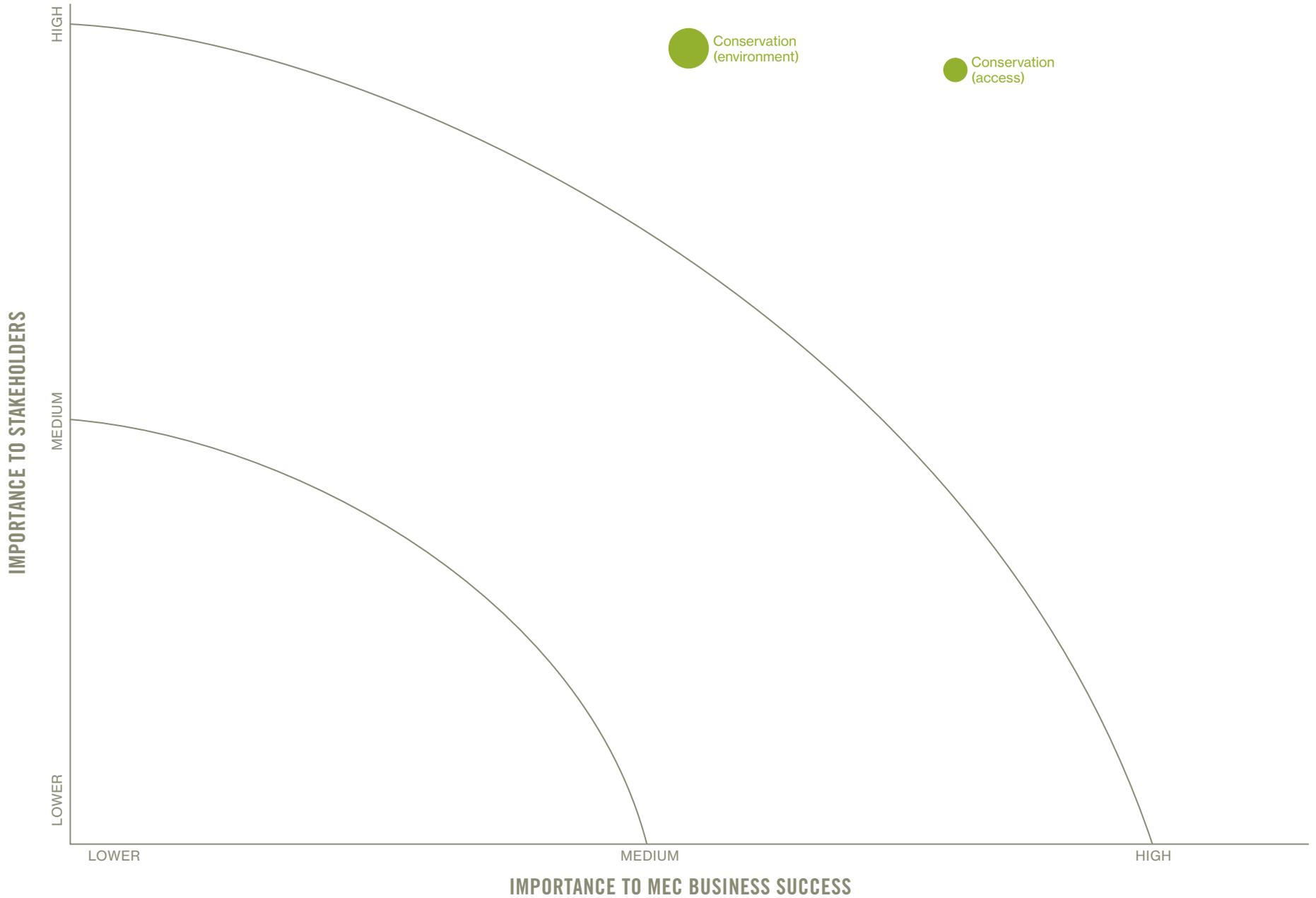
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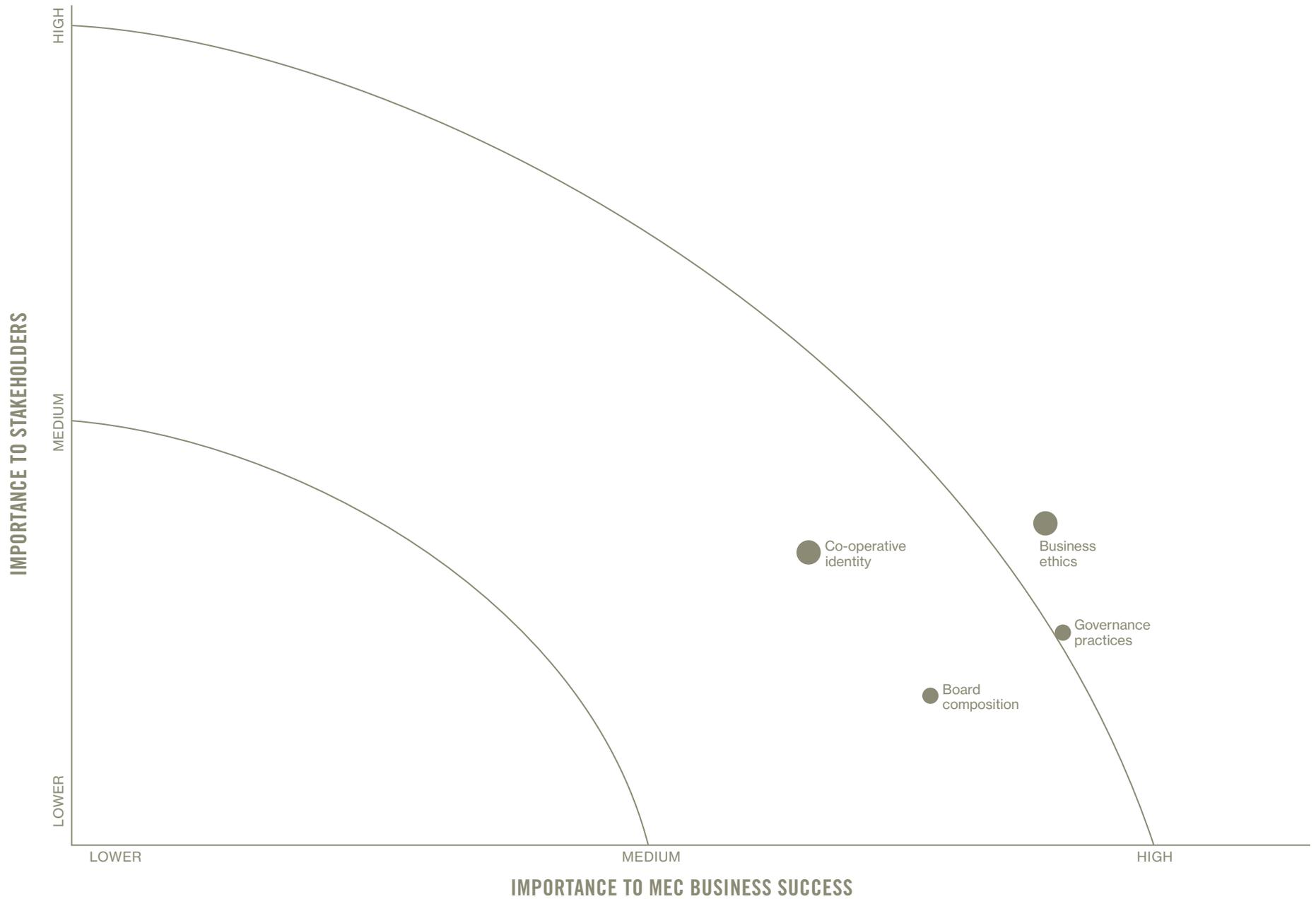
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