

# DETERMINATION



## 2010 ACCOUNTABILITY REPORT SUMMARY

Welcome to our 2010 Accountability Report Summary. Here we highlight our economic, social, and environmental performance, and show some of the successes we made – and challenges we faced, in 2010.

**See our complete online report for more information and stories.**

[www.mec.ca/accountability](http://www.mec.ca/accountability)

## OUR APPROACH

MEC exists to inspire and enable outdoor active lifestyles. We make and sell products and services to members. Our efforts are guided by a 5-year Sustainability Agenda, which is informed by our stakeholders and linked to our core business strategy and operations. In 2010, we challenged ourselves to expand our accountability focus, broaden our sphere of influence, and collaborate more with stakeholders to increase our impact. We're aligning with others to make progress on supply chain. We continue to support and advocate on conservation and activity issues. And we account for our actions openly and honestly.

## CONTACT US

Additional copies of this summary report can be downloaded from [www.mec.ca/accountability](http://www.mec.ca/accountability)

We hope this update has been helpful. Your feedback is important to us.

**Please e-mail comments to** [accountability@mec.ca](mailto:accountability@mec.ca)

**Or write to us:**  
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## DESIGN: REDUCE OUR ENVIRONMENTAL FOOTPRINT

Product quality is paramount. One of our biggest sustainability challenges is making durable, high-quality products while pursuing lower-impact materials and production methods. We've had some success. We increased the percentage of materials that are bluesign® approved (from facilities with environmental management systems), though we're still below our target. In addition, the number of product styles with eco-attributes almost doubled since our last report. We also continue to expand our efforts – we're starting to

integrate bluesign-approved materials in hard goods (e.g., packs) in addition to apparel. For us to make the most impact, however, industry collaboration continues to be vitally important. We participate with the Sustainable Apparel Coalition and are a founding member of the Outdoor Industry Association's Eco-Index.

INDICATORS	3 YEAR TREND	2010 TARGET	2010 ACTUAL	2012 TARGET
MATERIALS FROM FACILITIES WITH ENVIRONMENTAL MANAGEMENT SYSTEMS %		25%	✗ 19%	30%
PRODUCTS WITH ECO-ATTRIBUTES #		INCREASE	✓ 606	INCREASE

## OPERATIONS: IMPROVE OUR ENVIRONMENTAL PERFORMANCE

Getting gear to stores and members, and operating our retail buildings, presents challenges including carbon emissions and energy consumption. In 2010, we reduced our greenhouse gas (GHG) emissions from facilities and product transportation by a total of 25%. This was primarily due to improved management at our Distribution Centre, and the use of multi-modal shipping (e.g., rail, not truck) to eastern Canada. Our new MEC Green Building Standard will improve the environmental

performance of our buildings. We also continue to strive towards our vision of zero waste through initiatives such as annual waste audits and packaging reduction. Our challenge is to continue to reduce GHG emissions to achieve our goal of a 20% reduction over 2007 levels. One way we'll do that is by including performance targets in accountabilities of key roles within MEC.

INDICATORS	3 YEAR TREND	2010 TARGET	2010 ACTUAL	2012 TARGET
MEC CARBON FOOTPRINT (tCO2e)	—	—	⊖ 4,480	20% BELOW 2007
FACILITIES ENERGY USE (GJ)		—	41,044	—
WASTE DIVERSION RATE %		92%	✗ 91%	AT LEAST 92%

## MANUFACTURING: IMPROVE WORKERS' LIVES

Ethical sourcing involves monitoring MEC-brand factories, remediating Code of Conduct violations, and collaborating for change both within and outside of the industry. In 2010, we made \$54 million worth of MEC-brand inventory in 66 factories (mainly in Asia, and 13% in Canada). We updated our Ethical Sourcing Strategy, including improved reporting mechanisms and Code of Conduct violation priorities. The number of factories with zero tolerance violations decreased to three. We updated our factory disclosure list. We

initiated a process to become certified with the Fair Labor Association (FLA). And we continued to work on pilot collaborations with several of our factories. Moving forward, we'll focus on building our internal capacity, improving factory conditions within the cycling industry, and completing FLA certification.

INDICATORS	3 YEAR TREND	2010 TARGET	2010 ACTUAL	2012 TARGET
AUDITED FACTORIES %		100%	✗ 93%	100%
FACTORIES WITH ZERO-TOLERANCE VIOLATIONS #		DECREASE	✓ 3	TOWARD ZERO

## EMPLOYEES: BE AN OUTSTANDING EMPLOYER

We have over 1,500 employees who are truly passionate about outdoor activity, and social and environmental change. We focus on attracting and keeping great employees – they're key to our success as a business. Engagement survey results showed a strong increase from 2007, but we still have lower scores on wages and career opportunities. Communication has been a challenge, which we partly addressed by implementing an Intranet. We benchmark compensation and remain



in the top 25th percentile for retail. In 2010, our turnover rates decreased and are below industry benchmarks, which tells us we're on the right track.

INDICATORS	3 YEAR TREND	2010 ACTUAL	2012 TARGET
ENGAGEMENT SCORE %		66%	✓ 72% 72%

## MEMBERS: ENSURE HIGH MEMBER SATISFACTION

We exist to serve our members. We now have over 3.4 million members, who span three generations and have diverse interests. Our goal is to keep them active and engaged, and to provide quality service and products. Our members are happy with MEC (84% satisfaction) although we didn't achieve our target of 90%. Because satisfaction includes in-store and online ratings, we learned this target wasn't realistic and have updated it to 86%. Happily, members rate our gear highly (4.19 out of 5). Our in-stock rating is improving, although member



perception of availability is lower. We also build gear to last a long time, and offer members alternatives to buying new gear (e.g., rentals, gear swaps, and product recycling options). 2011 marks the last year of the MEC catalogue (a huge paper savings), and we now offer different ways to engage online, including product reviews, member surveys, and social media.

INDICATORS	3 YEAR TREND	2010 TARGET	2010 ACTUAL	2012 TARGET
MEMBER SATISFACTION %		90%	✖ 84%	86%
IN STOCK RATING (SERVICE LEVEL) %		92%	✔ 94.5%	92%

## ECONOMIC: INVEST FOR A HEALTHY FUTURE

We focus on investing our resources for a healthy, sustainable future. We finished 2010 with sales of just over \$263 million. For each sales dollar, 66 cents goes to the cost of gear. The next slice goes to employee salaries and benefits (18 cents). MEC accounts for 0.06% of retail sales in Canada. We calculate that, in 2010, we generated over \$796 million in indirect economic activity. In November 2010, we opened one new store



in Barrie, Ontario. We also launched a comprehensive Bike Program (bike sales and service shops) at most of our stores across the country.

INDICATORS	3 YEAR TREND	2010 TARGET	2010 ACTUAL	2012 TARGET
TOTAL SALES \$M		—	\$263.4	—
INVENTORY TURNOVER #		2.7	✖ 2.26	2.7

## COMMUNITY: PROTECT PLACES AND GET PEOPLE OUTSIDE

We aim to protect wild places and encourage Canadians to play outdoors. The best way we can do that is by supporting organizations that share our vision. We invest one percent of our sales in community, as members of 1% For The Planet (although in 2010, we fell short at 0.96%). We optimize our impact through a range of investments, including granting, partnerships, and sponsored events, as well as advocating on relevant issues (e.g., urban cycling). We increased our contributions to Activity and Access priorities,



exceeding our target of 40% of contributions. Through The Big Wild (which we founded with the Canadian Parks and Wilderness Society), we help the conservation community encourage more Canadians to protect important places. In 2010, new national partnerships included the International Mountain Bike Association (IMBA) and a Learn to Camp program with Parks Canada. We also explored the state of "outdoor activity" in Canada – trends, motivators, and barriers – so we can best target our efforts.

INDICATORS	3 YEAR TREND	2010 TARGET	2010 ACTUAL	2012 TARGET
COMMUNITY CONTRIBUTIONS \$M		\$2.50	✖ \$2.47	1% OF SALES
CONTRIBUTIONS BY PRIORITY (ACTIVITY ACCESS) %		40%	✔ 41,044	> 40%

## GOVERNANCE: MAKE SMART DECISIONS

MEC is democratically governed by an elected nine-person board. In fall 2010, we hired a Senior Manager of Governance to advise us on governance matters, support the relationship between the Board and management, and ensure leading governance practices are in place. We are also now reporting on how much members trust MEC to make decisions with their best interests in mind. In 2010, we had 85% high or very high results. Our members are also owners, and we seek their input through various channels, including formal

Board of Director elections as well as more informal on and offline engagement. Few members voted in 2010 (0.96%) and the proportion is falling. In the future, we aim to improve reporting, and better utilize mec.ca and social media channels, to increase member engagement and voter participation.

INDICATORS	3 YEAR TREND	2010 TARGET	2010 ACTUAL	2012 TARGET
VOTER PARTICIPATION %		1.00%	✖ 0.96%	1%
MEMBER TRUST %		NEW	85%	88%