



31 May 2014

Mr. Georg Kell
Executive Director
United Nations Global Compact Office
Two United Nations Plaza
New York, NY 10017
USA

RE: Communication on Progress (COP) covering the period of January - December 2013

Dear Mr Kell:

Mountain Equipment Co-op (MEC) supports the Ten Principles of the United Nations Global Compact in the areas of Human Rights, Labour, Environment and Anti-Corruption, and we recognize the positive impacts that business can have to further sustainability and prosperity in the world.

In this 2013 Communication on Progress, we describe our actions to continually improve the integration of the Global Compact and its principles into our business strategy, culture and day-to-day operations.

We also commit to sharing this information with our stakeholders via mec.ca, in our member communication, in our stores, and through other channels. We issue a full accountability report in accordance with GRI and UNGC Principles every two years (the latest full report covers the 2012 reporting year), and a short update every other year. The 2013 update and 2012 full report are available at mec.ca.

Sincerely yours,

David Labistour
Chief Executive Officer

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Mountain Equipment Co-operative

MEC.CA

Human Rights and Labour Principles

Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and

Principle 2: make sure that they are not complicit in human rights abuses

Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;

Principle 4: the elimination of all forms of forced and compulsory labour;

Principle 5: the effective abolition of child labour; and

Principle 6: the elimination of discrimination in respect of employment and occupation

Assessment, Policy and Goals

Mountain Equipment Co-op (MEC) supports the United Nation's Declaration of Human Rights. Our commitment to human rights and fair labour as outlined in the UNGC Principles is manifested in our [Charter](#), our Board-level policy on responsible sourcing (covering suppliers), and our human resources policy manual (covering employees).

Our goal is to improve workers' lives in the factories we work with, and we expect all workplaces will uphold respect and dignity to all workers.

Implementation and Measurement of Outcomes

As an organization with global sourcing, we recognize our influence and impact goes beyond our organizational boundaries. As a condition of doing business with MEC, we require our suppliers and wholesale brand partners to uphold the MEC [Code of Conduct](#). It sets out our minimum standards for workers' rights and environmental responsibility. Our Code is based on the Fair Labor Association (FLA) Code of Conduct and the covenants of the International Labour Organization (ILO). MEC does not do business in countries under economic and trade enforcement measures ("sanctions") agreed by the UN Security Council and/or the Canadian Government because of their human rights records.

We provide training to factory managers and workers so they know their rights, and workers are offered a confidential grievance channel through which they are able to report any violations of their rights.

Our targets are to have 50% of MEC-brand factories meet or exceed our minimum standards, and to reduce the number of unacceptable violations in our supply chain to zero. We measure outcomes of our human rights and labour efforts in our supply chain through our Social Compliance program. As part of the program, we audit the majority of our factories at least once every 18 months, and together with our factory partners develop remediation plans to correct any violations found. An update on the program outcomes is published annually in our [Accountability Report](#). We invite the scrutiny of third parties to evaluate and strengthen our supply chain efforts. In 2013, our Social Compliance program received [FLA accreditation](#), a significant milestone for MEC.

In our operations, we strengthened our human resources policies by adding a new policy on Respectful Workplace in 2013. This policy replaces two existing policies on Human Rights – Harassment and Personal or Psychological Harassment, and incorporates new anti-bullying language in accordance with updated legislation. Our "Open Door" policy gives every employee the opportunity to speak freely to any member of Management at any level. Issues and outcomes are tracked on an ongoing basis and reported monthly to Senior Management as part of regular reporting, or more frequently as needed.

Environmental Principles

Principle 7: Businesses should support a precautionary approach to environmental challenges;

Principle 8: undertake initiatives to promote greater environmental responsibility; and

Principle 9: encourage the development and diffusion of environmentally friendly technologies

Assessment, Policy and Goals

As an outdoor retailer, we depend on a healthy environment for our members to recreate in. We know that everything we do has an environmental impact: the materials we source for our products, how these materials are processed and manufactured, the stores we operate to get these products to members, and how our members use and dispose of the products at the end of the products' lives.

We are committed to delivering sustainably sourced and environmentally responsible products to our members, and to reducing the negative impacts our operations have on the planet. Our commitment to the UNGC Environmental Principles is reflected in our Board-level Responsible Sourcing and Sustainable Operations Policies, and is embedded in our long-term goals:

1. Activity: Increase participation in activity and outdoor recreation in Canada
2. Conservation: Support the creation and stewardship of parks and wild spaces, as well as front country and urban places, that have recreation and environmental value
3. Marketplace: Foster change toward environmental, social, and economic sustainability in the marketplace

Implementation and Measurement of Outcomes

To date, we have focused our business sustainability efforts on our MEC brand products and operations. To reduce our product footprint, we are working with [Bluesign AG](#), a Swiss organization that has developed leading environmental health and safety standards for the textile industry, and certifies materials produced in facilities that have an environmental management system (EMS) in place. We are committed to sourcing [100% bluesign®-approved materials](#) for MEC products by 2017, and measure our progress annually. We strive to increase our offering of products made with [environmentally preferred materials](#). We buy only [organic cotton](#) for MEC brand apparel and continue to grow our offering of [recycled materials](#), an effort that we also report on annually.

In our operations, we strive to make our buildings as energy efficient as possible, and have developed an [internal standard](#) that is based on leading green building standards. We assess our efforts to make our buildings more resource-efficient bi-annually through building audits. We are in the process of building a new Head Office that is set to exceed LEED Gold standards. We are a strong supporter of renewable energy, and purchase green energy certificates in Provinces with emissions-intense energy sources and have rooftop solar panels on three of our locations. We also work with climate change advocacy groups, and support their efforts financially through our community involvement program.

We have set a 92% [waste diversion](#) target and measure our performance annually through an external audit.

We recognize that climate change is the biggest environmental crisis humanity is facing, and are committed to reducing our [carbon footprint](#). After achieving a 31% absolute reduction in our footprint from 2007 to 2012, we set new carbon reduction targets to 2017. We have embedded an imputed cost of carbon into our business and reporting to understand the impact of business decisions on climate change.

We have identified the growing impact of product transport on climate change due to the rise of ecommerce, and will focus our reduction efforts over the next five years on this area. We track our progress internally on a quarterly basis, with annual updates to our external stakeholders.

We are also aware that, given our size, we depend on the collaboration with suppliers, competitors, NGOs and industry organizations to achieve progress. Our participation in the [Outdoor Industry Association](#) and the [Sustainable Apparel Coalition](#) has allowed us to educate ourselves about best practices and to learn from our colleagues.

Anti-Corruption Principles

Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.

Assessment, Policy and Goals

The success of our business is based on transparency, integrity, and ethical conduct. Our commitment to integrity and ethical conduct is expressed in our [Charter](#), our highest governance document. This commitment is reflected in our Board-level MEC Charter & Policy Implementation, Code of Conduct and Conflict of Interest policies. Moreover, our HR policies on Code of Business Conduct, Conflict of Interest, and Whistleblowing set expectations for employee conduct with regards to anti-corruption and offer guidance for resolving any conflicts or issues associated with corruption.

Implementation and Measurement of Outcomes

Our policies are communicated to all employees during onboarding and via our employee handbook, and employees are informed of any policy changes via intranet, email, and through message boards. Training is also provided to employees that work with third-party suppliers.

We expect and encourage our employees to speak up about any unethical or illegal behavior they encounter. To that end, our confidential, third-party whistleblower reporting service is available to all MEC employees to report unethical or illegal activities anonymously. Our internal issues management group meets on a monthly basis to discuss and resolve any issues that are flagged by internal and external stakeholders.

In our supply chain, we require our employees and external auditors to report any attempts of bribery to our Social Compliance team, as this is considered an unacceptable violation of our [Code of Conduct](#) standards. Our first preference is to work with the factory to change unacceptable practices and thereby meet our commitment to improve workers' lives rather than simply withdrawing our business. For each violation that is evaluated as high priority or unacceptable, factories must have a plan to remediate or have remediated the issue within 14 days of receiving the audit results. Our Social Compliance team works with MEC buyers, production specialists, and factory managers to help support the factory in remediation, and along a path of continuous improvement. When a supplier is unwilling to discontinue practices MEC deems unacceptable, we place our business elsewhere.