

2017-18 ANNUAL REPORT DATA METHODOLOGY

OUR PRODUCTS

Bluesign®-Approved Fabrics

Purpose: Assess the amount of fabrics used that are bluesign®-approved. A bluesign®-approved fabric is produced using leading environmental health and safety standards that conserve resources and minimize impacts on people and the environment.

Conducted by: MEC

Time period: March 2017 – February 2018.

Methodology: MEC tallies all orders placed for production in the reporting period for bluesign®-approved and non-bluesign fabrics by yards, and calculates the percentage of the total made up of bluesign®-approved fabrics.

Scope: MEC-label apparel and sleeping bags.

Products with Environmentally Preferred Materials

Purpose: Assess the number of products we sell that are made with one or more materials that we deem to be more environmentally preferable than conventional materials.

Conducted by: MEC

Time period: March 2017 – February 2018.

Methodology: MEC marks which products meet one or more of the following criteria in our internal data management system and tallies how many such products were sold during the reporting period:

- PVC-free (PVC eliminated from products that would typically contain PVC)
- Recycled content (e.g., nylon, polyester; at least 50% of materials used are made from recycled content)
- Organically grown cotton content (at least 50% of materials used are made from organically grown cotton content)
- Bluesign®-approved material content (at least 50% of materials used are bluesign®-approved)
- Repurposed content (at least 50% of materials used are derived from scrap materials that would otherwise go to the landfill)
- Responsible Down (all down used is Responsible Down Standard certified)

Products that come in different sizes and/or colours are counted as one product. Excludes returns, rentals and promotional products.

Scope: MEC-label and wholesale brands.

Warranty Returns

Purpose: Assess the amount of defective products returned to us.

Conducted by: MEC

Time period: March 2017 – February 2018.

Methodology: MEC tallies the value, as percentage of sales, of all defective items sold that were returned to us during the reporting period.

Scope: MEC-label and wholesale brands.

RESPONSIBLE SOURCING

Factories that Meet or Exceed Expectations

Purpose: Assess the number of contract factories that meet or exceed MEC's Code of Conduct expectations.

Conducted by: Independent third-party auditors and MEC. We also accept audits conducted by other brands, FLA Assessments, Better Work Assessments and Fair Trade USA audits.

Time period: February 27, 2017 – February 25, 2018.

Methodology: MEC engages with independent third-party monitors to audit our contract factories at least once every 18 months and assess their adherence to our Code of Conduct. We also accept audits from other brands, FLA Assessments, Better Work Assessments and Fair Trade USA audits. Only factories that meet or exceed our Code of Conduct expectations, or provide solid evidence of remediation that has been approved by the third-party monitor for any violations found are included in this number.

Scope: Factories producing MEC-label product.

Factories with Unacceptable Violations

Purpose: Assess the number of contract factories with unresolved unacceptable violations.

Conducted by: Independent third-party auditors and MEC. We also accept audits from other brands, FLA Assessments, Better Work Assessments and Fair Trade USA audits.

Time period: February 27, 2017 – February 25, 2018.

Methodology: MEC engages with independent third-party monitors to audit our contract factories at least once every 18 months and assess their adherence to our Code of Conduct. We also accept audits from other brands, FLA Assessments, Better Work Assessments and Fair Trade USA audits. Factories that have unresolved violations at the end of the reporting period that we deem as unacceptable are included in this number. Violations we deem as unacceptable include:

- Practices that impede an audit (such as denying or providing false records)
- Outsourcing to homeworkers
- Mandatory overtime
- Payment that's below minimum wage or not paying wages
- Restricting movement during non-work hours and withholding passports from migrant workers (forced, bonded, indentured or prison labour)
- Child labour

- Attempt to bribe third-party monitoring firms
- Emergency exits that are locked during working hours
- Egregious work conditions that could cause serious injury to workers

Scope: Factories producing MEC-label product.

Fair Trade Certified™ Products

Purpose: Assess the number of products we plan, develop or manufacture that are Fair Trade Certified™ at the factory level.

Conducted by: MEC

Time period: February 27, 2017 – February 25, 2018.

Methodology: MEC tallies the number of products planned, developed or manufactured during the reporting period that are Fair Trade Certified™ at the factory level.

Scope: MEC-label.

OPERATIONS

Carbon Footprint – Facilities Energy Use

Purpose: Assess MEC's carbon footprint from natural gas, electricity and diesel use in facilities owned or operated by MEC.

Conducted by: MEC; data externally reviewed by the Pembina Institute.

Time period: March 2017 – February 2018.

Methodology: MEC collects electricity and natural gas utility billing data for MEC facilities in kilowatt hours, cubic metres, or gigajoules for each location. Where complete data is not available due to missing invoices, available data is extrapolated to make estimates for the full reporting timeframe. MEC estimates annual diesel combustion based on the capacity of back-up generators and frequency of use for emergency or maintenance purposes.

MEC follows the Scope 2 Guidance from the GHG Protocol for electricity consumption. Emissions are calculated in two ways: using a location-based and a market-based method. Emissions under the location-based method are calculated using provincial emission factors from Canada's most recent National Inventory Report. Emissions under the market-based method are calculated using provincial emission factors from Canada's most recent National Inventory Report, with locations that purchase renewable energy certificates (RECs) being assigned zero emissions for the REC portion.

All MEC locations source renewable energy certificates from electricity and natural gas through Bullfrog Power. These certificates are compliant with the new GHG Protocol quality criteria and all have zero emissions by the way of committing renewable energy to the electricity grid and natural gas supply with energy consumed by its clients.

Natural gas and diesel combustion fall under Scope 1 emissions. However, the Scope 2 methodologies still apply for renewable natural gas purchases – or their equivalent environmental benefits in the case of Renewable Energy Certificates- provided the quality criteria are met by all purchase agreements. MEC can therefore provide a single market-based emission for their natural gas.

2017-18 ELECTRICITY AND NATURAL GAS EMISSION FACTORS USED BASED ON 2015 DATA (Latest available)

Province	Natural Gas (tCO ₂ e/GJ)	Electricity (tCO ₂ e/MWh)
NS	0.0486947	0.1861
QC	0.0483379	0.0005
ON	0.0483634	0.0119
MB	0.0483125	0.0011
AB	0.0493828	0.2639
BC	0.0493318	0.0059

From Environment Canada National Inventory Report 2017 submission to UNFCCC, part III :

http://unfccc.int/national_reports/annex_i_ghg_inventories/national_inventories_submissions/items/10116.php

2017- 18 DIESEL ELECTRICITY GENERATOR (STATIONARY COMBUSTION) EMISSION FACTOR

Constant	Value	Unit
EF- diesel combustion	2.69	kgCO ₂ e/l

Calculated by MEC based on the 2017 National Inventory Report submission to UNFCCC, part II, Table A6-4:

http://unfccc.int/national_reports/annex_i_ghg_inventories/national_inventories_submissions/items/10116.php

Scope: Facilities owned or operated by MEC that have metering in place, as well as diesel consumption for generator use. Estimates are made for one store that does not have electricity or natural gas metering, using the energy consumption of two similarly-sized stores as basis. Estimates for MEC's Montreal marketing office are made based on Natural Resources Canada's electricity and natural gas intensity factors for offices of 1,500 square feet.

CARBON FOOTPRINT – PRODUCT TRANSPORT

Purpose: Assess MEC's carbon footprint from product transport.

Conducted by: MEC; data externally reviewed by the Pembina Institute.

Time period: March 2017 – February 2018.

Methodology: MEC obtains loading reports from carriers with billing value of \$30,000 or greater over the reporting period.

MEC follows the GHG Protocol's guidance for calculating Scope 3 emissions, following the distance-based method, as fuel consumption or efficiency data is not available from our carriers. Based on the loading reports provided by our carriers, we calculate the greenhouse gas emissions associated with each shipment using the shipment weight, distance, and emission factor associated with the shipment mode. Generic emission factors are used for each mode, unless carrier-specific emission factors are available through the EPA's SmartWay program. For carriers with a billing value of less than \$30,000, estimates are made based on freight spend, using greenhouse emissions per dollar freight spend of larger carriers as a basis. Emissions for prepaid inbound shipments, for which no freight data is available, are estimated based on the following assumptions:

- Multiple orders from the same vendor to Distribution Centres arriving on the same date are counted as one shipment,
- Average weight of 556 kg per shipment via road and 60 kg per shipment via air are used for prepaid shipment weight,
- All shipments arriving from within North America are assumed to have been shipped by road; all shipments arriving from international shipping origins are assumed to have been shipped by air,
- Distances from the vendor to MEC’s distribution centres are calculated based on the country, state or province of origin.

Emission factors used:

Shipment Mode	Emission factor (kg CO2e/tonne-km)	Source	Notes
Truck	0.203429	WRI GHG Protocol Calculation Tool (May 2017)	Using SmartWay emission factors for carriers that are SmartWay partners.
Rail	0.017261	WRI GHG Protocol Calculation Tool (May 2017)	
Marine	0.01605	DBEIS emission factors (2017)	
Marine inland (Ferry)	0.32877	WRI GHG Protocol Calculation Tool (May 2017)	
Air	1.45648	DBEIS Conversion Factors (2017)	

Scope: Inbound (vendors or factories to DCs) and outbound (DCs to stores and DCs/stores to members) product transport, as well as inter-store transfers.

CARBON FOOTPRINT – BUSINESS TRAVEL

Purpose: Assess MEC’s carbon footprint from business air travel.

Conducted by: MEC’s corporate travel agents and MEC; data externally reviewed by the Pembina Institute.

Time period: March 2017– February 2018.

Methodology: MEC’s methodology to calculate emissions from business air travel follows the GHG Protocol Scope 3 calculation guidance and uses the UK Department for Business, Energy, & Industrial Strategy’s (DBEIS) carbon emission factors, which are updated annually.

MEC’s corporate travel agents track all MEC’s flight data and record each leg of a journey. At the end of each year, MEC adds any travel booked separately by staff or board directors to the flight data received from the travel agents. Distances for each leg are calculated using www.planetair.ca, factoring out the 9% Great Circle Distance adjustment made by PlanetAir to avoid double-counting, as an 8% Great Circle Distance uplift factor is already included in the emission factors provided by DBEIS. Using DBEIS’s emission factors for short-, medium- and long-haul flights by flight class, emissions are calculated for each flight leg based on distance and flight class. DBEIS’s emission factors include the influence of non-CO2 climate change effects of aviation by applying a radiative forcing factor of 1.9.

Emission factors used:

Flight class	Short-haul (max 463 km)	Medium-haul (max 3700 km)	Long-haul (over 3700 km)
Economy	0.26744	0.15845	0.13801
Premium Economy	0.26744	0.19806	0.22084
Business	0.26744	0.23767	0.40025

From Department for Business, Energy and Industrial Strategy (2017 factors)
<http://www.ukconversionfactorscarbonsmart.co.uk/>

Scope: All air travel conducted by MEC staff and Board of Directors on MEC's behalf.

Carbon Footprint – Waste

Purpose: Assess MEC's carbon footprint from waste generated in operations.

Conducted by: MEC

Time period: March 2017 – February 2018.

Methodology: Based on the waste data collected by MEC's third-party auditor (see Waste Diversion Rate below), MEC calculates the GHG emissions associated with the waste generated in MEC operations using Environment Canada's Greenhouse Gases (GHG) Calculator for Waste Management. The calculator is available at <https://www.ec.gc.ca/gdd-mw/default.asp?lang=en&n=D6A8B05A-1>.

Scope: Waste generated in facilities owned or leased by MEC.

Waste Diversion Rate

Purpose: Assess the percentage of total waste materials MEC generated that were diverted from the landfill through recycling, composting, and donation.

Conducted by: Independent third-party auditor.

Time period: March 2017 – February 2018. Most recent audit conducted March-April 2018.

Methodology: MEC's third-party auditor reviews waste hauler invoices, contacts haulers in case of any questions, and surveys stores about waste and recycling pick-up records where available, as well as any diversion strategies they may have. Where available, actual weights for materials are used based on MEC or hauler records. Otherwise, volumes are converted to estimated weights using standard volume density conversion factors.

An overall diversion rate for all MEC locations is calculated by dividing the total estimated weight of diverted materials (recycled + composted + reused) from all locations by the total estimated overall waste generated (disposed + recycled + composted + reused) by all locations.

Scope: All facilities owned or operated by MEC, except for MEC's Montreal marketing office.

Water Use

Purpose: Assess total water use in MEC's facilities.

Conducted by: MEC

Time period: March 2017– February 2018.

Methodology: MEC collects water utility billing data for MEC facilities in cubic metres. Where data for the

full reporting period is not available due to missing invoices, available data is extrapolated to make estimates for the full reporting period.

Scope: Facilities owned or operated by MEC that have water billing or metering in place (16 locations in 2017-18).

Water Intensity

Purpose: Assess total water use by square foot in MEC's facilities.

Conducted by: MEC

Time period: March 2017– February 2018.

Methodology: MEC calculates total water use (see water use above) divided by gross square footage per location.

Scope: Facilities owned or operated by MEC that have water billing in place (16 locations in 2017-18).

MEMBER EXPERIENCE AND COMMUNITY IMPACT

Active Members

Purpose: Assess how many MEC members made a purchase during the reporting period as a percentage of MEC members that made a purchase in the past ten years.

Conducted by: MEC

Time period: March 2017 – February 2018.

Methodology: MEC calculates the number of members that made a purchase during the reporting period divided by the number of members that made a purchase during the past ten years.

Scope: MEC members.

Member Satisfaction

Purpose: Assess overall and attribute-specific satisfaction (e.g., expertise, staff availability) of members with their in-store and online experience.

Conducted by: MEC

Time period: March 2017 – February 2018.

Methodology: Online survey that members respond to after being approached by MEC staff in store, or on their own initiative by following a URL on their receipt. All survey responses received during the reporting period.

Scope: MEC members shopping in store, through MEC's service centre, or on mec.ca.

Fill Rate

Purpose: Assess product availability in stores.

Conducted by: MEC

Time period: March 2017 – February 2018.

Methodology: MEC calculates the percentage of items that are in-stock at a store and that are on the store floor and available for members to purchase. Fill rate results for each store for the reporting period are averaged across all stores to calculate MEC's overall fill rate.

Scope: MEC brick-and-mortar stores.

Community Contributions

Purpose: Track and measure the impact of MEC's contributions to Canadian not-for-profit community initiatives focused on conservation and outdoor recreation.

Conducted by: MEC

Time period: February 27, 2017 – February 25, 2018.

Methodology: MEC calculates the total amount of contributions made to Canadian not-for-profits to inspire and enable Canadians to be active outside in the reporting period.

Scope: All contributions made to the outdoor community through MEC's grant funding programs, partnerships and advocacy programs.

WORKING AT MEC

Engagement Score

Purpose: To regularly measure and understand employee engagement and the key work environment factors that affect engagement. This enables us to see what is working well and where we can improve - ensuring that MEC remains fit, healthy and resilient.

Conducted by: TWI Surveys.

Time period: Annual. Last survey conducted in October 2017.

Methodology: The survey asks 18 questions; 10 Likert (5-point) agreement scale questions (how respondents answered these questions determined our engagement score), 2 comment questions, 6 demographic questions. Designed to help us understand the degree to which MEC employees:

- Know what is expected of them and how they contribute to MEC's success
- Have the opportunity to do their best and develop
- Feel like they belong to a team that is progressing and committed to quality work
- Feel proud to work at MEC

Scope: MEC staff at all locations. 2017-18 response rate was 90%.

FINANCIALS

Total Sales

Purpose: Assess and verify MEC's financial performance data.

Conducted by: MEC and independent third-party auditor, KPMG LLP, conduct an audit of MEC's financial statements, within which MEC's entity-wide sales are presented.

Time period: February 27, 2017 – February 25, 2018.

Methodology: Financial statements are prepared in accordance with Canadian accounting standards for private enterprises (ASPE). KPMG conducts their audit in accordance with Canadian generally accepted auditing standards (GAAS).

Scope: Stores and online.

Inventory Turnover

Purpose: Assess the number of times inventory is sold through and replenished.

Conducted by: MEC

Time period: March 2017 – February 2018.

Methodology: Calculate retail revenue from products sold during the reporting period divided by the average retail value of inventory in stock over that same period.

Scope: MEC-label and wholesale brands.

OTHER DATA – NON KPIS

Products Sold

Purpose: Indicate total number of products sold by MEC (in-store and online) in a given reporting period. This is not a key performance indicator, and there are no targets set against total product sold.

Conducted by: MEC

Time period: March 2017 – February 2018.

Methodology: Tally total products sold (in units) during the reporting period based on MEC sales data.

Scope: MEC-label and wholesale brand.

Economic Impacts

Purpose: Estimate the broader economic impacts of MEC's activities.

Conducted by: MEC

Time period: February 27, 2017 – February 25, 2018.

Methodology: MEC inputs Total Sales (see above KPI) data into Carnegie Mellon's Economic Input-Output LCA model using the Industry Benchmark Canada EIO model from 2002 for economic activity from retail trade. The model is accessible at <http://www.eiolca.net/index.html>.

Scope: Total Sales.