

SanMar Statement on Modern Slavery

Including Child Labor, Forced Labor and Human Trafficking

In compliance with the regulations of the California Transparency in Supply Chains Act (SB 657), and the Canadian Supply Chains Act, the following document discloses SanMar's policies and actions relating to slavery and human trafficking in business and the supply chain.

As detailed below, SanMar has developed and issued a code of conduct that states that we condone/prohibit human trafficking and slavery, forced labor, or child labor in our supply chain.

Family-owned since 1971, SanMar Corporation ("SanMar") is one of the largest imprinted sportswear suppliers in the U.S. SanMar supplies apparel and accessories to screen printers, embroiderers, promotional products distributors, athletic dealers, industrial launderers and more. SanMar's corporate headquarters is in Issaquah, Washington. SanMar sells to a variety of wholesale customers, some of whom have activities in Canada and may import products there.

SanMar's supply chain is comprised of 96 factories, located in 19 countries around the world. SanMar sells primarily in the North American market to businesses who embellish our blank apparel, caps and bags (though methods such as screen printing or embroidery) and sell to end users. We publish a list of our Tier 1 facilities every quarter on our [website](#). This information can also be found on the [Open Supply Hub](#) website.

Introduction:

At SanMar, we are deeply committed to ethical sourcing practices and the well-being of workers throughout our supply chains. In accordance with the California Transparency in Supply Chains Act and Canada's Bill S-211, we have established robust due diligence policies and processes aimed at identifying, preventing, and addressing the risks associated with child labor, forced labor, and human trafficking. This document outlines our commitment to compliance with both legislative frameworks and our dedication to identifying, preventing, and mitigating the risks associated with child labor, forced labor, and human trafficking in our operations and supply chains.

1. Policy Statement:

- SanMar maintains a zero-tolerance policy towards child labor, forced labor and human trafficking in all aspects of our business operations and supply chains.
- Our Supplier code of conduct, known as [Global Operating Principle](#) (GOP) aligns with [the FLA Fair Labor Code](#) and adheres to all relevant international conventions, laws, and regulations concerning child labor, forced labor, and human trafficking, including the California Transparency in Supply Chains Act and Canada's Bill S-211.
- SanMar's [Factory Compliance Benchmarks](#) detail our Global Operating Principles, encompassing our global compliance program and expectations for supplier business conduct. These benchmarks also serve as the basis for evaluating a facility's performance and progress in meeting our GOP standards.
- Our Factory Compliance Benchmarks align with the [FLA Workplace Code of Conduct and Compliance Benchmarks](#).

*This reporting is for fiscal year 2023

- We are committed to taking proactive measures to prevent, detect, and address any instances of forced labor or child labor within our operations and supply chains.

2. Risk Assessment:

- SanMar is committed to maintaining ethical and sustainable operations throughout our supply chain, and we take regular measures to assess and mitigate risks related to child labor, forced labor and human trafficking.
- Our risk assessments take into account various factors, including geographical location, industry sector, supplier relationships, and socio-economic conditions, to identify high-risk areas that require closer scrutiny.
- To ensure compliance with our ethical standards, we conduct periodic announced and unannounced audits at the facilities of each supplier involved in the production of our proprietary products.
- These audits are performed by independent third-party auditors, and include key activities such as document review, facility walkthrough, and interviews with management and workers, including union members or worker committees where applicable.
- By prioritizing high-risk areas and conducting thorough audits, we can take targeted interventions and ensure that our supply chain remains free from any form of child labor, forced labor, and human trafficking.
- In conducting our risk assessment, SanMar also utilizes intelligence from a wide variety of sources, like the Countryrisk.io, which scans and scrapes data from various other international and national data banks like the OECD country risk classification, IMF, United Nations, and World Bank.
- SanMar's compliance team combine this data with our own data gathered from both the formal and informal on the ground assessments it conducts internally (and with its third party-auditors) as well as SanMar's work as a Tier 3 member of the Customs Trade Partnership Against Terrorism (CTPAT) program in our supplier facilities to determine the areas of highest risks in our supply chain.
- In 2023, SanMar carried out 87 social audits and 89 US Customs security requirements audits.

3. Supplier Due Diligence:

- SanMar has established robust supplier screening processes to evaluate potential suppliers' adherence to SanMar's GOP, including their policies and practices regarding child labor, forced labor, and human trafficking.
- Suppliers are required to provide transparency into their labor practices, including documentation verifying compliance with applicable laws and regulations.
- Periodic audits and assessments of supplier facilities are conducted to verify compliance and address any identified non-compliance issues.
- SanMar's factory monitoring program received re-accreditation by the Fair Labor Association in 2023.

4. Contractual Obligations:

- SanMar includes clauses in supplier contracts that explicitly prohibit the use of child labor, forced labor, and human trafficking, along with provisions for termination in case of non-compliance.
- Suppliers are required to certify their commitment to upholding SanMar GOP and agree to cooperate in investigations and remediation if concerns arise.

5. Training and Awareness:

- SanMar provides training to employees and suppliers on the company's policies and procedures related to all aspects of SanMar's GOP, including child labor, forced labor, and human trafficking.
- On an annual basis, SanMar suppliers are required to deliver training for their workers to ensure they understand their rights under the GOP and on how to use the SanMar grievance channel hotline. In 2022, SanMar updated our GOP with higher standards and set up external hotline services for worker grievances with language support.
- Efforts to increase awareness regarding the signs and indicators of child labor, forced labor, and human trafficking are underway, aimed at empowering both employees and suppliers to readily identify and report potential violations. Moreover, non-compliance trends are consistently communicated to the leadership team, pertinent staff, and suppliers to ensure a proactive approach to addressing such issues.
- In 2023 we delivered mandatory trainings to 57 of our Tier 1 factories on Recognizing forced labor in their supply chain.
- From Q4 of 2022 to Q2 of 2023, 175 internal team members were trained on SanMar's Global operating principles, including, child labor, forced labor and human trafficking.
- In 2023, 184 key internal global sourcing team members were also provided training on Responsible Purchasing Practices and how it can have an impact on working conditions at the factories.

6. Monitoring and Reporting:

- SanMar has established mechanisms for ongoing monitoring of labor practices within our operations and supply chains.
- We have established worker feedback channels for reporting suspected instances of any labor and human rights violations including forced labor or child labor are in place, ensuring confidentiality and protection for whistleblowers.
- Protocols for investigating reported cases and taking appropriate remedial actions, including corrective measures and disciplinary actions, if necessary, have been developed.

7. Continuous Improvement:

- SanMar regularly reviews and updates our due diligence policies and processes in response to changing legal requirements, industry standards, and emerging risks.
- Stakeholders, including employees, suppliers, NGOs/ CSOs, MSIs and government agencies, are engaged to gather feedback and enhance our efforts to combat child labor, forced labor, and human trafficking.
- SanMar has established policies and procedures to remediate the loss of income to the most vulnerable families that results from any measures taken to eliminate the use of forced labor or child labor in its activities and supply chains. For example, SanMar has signed on to AAFA/FLA's Commitment to Responsible Recruitment, which commits SanMar to ensure that workers are reimbursed for all fees paid to obtain their job and has vowed to incorporate these protocols to our company's social compliance standards.

8. Responsible Purchasing Practices:

We understand that our purchasing practices affect our suppliers and, consequently, the workers who manufacture our products. Therefore, we evaluate our purchasing practices and policies at regular

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intervals. SanMar has been working with the [Better Buying Initiative](#) since 2019. Better Buying is a unique system that enables suppliers to communicate with their buyers and rate purchasing practices anonymously, providing clear, relevant, transparent and timely information and analysis about good purchasing practices.

In 2021, SanMar became the first Better Buying subscriber to publish our scorecard publicly. We continue to [publish](#) our results every year.

Conclusion:

At SanMar, we are committed to upholding the highest standards of ethical sourcing and labor practices in compliance with the California Transparency in Supply Chains Act, Canada's Bill S-211, and other relevant legislation. Through our comprehensive due diligence policies and processes, we strive to eradicate child labor, forced labor, and human trafficking from our operations and supply chains, contributing to a more sustainable and responsible global business environment. We aim to continuously improve our monitoring program to positively impact lives.



Melissa Nelson
General Counsel and Corporate Secretary
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