



Creating a CANVAS FOR GOOD

2020

SANMAR

Corporate Responsibility





OUR PEOPLE & OUR PLANET Products with positive impact.

For us, doing the right thing is non-negotiable. From supporting our communities to how we reduce our environmental impact, every decision we make is rooted in our commitment to creating positive change.

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We are always looking for new ways to improve and understand there is still work to be done. As we envision new and different ways to create a Canvas for Good, for the betterment of people and planet, we are committed to listening and learning.

Letter from Jeremy

Partners and Friends,

In 2019, SanMar launched our new company vision, Canvas for Good, with the belief that our products are more than just t-shirts. They can serve a greater purpose to inspire belonging and bring communities together. In doing so, we recognize our role to ensure our products make a positive impact on people and the planet. We remain as committed as ever to our vision of creating a Canvas for Good, with new initiatives to support our employees and supply chain partners, efforts to reduce our environmental impact and our steadfast focus on serving our customers. I am excited to share some of our stories.

This year, SanMar came together in ways that truly inspired me. From quickly answering the call for personal protective equipment to creating an employee assistance fund that supported those going through hardship, I was proud to watch how everyone adapted and pivoted during challenging times. It has reminded me that our strength lies in unity and working together for the common good. As we look toward the future, we will continue to explore ways to support our employees and our communities.

One initiative that I'm particularly proud of is the establishment of our Diversity and Inclusion Council. With a focus on cultivating an inclusive work environment, the council will foster a diverse and high-performing workforce that reflects and values all aspects of our human diversity. We are being very intentional about our efforts, taking a thoughtful approach to the creation of the council and developing our strategy. I look forward to sharing more in the coming year.

We also recognize how relationships with our supply chain partners are absolutely essential to our growth and health as a company. We continue to expand our programming to uphold the highest standards and support our suppliers in providing safe and healthy workplaces and reducing their environmental impact. They are our partners in innovation, working with our product creation teams to bring new, more sustainable products to market. It is exciting to see what we are achieving together.

We are always looking for new ways to improve and understand there is still work to be done. As we envision new and different ways to create a Canvas for Good, for the betterment of people and planet, we are committed to listening and learning. We are seeking out ways to expand our work and increase our impact. I would love to hear your thoughts about our corporate responsibility efforts and what's important to you. Thank you for being part of our story.

All the best,

JEREMY LOTT
President & CEO

GETTING TO KNOW SanMar



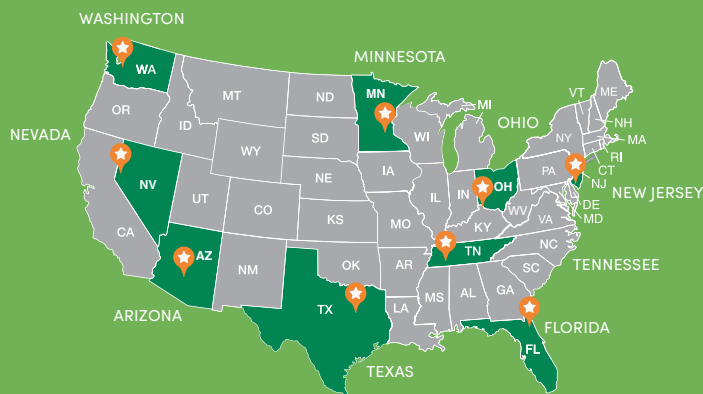
At SanMar, business is personal. Family-owned and -operated since 1971, today SanMar employs more than 4,000 people nationwide. While we're headquartered just outside of Seattle in Issaquah, Washington, we consider our home to be all the communities in the United States where we have a presence.

WHAT WE DO

SanMar believes that business done well has the power to do good. As a premier supplier of imprintable apparel, we understand our role in the industry and the responsibilities that come with it. Most of our 60,000 customers are American small businesses who embroider, screen print or otherwise decorate shirts, bags, caps, jackets and accessories for end users. Every item created is a blank canvas, the beginning of a story—our customers help tell those stories out in the world.

From t-shirts for local fundraisers, to polos for remote business teams and jerseys for youth sports leagues, our customers provide clothing and accessories that bring people together, no matter their physical distance.

With this in mind, SanMar is committed to being stewards of the community and the environment. We constantly evaluate the impact of our operations and strive to be a catalyst for positive change throughout our supply chain.





WHAT WE BELIEVE

To us, a t-shirt is more than just a shirt—it is a canvas for good. Through our commitment to corporate responsibility, we strive to create products that make a positive impact on people and the planet.

Every day we invest in each other to make a difference in the lives of our employees and the people who make our products around the globe.

We deliver quality products, IT support and marketing tools to help our customers grow their businesses, passionately serving their unique needs.

As an industry leader, we're proud that "doing the right thing" is an important part of every business decision we make.

But the work doesn't end at our door. Our customers can take a t-shirt and raise money for important causes and bring communities together. We're proud to be part of that journey.



UPDATE ON 2020 Goals

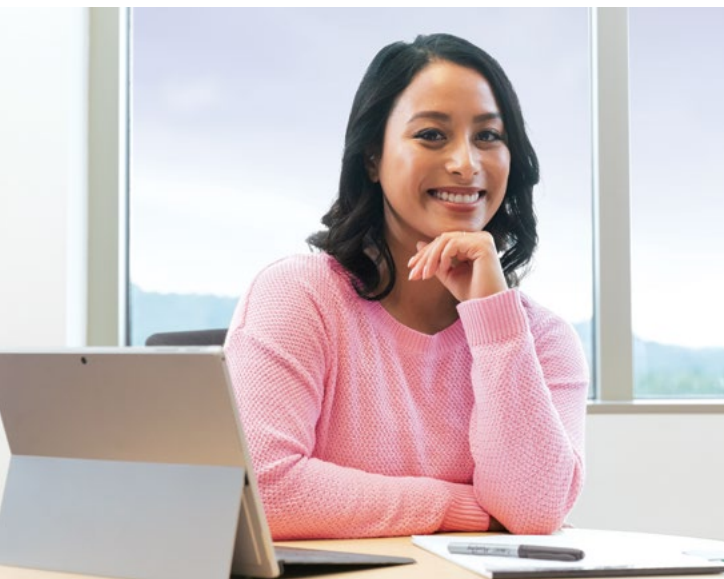
| 2020 GOALS | 2020 PROGRESS |
|---|--|
| TRAINING AND DEVELOPMENT Provide learning and development opportunities for our employees. | Delivered several online and in-person leadership and role-specific training programs for employees across the company. On Track |
| RESPONSIBLE SOURCING Support the continuous improvement of our factories. | Expanded our factory monitoring program to include training and development for supply chain partners and internal SanMar teams. On Track |
| COMMUNITY Increase our impact in the community. | Hosted company-wide charitable giving events and supported employee community giving efforts through our events committee. On Track |
| WOMEN AND CHILDREN Improve access to training and economic opportunity for women in the communities where we source our products. | While we continue to source from supply chain partners who have programs in place to empower female employees and provide essential services, SanMar did not partner with local nonprofit organizations as planned. In Progress |
| TRACEABILITY Map our value chain to increase traceability. | Collaborated with supply chain partners to map our supply chain beyond tier one. On Track |
| SUSTAINABLE PRODUCTS Assess the impacts of our products and design with sustainability in mind. | Launched new sustainable products (including the Re-Tee and Re-Fleece), performed a life cycle assessment and expanded use of the Higg Index. On Track |
| SUSTAINABLE OPERATIONS Make changes across the organization to reduce our environmental impact. | Reduced energy use and greenhouse gas emissions in our operations. Continued packaging reduction efforts through reuse and elimination. Water use increased as a result of opening new distribution centers. In Progress |
| INNOVATION Invest in innovation and high-impact projects. | Worked with our supply chain partner to develop new dyeing technology that reduces waste and water use. In Progress |





PEOPLE

We make t-shirts. That's what we do. *But it's not why we do it.* For us, it all comes back to **people**. Whether at one of our distribution centers, our home office or one of our supply chain partners, people are at the heart of everything we do. We know our choices can make a difference and positively impact lives. This is why we strive to invest in our employees to help them succeed, foster a fun and inclusive work environment, give back to our communities and provide safe, steady employment for the thousands of people who create our products around the globe.



CULTURE & BENEFITS

Our Culture & Benefits focus on key areas that support each individual's right to a positive and healthy work environment. We know employees invest many hours in their work and we want to ensure those hours are as enjoyable as possible.

WORK-LIFE BALANCE

As a family-owned and -operated business, we recognize the importance of having a life outside of work and making time for loved ones, which is why we offer flexible schedules and a laid-back atmosphere.

INVESTING IN EACH OTHER

We believe happy employees are able to grow and reach their potential, which is why we provide training and resources, and empower team members to be innovative and creative.

SUPPORTING HEALTHY CHOICES

This year we found new, innovative ways to support employees, including providing on-demand text-based primary care service, sharing wellness resources and regularly updating everyone on COVID-19 resources.

BRINGING THE TEAM TOGETHER

Our casual work environment encourages employees to feel comfortable in expressing their individuality and creativity. This year, SanMar team members received t-shirts that said "We Got This." The message has united and inspired us as we have worked through the year's challenges and successes.



It is groundbreaking when an organization sees diversity and inclusion as an opportunity to cultivate relationships and creativity. I believe SanMar's Diversity & Inclusion Council is committed to empowering and encouraging employees to embrace differences, maximize talents and create opportunities for equitable growth.

Natalie Tenner
Chair, Diversity & Inclusion Council



DIVERSITY & INCLUSION

As an organization built on valuing people and relationships, it is our belief that success is increased through a diverse and inclusive workplace. While we have had diversity committees and other programs in the past, in 2020 we launched the Diversity & Inclusion Council.

The vision of the Council is to develop and grow a diverse, high-performing workforce that embraces our differences and values the similarities we share. We will cultivate an inclusive work environment that empowers diversity and engages all SanMar employees.

The Council's mission is to advise and guide company-wide diversity efforts and advocate for the value of diversity and inclusion as a pathway to both employee well-being and business success.

THE DIVERSITY & INCLUSION COUNCIL WILL FOCUS ON:

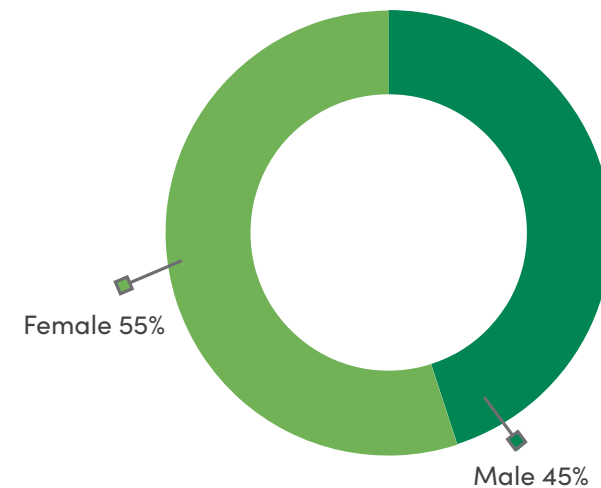
- Creating a clear diversity and inclusion strategy for SanMar
- Raising awareness of identity in the workplace
- Cultivating an inclusive community at SanMar
- Championing changes to our organization with a dedicated focus on diversity, inclusion and belonging
- Enhancing recruiting efforts to attract, retain and develop a diverse workforce
- Emphasizing career development efforts to focus on maximizing skills and creating opportunities for equitable growth
- Communicating progress on a regular basis

We believe in cultivating an inclusive work environment that appreciates our employees' various cultures and empowers and engages all employees. Diversity brings strength to our company and we are excited for the positive impact this council will bring to SanMar.

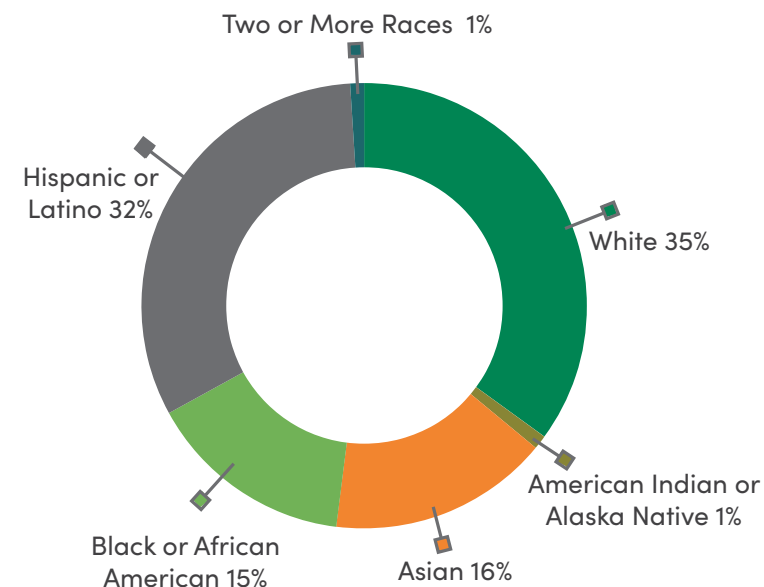
Diversity Statistics

With employees across the U.S., we know that our strength lies in the different perspectives we bring and we look forward to nurturing that in the years ahead. As part of this work, we are taking a look at where we are now and determining where we want to be. We are pleased to share current diversity information for all SanMar employees, and as this work grows, share our progress.

Representation by Gender



Representation by Race/Ethnicity



Data as of October 2020

Military Hiring

SanMar is committed to supporting veterans and military members as they serve our nation and as they transition to joining civilian teams. Service members often have unique training that lends itself to leadership, team building, organizational commitment and working in diverse cross-cultural settings. We value these skills and plan to double our military hiring in the coming year.

Our Military Hiring Initiative includes partnering with both US Military Pipeline and Hire Heroes USA, participation in military recruitment events and educating our recruiting teams about the value that military experience brings to the workplace.



Richard Allen
General Manager, Texas
United States Marine Corps
Retired Lieutenant Colonel

COVID-19 RESPONSE

Employee Support

Supporting our employees, customers and suppliers developed a whole new meaning due to COVID-19. SanMar prioritized everyone's health, safety and support and immediately implemented all of the CDC guidelines in our open facilities. In addition, we adapted to a flexible work environment, allowing remote work where possible, enabling employees to request leaves of absence for COVID-related reasons and creating alternative schedules to adapt to the new challenges brought forward by health, schooling and childcare limitations.

Our own employees and members of leadership felt a strong desire to assist those within our SanMar family who may have needed a little extra support during a challenging year. As a response to this, SanMar implemented two new programs in 2020:

- **The Employee Financial Assistance Program:** Designed to provide financial support to employees experiencing an unpreventable hardship related to the COVID-19 crisis. During 2020, more than \$58,000 was awarded to 73 employees.
- **The Shared Leave Program:** Designed to provide additional paid time off (PTO) to employees experiencing a hardship related to a medical emergency or if the employee needed to tend to a parent, spouse or child experiencing a medical emergency.

We believe it is always important to do the right thing and invest in each other and this year we ensured we supported one another.



Preparedness

SanMar is committed to providing a safe and healthy workplace for all our employees. For this reason, we developed a Preparedness Plan in response to the COVID-19 pandemic. With the goal to reduce the potential transmission of COVID-19 in our workplaces, all SanMar employees are responsible to follow and adhere to the plan. Our efforts included screening procedures at all facilities, sanitizing, making adjustments in facilities to allow for social distance, offering curbside pickup for customers, as well as extensive communication policies to employees through signage and direction communications. Through a collaborative effort, we aim to continue to maintain the safety and health of SanMar employees and workplaces.



MASK EFFORTS

At the onset of COVID-19, SanMar came together as a team and worked quickly to support communities and healthcare workers in need of masks and other PPE gear. SanMar joined a coalition of U.S. apparel and textile companies who worked with the White House to build a supply chain to produce millions of much-needed face masks. Over the course of the year, we transitioned 20% of our production to face coverings for the U.S. government and our customers. This move helped fill a critical gap in national supply and allowed us to support our customers and suppliers by delivering products that were in demand from end-users and kept production lines open.

For many customers, masks were something they knew they could continue to sell even when sales of other items were uncertain. We were honored to support our customers with the fast pivot to mask production and PPE gear, which quickly unfolded into inspiring stories of customers fundraising for first responders, working alongside food banks and inspiring communities far and wide. Additionally, SanMar was able to donate 40,000 masks to local organizations, supporting our communities during a challenging time.

It has been truly inspiring to see the way the SanMar team utilized its creativity, innovation and efficiency to undertake the monumental task of pivoting to mask production. In turn, our customers have given people the chance to personalize their "mask" look. We feel grateful to support individuals as they head out into the world, helping them find a style they like while feeling safe.





TRAINING & DEVELOPMENT

Connecting With Each Other

This year, we focused on taking time to help our employees build skills and access the tools they needed, while creating opportunities for authentic connection.

SanMar adapted quickly as the effects of the COVID-19 situation unfolded, providing employees with tools to make the most of working virtually and staying connected. Those who were accustomed to in-person training and coaching found new ways to engage. In addition, we supported the first SanMar virtual internships, which were successfully adapted to give our interns extensive insight into many parts of our business.

We created new resources to help our team adjust, such as:

- A Zoom Playbook that included tips on how to facilitate conversations by posting prompts in the chat feature.
- PowerPoint training to help make virtual presentations more interactive and human.
- Guidance on managing stress and anxiety using the “Mood Elevator” technique to help individuals take a moment for themselves before joining a call.

We strived to support our employees in big ways and small, creating connection with such events as:

- First cross-distribution center supervisor-in-training program
- Mindfulness workshops
- Mood Elevator workshops

Above all, Training and Development at SanMar is committed to understanding the ways roles are changing and supporting each other as we learn and grow. Through this, we hope to ensure employees feel empowered to reach out to one another whenever needed. We believe in allowing our humanity to show, especially when we rise to new challenges.



CHARITABLE GIVING

At SanMar, giving back is part of the fabric of who we are. Our employees and locations strive to do the right thing by working with nonprofits and agencies in their local communities.

Just a few of the organizations we support include ALS, American Heart Association, Crisis Center of AZ, Friends of the Children, Hope Supply Co., RISE, Urban Ventures, Veteran’s House and many more.

During July and August of 2020, employees again participated in Fred Hutch Obliteride, an annual bike ride, walk and run to raise funding for lifesaving cancer research at Fred Hutchinson Cancer Research Center. With a goal to raise \$5,000, our 45 participants walked, ran and biked their way to \$9,245.

Our home office headquarters, Eastpointe, has donated over 200 large boxes of product to local shelters:

- 20 boxes to Snoqualmie Valley Food Bank
- 60 boxes to Seattle’s Union Gospel Mission
- 50 boxes to Issaquah Food & Clothing Bank
- 70 boxes to Goodwill

We’ve also donated \$5,000 to the United Way and our IT Department helped gather over 2,000+ diapers for Eastside Baby Corner. In October, we ran a “mini campaign” that encouraged employee closet clean-out for personal donation to local centers.

Though 2020 looked a little different, and COVID may have kept many of us apart, our commitment and focus on giving back has not changed.



EVENTS

The SanMar events committee is dedicated to creating spaces for employees to come together for fun, engaging activities. Whether learning about recycling, raising money for a local organization or celebrating Halloween with a costume contest, the events committee gives everyone a chance to connect, learn and give back.

While we haven’t been able to connect in person most of this year, the events committee rose to the occasion and transitioned online, providing opportunities for SanMar employees to connect virtually.

From organizing email trivia, virtual scavenger hunts and collecting fun employee pictures, we’ve found new ways to be together. Additionally, the new “SanMar Home Edition” has featured remote get-togethers such as Paint and Sip and In the Kitchen with Chef Aaron, as fun events for everyone.

EMPLOYEE CHARITABLE MATCH PROGRAM

Our focus on giving back extends to each individual employee, with SanMar matching employee charitable contributions up to \$250 per employee per year, to any recognized tax-exempt nonprofit charitable organization, as defined under section 501c(3) of the Internal Revenue Code. In the past year, SanMar and its employees donated nearly \$20,000 and supported 60 organizations through our Employee Charitable Match Program. We believe each and every one of us can truly make a difference.

RESPONSIBLE SOURCING

Factory Monitoring

We believe in purchasing our products from trusted, long-term suppliers. As our business and supply chain continue to grow, we have taken great care to ensure these suppliers share our standards and operate in an ethical and responsible manner. By making social responsibility fundamental to our sourcing decisions, we ensure our suppliers take our Global Operating Principles as seriously as we do.

We aim to support the continuous improvement of our suppliers and do so through our factory monitoring program, which includes third-party verification, engagement with multi-stakeholder initiatives, and providing factories with training and resources when opportunities for improvement are identified. Our third-party verification of our Global Operating Principles is rigorous and further strengthened by the independent, random monitoring of certain factories by the Fair Labor Association.

As an Accredited Participating Company of the FLA, our suppliers are required to submit to independent monitoring by the FLA. Factories that are selected for monitoring are chosen at random by the FLA without any prior knowledge to either the factory or to SanMar. We believe this creates a high level of accountability and transparency at the factories that manufacture our products.

In addition to the monitoring activities of the FLA, both our compliance team and independent third-party auditors perform periodic announced and unannounced compliance audits at the facilities of each supplier involved in the production of our proprietary products. Should we discover that any remediation is required, our compliance team works closely with the supplier and the facility to ensure that timely corrective actions are taken, including appropriate monitoring and verification.

We are proud of our affiliation with the FLA and continue to work with them and other socially responsible apparel companies to evaluate and develop improved and comprehensive human rights policies, supplier monitoring and training programs, worker hotline channels and other best practices aimed at ensuring full compliance throughout the supply chain of our private label products.

Commitment to Responsible Recruitment

In 2018, SanMar signed on to the AAFA/FLA Apparel & Footwear Industry Commitment to Responsible Recruitment. This proactive industry effort aims to address potential forced labor risks for migrant workers in the supply chain. In doing so, SanMar has committed to work with our global supply chain partners to eliminate conditions that could lead to forced labor in the countries from which we source products. For more information on our efforts to combat forced labor, please see our California Transparency in Supply Chain Disclosure on sanmar.com.



25 years
Our longest supplier
relationship

48%
of our suppliers have been
in business with SanMar
for over a decade



89%
of factories completed
social compliance
trainings



95%
of factories audited
in 2019-20* cycle

* During our 2019-20 audit cycle of private label manufacturers. Due to COVID-19, many countries had travel restrictions in place, which limited our ability to perform in-person audits. Note: per our onboarding policy, all new factories are audited before production begins.

28%
↑
of factories saw
improvements
from previous audit



Accredited Participating Company of the Fair Labor Association (FLA)

In November 2012, the Fair Labor Association (FLA) recognized SanMar for its dedication to the Fair Labor and Responsible Sourcing Principles when it accredited our compliance program. The FLA is a collaborative effort of socially responsible companies, colleges and universities, and civil society organizations to improve working conditions in factories around the world. SanMar continues to be an active participant of the FLA, completing annual self-assessments reviewed by FLA staff and requiring our suppliers to submit to independent and random monitoring by the FLA.

Among our many obligations as an Accredited Participating Company, we have demonstrated our commitment to:

- Upholding the FLA's Code of Conduct and established systems to identify and remedy ethical violations
- Working with the FLA to develop and improve social compliance systems that flag issues and lead to sustainable solutions when workers are at risk.
- Monitoring our supply chain partners to ensure they meet strict labor standards.

For a complete list of the Fair Labor and Responsible Sourcing Principles that guide our sourcing activities and the FLA's Workplace Code of Conduct, please visit the FLA website at www.fairlabor.org.



Responsible Purchasing Practices

We strive for continuous improvement of our programs and as we continue to grow our factory monitoring program, we recognize the role our purchasing decisions can have on working conditions. Our efforts in this area are twofold: to provide training to our product creation teams and to understand how our actions impact our suppliers.

In November 2019, our factory monitoring team hosted a training for our sourcing, product development, merchandising and quality teams. We invited our audit service provider to deliver the training, which covered topics such as supply chain risks, key aspects of responsible purchasing practices, emerging issues and industry best practices. Over the course of the training, attendees had the opportunity to learn about critical social compliance issues and how our choices—even in seemingly unrelated tasks—can have an impact on worker well-being. We followed the training with an assessment and plan to continue to offer similar trainings in future.

Better Buying Initiative

In order to assess how our purchasing practices may impact our suppliers and their workers, we joined the Better Buying Initiative in 2019 to gain valuable feedback from our supply chain partners.

The Better Buying Initiative is a unique system for suppliers to communicate with their buyers. Whether about purchasing practices that are working well or those that need improvement, Better Buying helps ensure the business relationship remains in good standing. In addition, Better Buying provides clear, relevant, transparent and timely information and analysis about good purchasing practices. This can be the catalyst for positive relationship building between multinational brands and retailers, the suppliers responsible for manufacturing their products and other intermediaries up and down the supply chain.

The buyer rating system used was created in collaboration with suppliers. The system examines seven key buyer purchasing practices that affect a supplier's ability to adhere to the terms of any contract and operate efficiently while providing a safe work environment and maximizing profitability. SanMar proudly utilizes the valuable feedback we receive from our partners through the initiative.



Transparency

SanMar recognizes and values the importance of transparency. We require it of the factories we work with and we are committed to providing it to our customers. In line with our commitment to continuous improvement and our emphasis on building trusting relationships with our suppliers, we promote transparency with our suppliers throughout the monitoring process. If issues arise, we will work with our partners to find sustainable remediation options.

We also recognize the importance of being transparent with our stakeholders. Factory list transparency has long been identified as an important tool for corporate accountability. In demonstration of our commitment to sourcing our products responsibly, we began publishing our factory list in 2019 and made it publicly available on sanmar.com in 2020.

Where We Source





PLANET

When it comes to making a difference to our planet, SanMar is committed to being a good steward of the environment, which starts by looking inward. We regularly evaluate our operations, which include our home office and eight distribution centers, to assess our performance in terms of energy use and emissions, water use and waste reduction. We also have implemented innovative shipping programs and work closely with our logistics providers to identify ways to reduce the impact of shipping our products.

ENERGY USE & EMISSIONS

SanMar has been measuring energy use at our office and distribution centers since 2016. With multiple years of data, we've been able to observe trends and identify where future reduction initiatives will have the most impact. We are transitioning from only evaluating energy usage to also measuring emissions, with a goal to set emission reduction targets in the next year. While we currently measure the fuel and electricity use of our home office and distribution centers (scope 1 and 2 emissions), in the future we plan to expand our program to measure indirect energy use as well (scope 3 emissions), including from logistics and our supply chain.

Energy and Emissions Statistics

| | 2016 | 2017 | 2018 | 2019 |
|--|-------------|-------------|-------------|-------------|
| Energy Usage (Absolute in MJ) | 134,107,674 | 124,867,585 | 128,116,544 | 124,477,130 |
| Energy Intensity (MJ/Sq Ft) | 24.08504 | 22.42557 | 19.02893 | 18.48837 |
| % Energy Intensity Variation from 2016 | | -7% | -21% | -23% |

| | 2016 | 2017 | 2018 | 2019 |
|---|---------|---------|---------|---------|
| CO2e Emissions (Absolute in Tonnes) | 14,864 | 14,857 | 14,901 | 14,388 |
| Emissions Intensity (Tonnes/Sq Ft) | 0.00267 | 0.00267 | 0.00221 | 0.00214 |
| % Emissions Intensity Variation from 2016 | | 0% | -17% | -20% |





Logistics

Our logistics team works closely with our carriers and transportation providers to reduce our impact through efficient shipping practices. We service 8 of our 10 nationwide distribution centers via intermodal versus servicing over the road, which reduces our emissions. We also unload every container arriving via NW Seaport Alliance and provide them to the Northwest shipping community to use for export. These efforts reduce the repositioning of equipment for export.

We also ship domestically with carriers who have green initiatives and/or are SmartWay Partners. The U.S. Environmental Protection Agency's (EPA) SmartWay® program helps companies advance supply chain sustainability by measuring, benchmarking and improving freight transportation efficiency.

In addition to working with great transportation partners, we know our actions can make a difference. We work closely with our suppliers to consistently improve container utilization, reducing the number of air and nautical miles required for shipping.

From our distribution centers, we support our customers and reduce our impact through our Pack Separately, Ship Together (PSST) program, which batches individual shipments bound for the same destination and reduces the number of trucks picking up from our distribution centers each day.

WATER USE

At SanMar operations, water use is limited to commercial uses in our office and distribution centers as well as cooling at some of our distribution centers, and is sourced from public-supply systems. We continue to strive to reduce our use where possible by installing water-efficient fixtures, monitoring devices for early leak detection and utilizing water-efficient landscaping. Similar to energy use, we have been measuring our usage since 2016.

Since 2016, our total water usage has increased. In 2017, we opened our new distribution center in Arizona, and in 2019, expanded our Texas location. In these locations we have installed evaporative cooling systems which evaporate water into the air to provide an energy-efficient cooling method. As these facilities ramp up, we will be monitoring water use and will create a baseline based on our expanded distribution network.

Water Statistics

| | 2016 | 2017 | 2018 | 2019 |
|---------------------------------------|------------|------------|------------|------------|
| Water Usage (Absolute in Gallons) | 15,668,766 | 16,778,463 | 23,141,010 | 29,323,269 |
| Water Intensity (Gallons/Sq Ft) | 2.81403 | 3.01333 | 3.43709 | 4.35533 |
| % Water Intensity Variation from 2016 | | 7% | 22% | 55% |





WASTE REDUCTION & DIVERSION

We understand that waste reduction is an important topic for many of our stakeholders. Over the years we have implemented several initiatives to reduce and keep waste out of landfill. From providing recycling and compost options at our home office to packaging reduction efforts at our distribution centers, we aim to reduce, reuse and recycle wherever possible.

What We're Doing:

- Packaging is reused to the full extent possible. Our policy of reusing boxes reduces our need to purchase new boxes by an estimated 25% annually.
- All paper-based packaging includes recycled content.
- Our IT department regularly hosts e-waste recycling events, which have helped SanMar and our employees to recycle an average of 12,000 pounds of e-waste per year.
- Our product creation teams have worked together since 2018 to keep textiles out of landfill by recycling unusable samples, fabric swatches and other textile scraps.





PRODUCT

The journey of creating products with positive impact means looking closer at how they are made. Striving for sustainable products is not only important to SanMar, but is equally important to our stakeholders. We recognize that the choices we make, from design to development, sourcing to manufacturing, can have a positive impact when done right.



SUSTAINABLE MATERIALS

The development of sustainable products is an ongoing journey, one that includes exploring all options, experimenting with new approaches and seeking out innovative technology we can build into our products. Our product creation teams have been increasingly focused on developing and sourcing options with lower environmental impacts. One area that is taking exciting new strides is sustainable materials, such as new fiber and fabric options.

Life Cycle Assessment

As demand for sustainable products grows, we recognize the need to take a science-based approach. While many rush to label products as “green” or “eco-friendly”, we know that it is our responsibility to do our due diligence and rely on credible, science-based facts to inform our decisions.

In 2019, we initiated a life cycle assessment (LCA) to evaluate the environmental aspects of some of our products from cradle-to-grave. LCAs provide the big (environmental) picture by following the inputs and outputs from raw material to end-of-life and seeing how they impact the environment. LCAs produce results across a variety of environmental impact areas such as carbon equivalent emissions, water consumption and aquatic toxicity, that we can use to assess our products. Using a mix of primary and secondary data, the analyses looked at production and transportation of raw materials, textile and garment manufacturing, transport from manufacturer to customer, use of t-shirts, transport to disposal and disposal at end-of-life.

As sustainability grows in importance, we look to our mission of being a canvas for good, acting with integrity and ensuring we are doing our part to choose materials that have a lower environmental footprint.

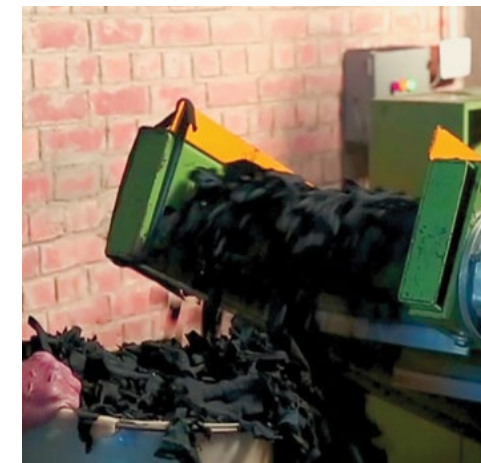


MEET THE RE-TEE & RE-FLEECE

Born from scraps. Worn with pride.

Made from 100% recycled fabric, the District Re-Tee and Re-Fleece consume less water and energy to produce. The recycled polyester is made from reclaimed PET such as plastic bottles, and the recycled cotton is derived from reclaimed post-industrial cotton scraps that are collected from the factory cutting room and may otherwise go to landfill. The cotton scraps are sorted by color and then broken down into fibers. These are blended with the recycled polyester, which is dyed using minimal water. By using the color of the original cotton scraps and the dope-dyed polyester, we avoid the water-intensive wet dye process. Finally, yarn is knitted into fabric, washed, cut and sewn into the Re-Tee and Re-Fleece.

In the coming years, we are committed to developing even more want-to-wear products that reduce our impact.



Member of the Sustainable Apparel Coalition

In 2017, SanMar became a member of the Sustainable Apparel Coalition (SAC). Started by Patagonia and Walmart, the goal of the SAC is to collect peers and competitors from across the apparel, footwear and textile sector and together, develop a universal approach to measuring sustainability performance. The Sustainable Apparel Coalition (SAC) was born in 2009 and the Higg Index, their suite of tools, provides users with the ability to measure sustainability from facility to product.

In 2019, in addition to Higg facility tools, we also began using the Brand and Retail Module, which measures SanMar's performance and provides a consistent industry framework to help prioritize action toward more sustainable operations. It covers social and environmental topics, such as our internal policies, how we develop products and manage our logistics and distribution networks sustainably. SAC also recently released a new version of their Material Sustainability Index and a Product Module to assess product sustainability. We are actively engaged in testing these tools.





SUSTAINABLE MANUFACTURING

We are proud to work with suppliers who are reducing their environmental impact, from investing in renewable energy, to minimizing water use, managing chemicals effectively and reducing waste. While we know that much of apparel's environmental impact results from the manufacture of raw materials and textiles, we also are seeing tremendous innovation and activity in the supply chain to address those issues. As we grow with our existing suppliers and seek out new partners to work with, we assess whether they are taking steps in these areas and we've seen some great examples.

SanMar has been using the Higg facility tools since 2017. We ask our suppliers to complete the Higg Facility Environmental Module (FEM), which is a holistic tool that measures a facility's impact. The tool assesses management systems, energy use, emissions, water usage, waste water treatment and chemical management. Designed to prioritize issues within facilities, it helps shape goals so they can improve year-over-year.

The continual assessment of our manufacturing practices is essential to identifying projects that look toward the future. Even as this report comes out, SanMar is still working hard on new goals that will help us achieve a better tomorrow.

PRODUCT STANDARDS

Quality

SanMar is committed to delivering quality product to our customers by providing consistent manufacturing, workmanship and performance on a continual basis. We partner with our suppliers to enforce and enhance continuous improvement of their quality assurance processes and practices. We have also focused on refining and updating our own internal quality processes aligned with new product developments and initiatives such as sustainability. As such, SanMar is working closely with our suppliers to impact the durability and lifespan of our products and to avoid unnecessary waste of material and resources.

Product Safety

SanMar is fully committed to complying with U.S. product safety legislation. We have implemented policies and procedures to ensure our products are designed, manufactured and tested in compliance with applicable regulations and industry best practices, such as:

- All children's products have a permanent tracking label.
- General Certificates of Conformity and Children Product Certificates are accessible 24/7 on sanmar.com for private label products that fall under the guidelines of the Consumer Product Safety Commission (CPSC).
- Third-party testing is maintained according to CPSC requirements and is available for applicable products upon request.

We take a collaborative approach with our suppliers and closely monitor production under our private labels against the benchmarks we've set through our Product Safety Testing Program. This allows us to verify that products meet our high standards and applicable regulatory requirements in the United States. During production, we require our suppliers to provide new testing every 6 months and ensure the test reports meet the baseline requirements set by the CPSC, such as CPSC-approved third-party testing facilities and new testing upon changes to the material or supplier. We regularly review and update our processes in our commitment to continuous improvement and we are diligent in communicating those improvements and expectations to our supply chain.

SanMar has adopted the Restricted Substance List developed by the American Apparel and Footwear Association (AAFA). Suppliers are required to adhere to the restrictions and bans listed in the AAFA Restricted Substance List for private label products manufactured for SanMar.

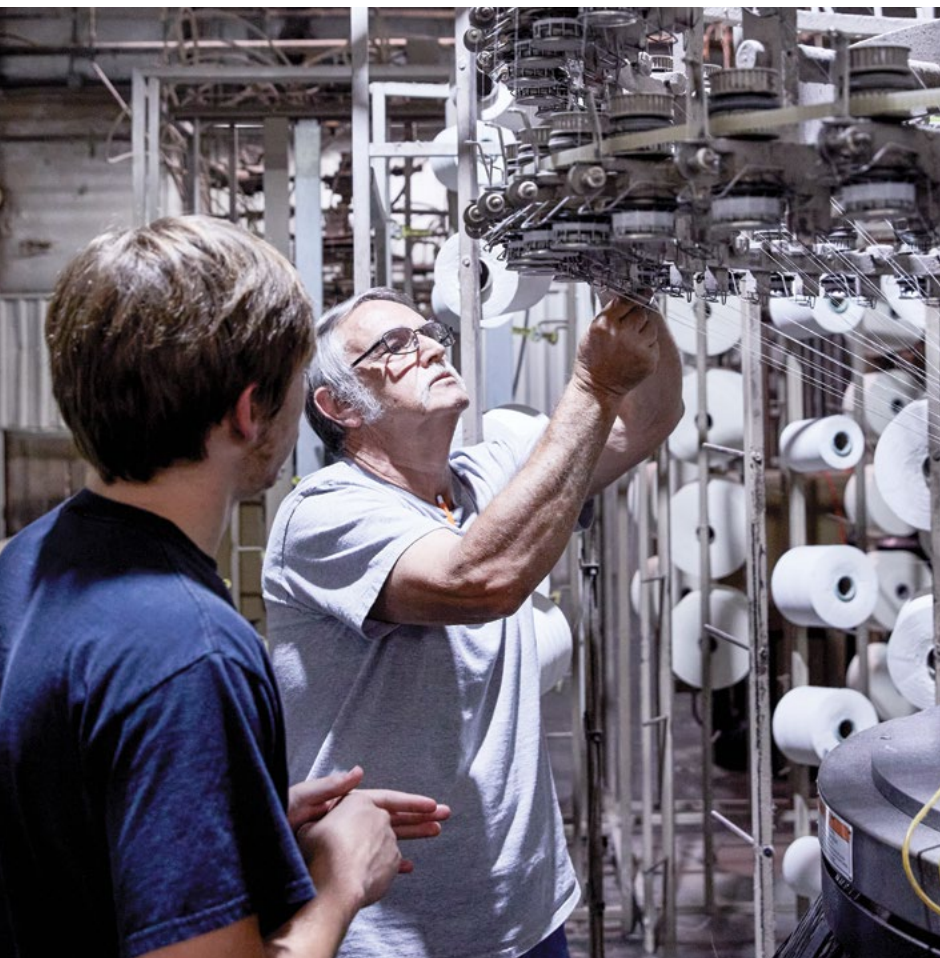
We closely monitor regulatory and industry developments in product safety and regularly participate in industry-specific trainings to stay informed of requirements and best practices.

Please visit sanmar.com to access General Certificates of Conformity, Children Product Certificates and additional information about our Product Safety Testing Program.





Factory Spotlight Tennessee



Volunteer Knitwear

At the start of 2018, SanMar was thrilled to welcome Volunteer Knitwear into the SanMar family. A business originally built with strong family and community connections and values—much like SanMar’s values—we have been excited to expand our Made in USA fabrics, sweatshirts and t-shirts. With a long history, Volunteer Knitwear’s facility has been in operation since 1986.

Together, we’ve created apparel for the U.S. military, colleges, surf and streetwear brands and uniforms while also setting new standards in building workwear.

We’ve been honored to champion creative, innovative manufacturing jobs with fair wages in communities across the United States. Volunteer collaborates closely with local suppliers to keep most of their work within three hours of the factory.

American-made apparel, from knitting the fabric to building the styles, is something we are proud to support. As the relationship with Volunteer has grown and thrived since 2018 we can’t wait to see what the future holds in coming years.



Inspirational Interns

Seeing an opportunity to support teenagers within their community through internships, Volunteer reached out to local high schools. Students, seeking job training and direction began working alongside the Volunteer team. The experience provided many with their first work experience, providing them with valuable training in everything from interview skills to sewing to packing orders and more. Students have gone on to attend college, enroll in the Air Force, and some even return in the summers to continue working with Volunteer.

When the school year was disrupted in 2020 due to COVID-19, Volunteer provided a small graduation ceremony for their senior interns, hiring a photographer who took memorable photos of a graduation unlike any other.



Factory Spotlight Honduras



Elcatex

We know that our impact—and our responsibility—reaches beyond our four walls, which is why we are proud to work with our supply chain partner in Honduras. Elcatex Group has been at the cutting edge of sustainability since its founding. On a mission to “lead, care, and make a difference”, they are a champion of the environment, community and Honduras.

Environment

From renewable energy operations to efficient processes within their textile facilities, Elcatex has taken a holistic, innovative and local approach to addressing the most urgent environmental issues. Energy projects include the generation of electricity using biomass and biogas derived from locally-sourced king grass. This green source of 24-hour electricity is further enhanced through the installation of the largest solar array in Latin America on the roofs of their extensive industrial park complex.

Inside the facilities, efficient processes and investment in emerging technologies have allowed Elcatex to reduce their per unit water usage, beating the industry average, and minimizing chemical consumption. In addition, their commitment to sustainable chemistry is demonstrated by their Oeko-Tex Standard 100 certification and effective treatment of wastewater at their water treatment plant.



Community

As a pillar of the community, Elcatex is committed not only to creating opportunity and a positive, collaborative work environment for their employees, but giving back to their community as well. They have a robust corporate social responsibility program in place. Examples of some of the ways they support their employees include continuing education and vocational training opportunities, providing access to health care with special events and offerings extended to family members, and several holiday and other special events throughout the year.

In the broader community, Elcatex supports several community organizations: a bilingual school created to provide children from low-income families with a first-rate education, a boys' and girls' orphanage and a hospice center. They are also SanMar's partner in bringing the Touching Hands Project to San Pedro Sula, which provides life-changing hand surgeries and treatment to patients who need it most. SanMar and Elcatex regularly coordinate to support brigades of hand surgeons, anesthesiologists, nurses and hand therapists to the Ruth Paz Hospital. Treatment is available to anyone in the community, free of charge.

Elcatex has also recently partnered with the Women Entrepreneurs Finance Initiative (We-Fi), which supports women entrepreneurs by unlocking financing and market access for women-owned or women-led companies. Recognizing that female entrepreneurship has the power to uplift communities, Elcatex will identify opportunities to increase access to the value chain for women suppliers. The goal is to increase the number of companies in the supply chain that are led or owned by women. We-Fi is an international organization, and partners with 14 donor governments, six multilateral development banks as implementing partners, as well as stakeholders from the public and private sector from around the world.



Honduras

As a leader in the textiles industry in Central America, Elcatex is committed to Honduras' growth as a sourcing destination in the region. Seeking to boost the competitiveness of the Honduran textile industry, Elcatex expanded their already broad textile and garment production operations, by investing in a newly built polyester filament yarn plant named Utexa. This move allows for the growth and development of high quality synthetic fabrics and garments in Central America and the United States, creating jobs and bolstering the local economy. Like Elcatex, Utexa was built with innovation and sustainability in mind, generating solar power from photovoltaic panels on the roof and offering recycled polyester yarns that inherently reduce the water, chemicals and energy used in the production of garments.

While economic growth and job creation are critical issues, Elcatex also recognized that safe housing was an important problem to solve. In response they've supported the building of a large scale housing community designed to provide safe, affordable housing in a healthy community with amenities such as sports and recreation areas, easy access to transit, and education and childcare centers.

Deeply committed to the environment, community and country, Elcatex is making a difference in all that they do.



OUR FIVE-YEAR Plan

DIVERSITY & INCLUSION

Create a diversity and inclusion strategy that brings about meaningful change at SanMar.

RESPONSIBLE SOURCING

Continue to provide training to our suppliers and our internal teams to go beyond compliance and support improvement.

COMMUNITY

Support the communities in which we operate through continued charitable giving.

SUSTAINABLE PRODUCTS

Launch additional products with more sustainable inputs and processes.

SUSTAINABLE OPERATIONS

Commit to a science-based target for reducing greenhouse gas emissions.

INNOVATION

Continue to invest in high-impact projects to improve lives.





CONCLUSION

For the sake of our people, planet and the products we create, SanMar is always looking for new ways to support our communities and reduce our environmental impact. The steps we take within our organization focus on doing good while creating top-quality products—but that is just the beginning of the story. Once we pass our products to our customers, they are the ones who help continue the story out in the world. We are immensely proud of the countless stories of our customers spreading hope and goodness with our products whether by raising funds for important causes, bringing communities together or spreading joy. To be as inspired by our customers as we feel, read their stories at [canvasforgood.com](https://www.canvasforgood.com).

As we reach our 50th year, we are looking ahead at the next fifty. We continue to take stock of where we are, what more we can do and how we can all work together for a bright future.



Contact Us

Corporate Headquarters
22833 SE Black Nugget Road,
Suite 130
Issaquah, WA 98029
Phone: (206) 727-3200
Email: cr@sanmar.com

About this Report

With this report, SanMar evaluated all issues we feel are material to our business and aim to provide a complete and balanced account of our impacts. We solicited stakeholder input through virtual conversations and an online survey to identify issues most important to them. Existing frameworks were also used to guide the development of this report, including best practices for the type and breadth of content, as well as analyzing and reporting data. Content for this report was gathered from teams across the organization.