

SANMAR

**A CANVAS FOR
GOOD**

Our Commitment to
People, Planet & Product



2023 SUSTAINABILITY UPDATE



JEREMY LOTT, President

“ I’m so proud of each of these individual milestones, but also how they connect to one another in carrying SanMar steadily forward. ”

Partners and friends,

When I spoke to the SanMar team at the end of 2023, I emphasized the importance of connections. Everything we do is connected to you, our partners and customers, and in that way all our accomplishments are shared with you too.

It’s these connections that enable continued progress on our journey toward greater sustainability.

In 2023 we continued our support for the communities where we do business, both here in the United States and around the world. We expanded our distribution network across the country, including a new warehouse in Ashland, Virginia, while implementing new programs to reduce our waste and use our resources more responsibly. And we continued to grow our selection of products made of recycled and reused materials, like the C-FREE line of carbon-neutral apparel.

I’m so proud of each of these individual milestones, but also how they connect to one another in carrying SanMar steadily forward and to you as a critical part of this process. Without your support, the progress you see here would simply not be possible.

This 2023 update represents the result of many hands working together to accomplish the ambitious goals we’ve set. This is the work we must do to fulfill our purpose: creating meaningful connections that elevate lives. I’m glad you’re with us on this journey.

All the best,

Jeremy Lott
President

■ GETTING TO KNOW SANMAR

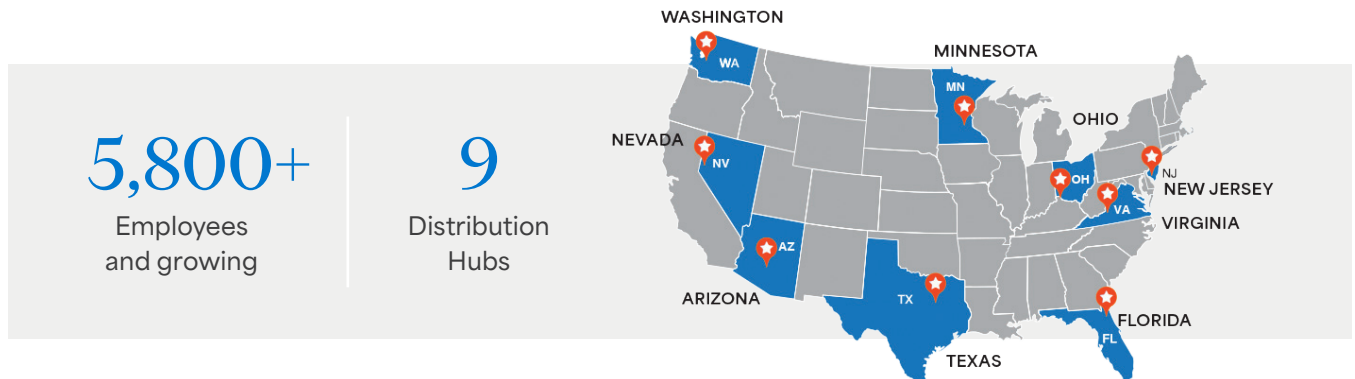
SanMar is more than just a t-shirt company.

We see t-shirts as a blank canvas that can be used to unite a team, tell a story or keep a group connected.

We are the largest supplier of wholesale imprintable clothing and accessories in the United States and work with manufacturers in countries around the world.

Founded in 1971 in Seattle, we've grown to more than 5,800 employees serving over 60,000 customers nationwide. Today SanMar is based in Issaquah, Washington with nine distribution hubs across the country, and we still work by the same principles we started with: Be Nice and Tell the Truth.

We strive every day to make a difference in the lives of our customers, our employees and the people around the world who make our products. Through the work we do and the apparel we provide, we create meaningful connections that elevate lives.



Be Nice *Tell* ^{THE} *Truth*

■ UPDATE ON 5-YEAR GOALS

DIVERSITY & INCLUSION

GOAL: Create a diversity and inclusion strategy that enables employee well-being and business success at SanMar.

UPDATE: In 2023, we completed our 2nd annual benchmark survey, hosted an Insights town hall event, “Deaf Culture in the Workplace” featuring the Seattle Hearing, Speech & Deaf Center, and returned to the Seattle Pride Parade.



RESPONSIBLE SOURCING

GOAL: Provide training to our suppliers and internal teams to go beyond compliance and support continuous improvement.

UPDATE: In 2023, we provided suppliers with relevant social compliance training and were re-accredited by the Fair Labor Association.

SUSTAINABLE PRODUCTS

GOAL: Launch additional products with more sustainable inputs and processes.

UPDATE: We have grown our offering of apparel and accessories made from greater than 50% preferred materials to 124 styles.



SUSTAINABLE OPERATIONS

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

UPDATE: In 2023, we continued our journey to achieve our target, reducing our scope 1 and 2 emissions by 13% and our scope 3 emissions by 10%.

UPDATE ON 5-YEAR GOALS



INNOVATION

GOAL: Invest in high-impact projects to continuously improve lives.

UPDATE: In 2022, we launched SanMar Community Grants, a program to provide direct and immediate impact to garment workers and their families. Our support of the Mhotivo School in Choloma, Honduras served as the blueprint of that program. Construction of the school continued throughout 2023, and was completed in early 2024.

COMMUNITY INVOLVEMENT

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

UPDATE: We grew our charitable giving efforts in 2023, raising money and collecting in-kind donations to support communities in need. The SanMar team rallied together through employee events, making direct contributions to more than 15 community-based organizations and sending 1,800 pounds of clothing to Maui following the devastating fires in Lahaina.



MEMBERSHIPS

WE WORK SIDE-BY-SIDE WITH ORGANIZATIONS THAT SHARE OUR MISSION.

We were a member of, participated in, or were certified by these organizations in 2023.



An international network of companies, universities and civil society organizations promoting human rights at work.



A global nonprofit alliance driving equitable and restorative business practices in the consumer goods industry. Formerly known as the Sustainable Apparel Coalition (SAC).



Transforming business relationships through an anonymous online rating system for suppliers to highlight areas for improved purchasing practices.



A partnership driving ambitious climate action in the private sector by enabling organizations to set science-based emissions reduction targets.



An action-oriented nonprofit focused on textile-to-textile recycling at commercial scale through a collaborative, stakeholder-led approach.



A trusted provider of business sustainability ratings, helping organizations monitor and improve the sustainability of their business.



A voluntary partnership between public and private organizations working to protect the supply chain, identify security gaps and implement measures and best practices.

PEOPLE

The people at SanMar are at the heart of everything we do.

We know that our choices can make a difference and positively impact lives.

THE SANMAR IDEA COUNCIL

The IDEA Council's mission is to be a resource and advocate for the value of diversity and inclusion as a pathway to both employee well-being and business success. Our progress is demonstrated in our milestone achievements in 2023.

- Hosted an Insights learning session with the Seattle Hearing, Speech and Deaf Center
- Conducted our second survey to collect employee feedback on diversity and inclusion

IDE&A

INCLUSION
DIVERSITY
EQUITY
ACTION
SANMAR

We're dedicated to developing and growing a diverse, high-performing workforce which embraces the differences we have and values the similarities we share. We will cultivate an inclusive work environment which empowers diversity and engages all SanMar employees.



■ GIVING BACK

Supporting the communities where we do business.

Working with local nonprofit organizations and agencies is part of the fabric of who we are.

\$24,542

Combined donations through the Employee Match Program

\$35,000

Clothing donations

- Plus 1,800 pounds of clothes to aid fire recovery efforts in Maui

\$873,576

Other Donations to Community Organizations

- Beyond Boundaries Children's Foundation
- PAL of Jacksonville
- For Kids Foundation
- Forever14
- Irving PD PAL
- NAMI
- Team Dean

SUMMERFEST HIGHLIGHTS

Each week during the summer of 2023, SanMar employees were invited to get together for a unique celebration event. Every event was also an opportunity to donate to local charities.

- **\$2,500** donated to Hearing, Speech & Deaf Center during our IDEA Insights event
- **1,932** socks and **\$500** donated to Bailey-Boushay House from our Happy Hour event
- **\$1,205** raised and donated to Sports for Schools during our Walk-a-Thon
- **\$800** raised and donated to Yoga Behind Bars during our Yoga event
- **387** pounds of canned goods donated to the Issaquah Food Bank during our BBQ event
- **500** backpacks donated to the Pencils & Pants drive at KidVantage



CULTURE AND BENEFITS

Our people bring their talent, passion and dedication every day.



We focus on creating a positive work environment that supports work-life harmony and healthy choices. We strive to foster a fun and inclusive place to work, with comprehensive benefits designed to support employees' well-being, safety and career growth.

- Medical, dental, vision, life and disability coverage
- Paid maternity and paternity benefits
- 401(k) retirement plan with company match

In 2023, 225 employees and families enrolled in myStrength, an app that offers real time information and assistance for mental health needs.

590 employees also took advantage of specialty support for hypertension, pre-diabetes, and diabetes management through our partnership with Livongo.

EMPLOYEE ASSISTANCE PROGRAM

Our Employee Assistance Program is offered online, in person and via telephone for personal health and wellness, mental health and legal resources. In the last year, 22% of our employees and their families used resources and support through these offerings. We also offered webinars for employees on financial wellness and health programs.



TRAINING & DEVELOPMENT

Through our training and development programs, we empower all employees to learn and grow. This is accomplished in a variety of skills-based offerings and leadership training, available in-person or online. In 2023, training hours increased to approximately 130,000 hours.

PLANET

Our commitment to be a good steward of the world we share is stitched into the fabric of who we are.

We seek to make continuous improvements to how our business affects the environment.

SANMAR'S SCIENCE-BASED TARGET

SanMar signed on to the Science Based Targets initiative to set an ambitious company-wide target to cut carbon emissions in line with climate science.

- Reduce scope 1 and 2 GHG emissions 50% per pound of product by 2030.
- Reduce scope 3 GHG emissions from purchased goods and services 50% per pound of product within the same timeframe.

TIMELINE MILESTONES

A Science-Based Target for Greenhouse Gas Emissions

The Science Based Targets initiative has helped us set an ambitious company-wide target to cut scope 1, 2 and 3 greenhouse gas emissions across all of our operations



2022

Our Science-Based Target approved



2023

20% of the way toward our goal



2030

Target date to meet our emissions reduction goal

RESOURCE USE & EMISSIONS

We reduce our impact by using resources responsibly.

ENERGY USE

We continue to measure energy usage and are exploring additional ways to reduce it.

Energy Usage, 2020-2023	2019	2020	2021	2022	2023
Energy Usage (Absolute in MJ)	124,614,289	120,267,036	129,023,008	140,282,617	193,974,550
Energy Intensity (MJ/Sq Ft)	18.51	17.86	19.16	19.62	22.73
% Energy Intensity Variation from 2019		-3%	4%	6%	23%

WATER USE

Water is a precious resource and SanMar strives to reduce our water use wherever possible.

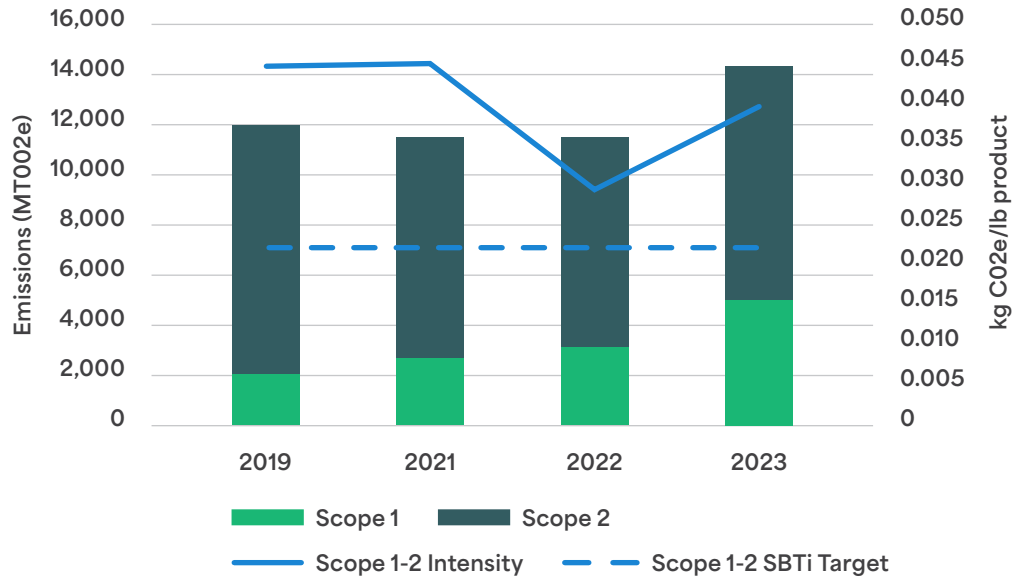
Water Usage, 2020-2023	2019	2020	2021	2022	2023
Water Usage (Absolute in Gallons)	29,398,593	25,064,549	32,020,163	40,152,292	36,473,656
Water Intensity (Gallons/Sq Ft)	4.37	3.72	4.76	5.62	4.27
% Water Intensity Variation from 2019		-15%	9%	29%	-2%

RESOURCE USE & EMISSIONS

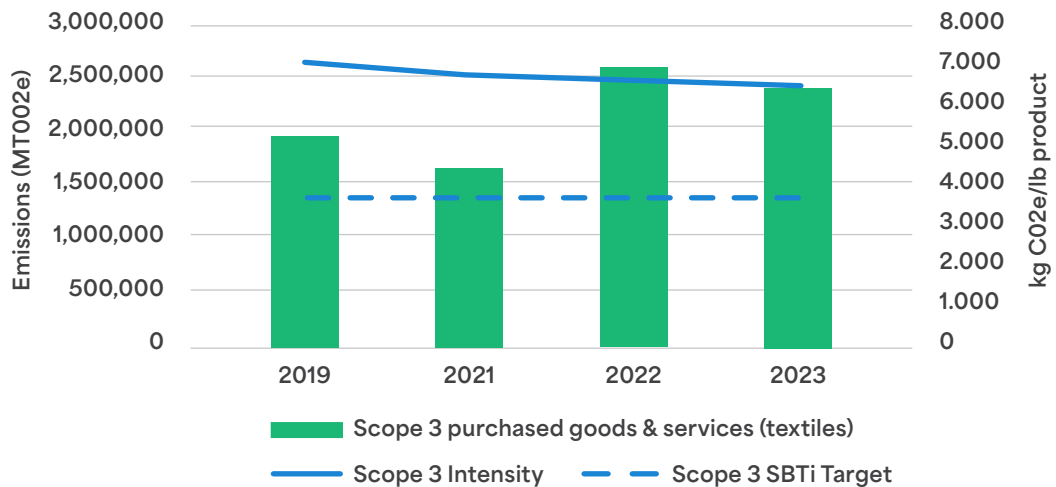
EMISSIONS

We are taking further steps to reduce emissions in our facilities and supply chain.

Scope 1-2 Intensity Target



Scope 3 Intensity Target



*Emissions data for 2020 is not representative of typical operations due to the Covid-19 pandemic; therefore, it has been excluded from this report.

WASTE REDUCTION

We create a lasting impact by disposing of our waste responsibly.

Understanding and improving what we do with materials at the end of their useful life is just as important as reducing our resource usage when they are created.

In 2023, we focused on recycling and repurposing many kinds of waste:

- New textile and plastic film recycling bins installed at SanMar HQ in August 2023
 - 726 lbs textile waste recycled
 - 120.59 lbs plastic film waste recycled

1,292

pounds of clothes donated to Northwest Center

28,091

pounds of electronics donated to Friendly Earth

CIRCULARITY

A circular product cycle reduces waste by giving a product a purpose in the supply chain when it reaches the end of its useful life. We strive to do our part to reduce waste and create circular systems through education, collaboration and supply chain leadership.

In 2023 we created and shared resources to help both our customers and the end users of our products responsibly dispose of textiles. We have collaborated as an Accelerating Circularity System Trial Partner to demonstrate the recycling of used textiles into new materials through the establishment of circular systems to reduce environmental impact. Our product teams continue to develop new offerings made from reclaimed waste.



OUR DISTRIBUTION CENTERS

Our dedication to the planet does not stop at the corporate office or with product development. In our nine distribution hubs across the country, including our newest location near Richmond, VA, we are constantly improving our resource use. For example, 100% of buildings have some form of recycling initiatives.

PRODUCT

Innovations in apparel development, sourcing and manufacturing can create meaningful change.

This is how we have a positive impact on the communities where the people who make those products work and live.

THE FAIR LABOR ASSOCIATION

In 2023, our continued commitment to advancing better labor conditions was recognized by the Fair Labor Association (FLA) when they re-accredited our social compliance program.

The compliance program at SanMar first received FLA accreditation in 2012. The re-accreditation process reviewed our policies and oversight mechanisms over several years, representing the highest level of programmatic evaluation. We are proud to be one of only a small number of companies to hold this level of distinction.

Prathika Kurian was elected to the FLA Board of Directors in 2022, offering us a unique perspective on the experience of its members and a voice at the table in helping to guide the organization.



“ Being a part of the FLA means we’re working toward the same goal. We get to learn what works and what doesn’t from others and we can work on issues as a group. We have a say in how the organization evolves. ”

Prathika Kurian, Senior Manager of Factory Compliance & FLA Board Member

■ RESPONSIBLE SOURCING

Where a t-shirt comes from defines how it feels when you wear it.

FACTORY & SUPPLIER ONBOARDING

Social compliance is not only the responsibility of our factory partners. Our teams must understand the role our decisions can play in upholding workers' rights. We regularly provide training to relevant individuals, including sourcing, product development, compliance and quality.

When evaluating new suppliers our Compliance Team performs audits at the facilities of each supplier involved in the production of our proprietary products. From 2022-2023, 100% of new factories were audited.

100%

of new factories audited in 2022-2023



CASCALE & THE HIGG INDEX

We continue our collaborative work with Cascale, formerly known as the Sustainable Apparel Coalition, to reduce environmental impact and promote social justice throughout the global value chain. We use their suite of tools, the Higg Index, to proactively measure and manage issues like environmental stewardship, working conditions, and supplier relations. In 2023, 92% of factories completed the Higg Facility Environmental Module (FEM).

FACTORY TRAINING

We empower our suppliers to understand and maintain our high standards through training and education. In 2023, 94% of factories received this training through 692 e-learning lessons. The remaining factories were not due to receive training during 2023.



■ RESPONSIBLE SOURCING



RESPONSIBLE PURCHASING PRACTICES

The Better Buying Initiative is a unique system in which suppliers communicate with their buyers and rate purchasing practices anonymously.

SanMar began working with Better Buying in 2019. In 2021 we became the first Better Buying subscriber in the world to publish our scorecard publicly, and we are still the only company to do so. In 2023, SanMar continued to publish our scorecard in an attempt to help drive meaningful change in the way apparel companies work with their vendors. We plan to continue our engagement with the Better Buying Institute in the coming year.



CTPAT TIER III STATUS

The Customs Trade Partnership Against Terrorism (CTPAT) is a voluntary program in which importers partner with US Customs to strengthen supply chain security. US Customs recently recognized SanMar's best practices in our CTPAT procedures and oversight structure.

SanMar is now a CTPAT Partner with a Tier III status.

This status is reserved for CTPAT Partners that exceed the minimum-security criteria, have successfully completed a validation and operate using a pre-defined series of Best Practices that have overlapping, interlocking layers of defense that are actively monitored by management personnel.



■ SUSTAINABLE MATERIALS

A shirt that creates a canvas for good begins with the materials we choose.



THE C-FREE PROGRAM

We continued to grow our selection of products with sustainable content by further developing the C-FREE® line, certified carbon-neutral through a combination of preferred materials and carbon offsets.

As a part of the C-FREE® program, products purchased contribute to several carbon offset projects we have chosen, including a new renewable energy project in India, installing solar panels to generate power that would otherwise come from non-renewable source.

There are now 58 different C-FREE® products available, a selection which will continue to grow.

PREFERRED MATERIALS

In 2023 we added more styles to our selection made from recycled fabrics, organic cotton or a combination of both. These pieces are created thoughtfully and deliberately to reduce their impact on the environment.



124

sustainable styles
available in 2023

CONCLUSION

Creating a canvas for good is important work.

We cannot do it alone.

Protecting our people, preserving our planet and providing sustainable products are all critical elements of building and maintaining a canvas for good.

SANMAR

Together, for Good.



About This Report

This report includes information on SanMar's wholly-owned and operated entity in the US, which includes our home office and distribution centers. This report does not include information on entities for which we may have financial interest but no operational control.

Elcatex is a joint venture, for which SanMar does not have operational control; therefore, it is not included in the scope of this report. Three affiliate offices are located in Hong Kong, Honduras and Dubai. SanMar does not have operational control of these entities; therefore, they are not included in the scope of this report.

Data contained in this report is for the 2023 calendar year unless otherwise noted. This update was published in June 2024. For questions, please contact cr@sanmar.com.

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Together, for Good.