The Business of Doing Good

SANMAR

January 15, 2018
HOW WE STARTED

When SanMar started, CSR wasn’t a term people used – it’s just what we did. Operating in a fair and ethical way has always been how we do business at SanMar.
THEN...

Local supplier of mill brands
32 products
20+ employees
Short, easy-to-trace supply chain

SanMar’s First Catalog, 1979
...AND NOW

National supplier of mill, retail and private label brands

Thousands of products

4,000+ employees

Large, complex global supply chain

SanMar Catalog, 2017
WHAT WE’LL COVER

- Why SanMar is pursuing corporate responsibility
- How to develop a corporate responsibility program
- Our approach to corporate responsibility
BUSINESS IMPERATIVE

BUILD TRUST
Proactive work and communication in this area reduces reputational risks and builds goodwill

ANTICIPATE REGULATION
Working at the cutting edge of these issues reduces the risk of being surprised by new regulation

IDENTIFY COST SAVINGS
Sustainability is a sister to lean management – eliminate waste and save money

FOSTER INNOVATION
Understand customer concerns and develop new products and services to meet their needs

GAIN AN ADVANTAGE
Stay ahead of the competition by minimizing your social and environmental impacts

INCREASE ENGAGEMENT
Work on issues that your customers, employees and your communities care about
OUR END USERS CARE

“We promote ethical production...by working to improve labor conditions...”

“We...take our responsibility for safeguarding the environment seriously.”

“Sustainable and responsible sourcing is a priority for our business.”
OUR PEOPLE CARE

70%
Millennials will spend more on brands that support causes they care about

6x
Millennials more likely to stay in job where they find ‘special meaning'

3rd
CSR is the third most important driver of employee engagement overall

80%
Respondents prefer working for a company with a good reputation for environmental responsibility

https://www.ama.org/publications/MarketingNews/Pages/millennial-demand-for-social-responsibility-changes-brand-strategies.aspx
http://fortune.com/2017/06/27/best-companies-millennials/
WE CAN MAKE A BIG IMPACT

Conscious Impact

SanMar is using its scale and global footprint to make a difference in the communities where we work and lives of the over 100,000 garment workers employed in our supply chain.
ALIGNS TO OUR VALUES

When we started thinking about corporate responsibility, we didn’t have to look much further than our SanMar Family Values.
[INSERT] MAKING A DIFFERENCE VIDEO
Where to Start

With so many issues, figuring out where to start can feel overwhelming.
KEEP IT SIMPLE

Is it Material to the Business?
- Understand where biggest impacts are and focus on them. Engage stakeholders to make a difference where it matters to them.

What’s the Business Case?
- It must make sense for the business in order to be sustainable and replicable. It can’t be just a feel-good initiative.

How to Measure Success?
- Think critically about desired outcomes and how they can be measured in order to allocate resources effectively.
IDENTIFY WHAT’S MATERIAL

Understand your Scope

Who are your stakeholders? Who are you accountable to?

• Identify who they are and find out what’s important to them

Where are your biggest impacts? Where do you have influence?

• Identify and measure your impacts, track your performance, and understand how you can make improvements

Everything you do should be material to the business and important to your stakeholders
WORK WITHIN YOUR SCOPE

The value chain is large and complex, with different issues at each step of the process

Factory → Supplier → Distributor → End User

Put your focus where you have impact and influence

Understand the impact of your operations and make improvements

Know your suppliers and ask questions

Engage end users to work on issues that matter to them
MAKE IT (FINANCIALLY) SUSTAINABLE

It’s important to your stakeholders – now what’s the business case?

BUILD TRUST  ANTIMICIPATE REGULATION  IDENTIFY COST SAVINGS

FOSTER INNOVATION  GAIN AN ADVANTAGE  INCREASE ENGAGEMENT

How will it generate value for your organization?
MEASURE PERFORMANCE

- Identify the metrics that you will use to measure success
- Collect data and use it to make improvements
- Continue to measure performance year-over-year
- Share progress with your customers
PLAN FOR SUCCESS

What are you trying to achieve in the short, medium and long-term?

What are the metrics that indicate success?

What are the activities needed to make this happen?

What resources are required?

Minimize Environmental Impact of Products

- # of products with recycled content, % of assortment is ‘sustainable’, average lifespan of products
- Analyze impact of products, develop a sustainable purchasing strategy, educate end users on product attributes
- Team, tools to gather and analyze impact data, communications to customers
GET CREATIVE

VOTE WITH YOUR DOLLAR
- Increase your impact by partnering with suppliers who are doing good work in the areas you care about

GO BEYOND DONATIONS
- Nonprofits are often in need of what you do best: promoting their brand. Look for ways to amplify the causes you care about

SHIFT THE ‘DISPOSABLE’ MINDSET
- Help customers minimize their environmental impact and maximize their marketing spend by choosing durable products

Collectively we can make a huge impact!
SANMAR AS A CASE STUDY
OUR APPROACH

Our aim is to focus where we have the biggest impact and on what our people care about – without reinventing the wheel.

- Map the value chain to understand our impact
- Ask our stakeholders what they care about
- Use existing frameworks to develop the program
When surveyed, our stakeholders were interested in:
- Our commitment to people, community involvement and environmental stewardship at home
- The people and working conditions at our factories
- The environmental impact of our operations
Corporate Responsibility

**PEOPLE**
- Responsible Sourcing
- Culture and Benefits
- Community

**PRODUCT**
- Quality
- Product Safety
- Sustainability

**PLANET**
- Energy
- Water
- Waste
RESPONSIBLE SOURCING

We’re focused on ensuring ethical production of our products and improving worker well-being

Compliance is not binary, it’s a spectrum

Invest in supplier relationships and take a **personalized approach**

**Collaborate** with other brands to eliminate audit redundancy

Encourage continuous improvement through **training and development**

**Improve traceability** by going beyond finished goods suppliers
CULTURE AND BENEFITS

We’re in the people business and aim to live our family values every day in all that we do
COMMUNITY

We believe in giving back to our local communities no matter where we are in the world

- Community Charitable Giving
- Employee Charitable Match
- Customer Merchandise Donation Fund
- Supplier Good Works
QUALITY

Our goal is to design for **durability** both to meet our customer’s needs and to improve product sustainability.

Products are tested for quality to ensure highest level of **workmanship, performance** and **color fastness**.

<table>
<thead>
<tr>
<th>Traditional Retail</th>
<th>SanMar</th>
</tr>
</thead>
<tbody>
<tr>
<td>3 washes</td>
<td>20 washes</td>
</tr>
<tr>
<td>Passes with Shrinkage: 5-6%</td>
<td>Passes with Shrinkage: 5-6%</td>
</tr>
<tr>
<td>Color 3 on a scale of 5</td>
<td>Color: 3 on a scale of 5</td>
</tr>
</tbody>
</table>
PRODUCT SAFETY

We have implemented policies and procedures to ensure our products are designed, manufactured and tested in compliance with applicable regulations and industry best practices.

- Product Safety Testing Program to ensure private label products meet or exceed applicable U.S. product safety laws
- Performs and maintains third-party testing
- Suppliers are required to adhere to SanMar Restricted Substances List (RSL)
- Close monitoring of regulatory and industry developments as well as regular review of our processes
SUSTAINABILITY

We’re using the Sustainable Apparel Coalition’s Higg Index to measure and improve sustainability performance throughout our supply chain.
ENERGY

We collect Scope 1 and 2 emissions and will continue to source data from Scope 3 activities to move towards a complete GHG inventory.
We collect usage data for all owned facilities and have installed water-saving devices where possible to decrease consumption.

We understand that the biggest impact is in the supply chain, with raw material cultivation and processing. We are working with our facilities to assess their environmental impact and identify methods to reduce water usage.
WASTE

We are always looking for ways to reduce waste in our operations and have learned that even seemingly small changes can have a big impact from reusing cartons to switching to online processes.

780,000
Cartons saved

1,000,000
Sheets of paper saved
Corporate responsibility has grown organically, starting with separate efforts from across the organization.

Today we are coordinating efforts, but still encouraging participation from across the organization.

It’s part of everyone’s job description – not just a single team’s responsibility.
SUMMARY

Keep it **simple** and don’t recreate the wheel

**Listen** to your stakeholders and understand your impact

Make the business case and **measure** performance

**Be aspirational**

We’re all in this together – let’s collaborate and support each other
Thank you

Q&A
Please complete your session evaluation now to receive credit for session attendance.