

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.



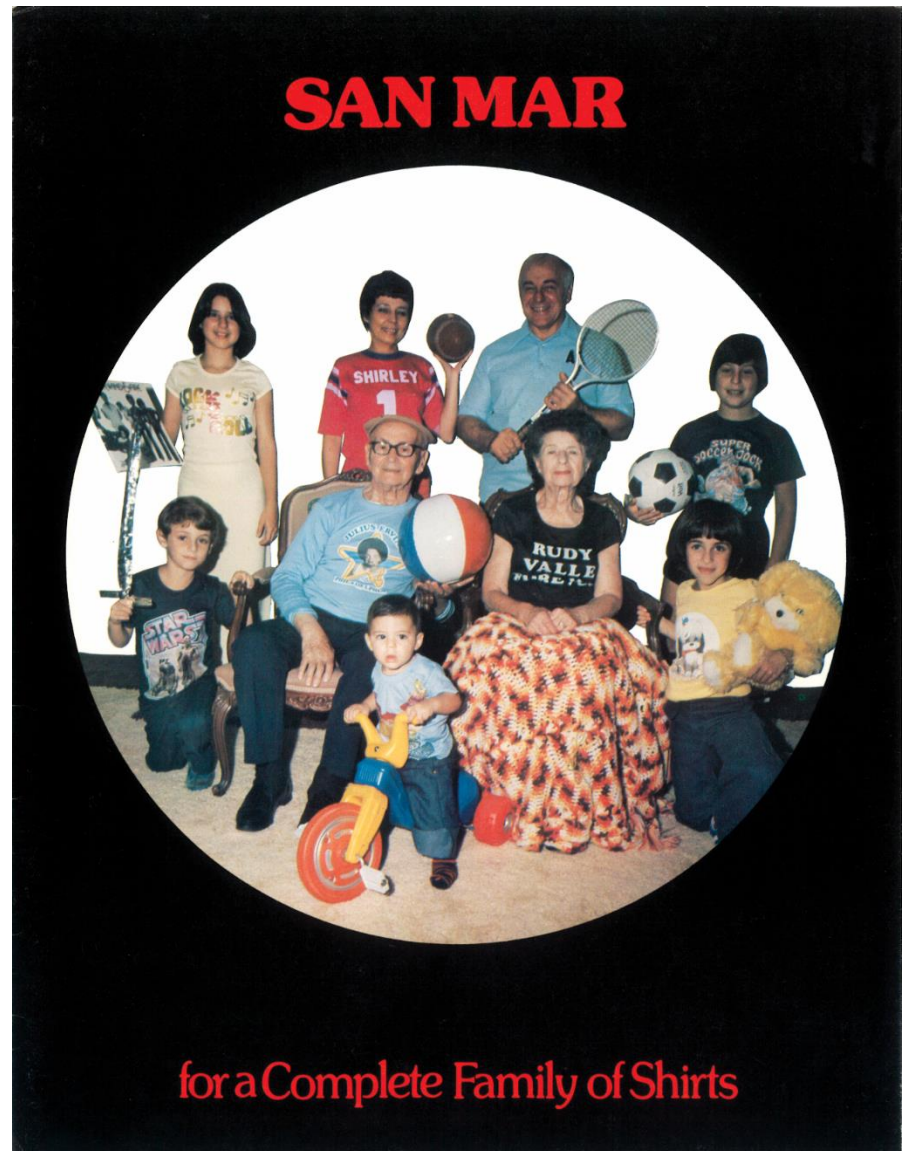
THEN...

Local supplier of mill
brands

32 products

20+ employees

Short, easy-to-trace supply
chain



for a Complete Family of Shirts

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

A full-page background image showing two hikers on a forest trail. A man in a dark jacket and beanie is perched on a mossy rock, looking off to the side. A woman in a blue jacket and beanie is walking up the trail behind him. The forest has many bare trees, suggesting autumn or winter.

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 feel it’s our responsibility to protect [our planet].”



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



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

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

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

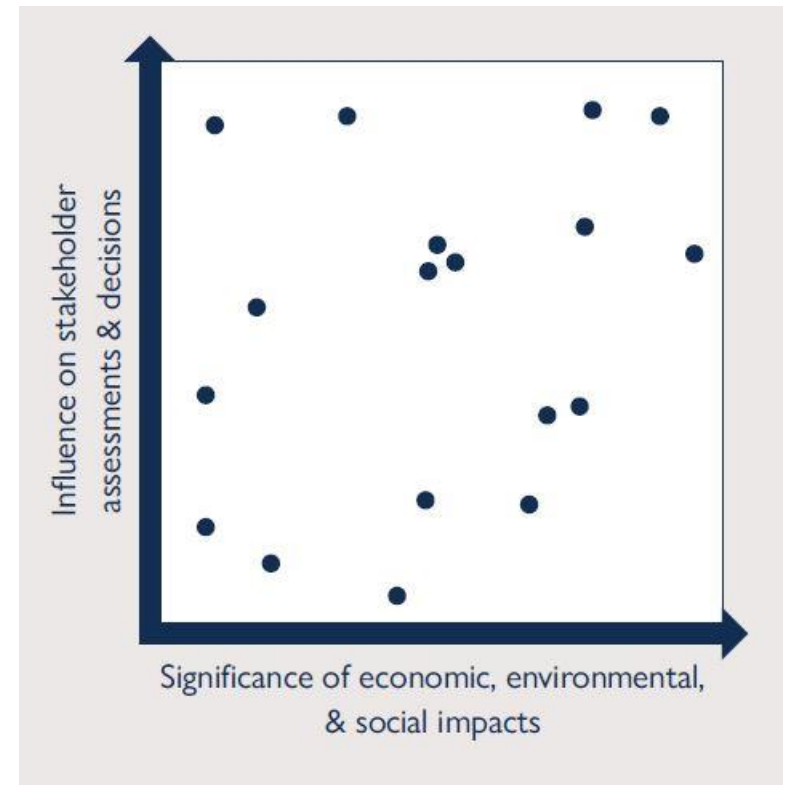
Who are your stakeholders? Who are you accountable to?

- Identify who they are and find out what's important to them

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

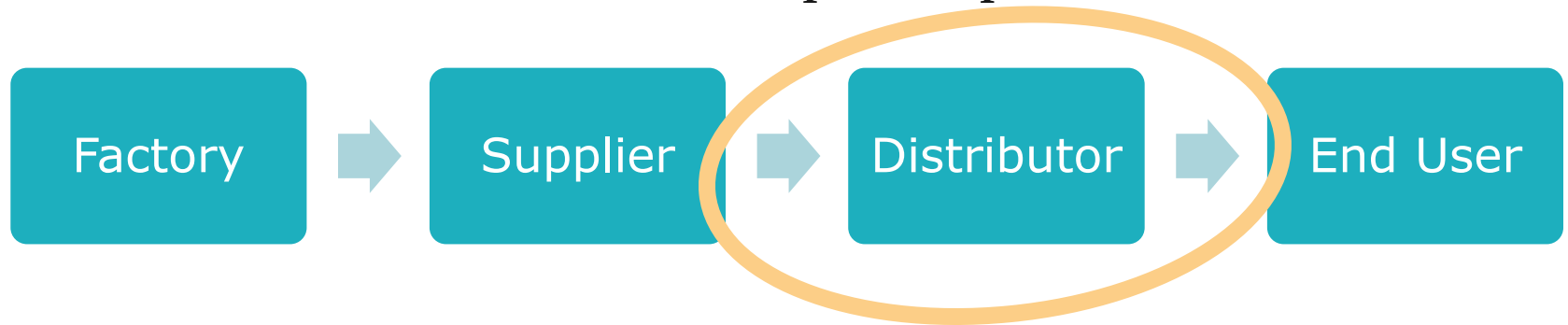
- Identify and measure your impacts, track your performance, and understand how you can make improvements

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



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



ANTICIPATE 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

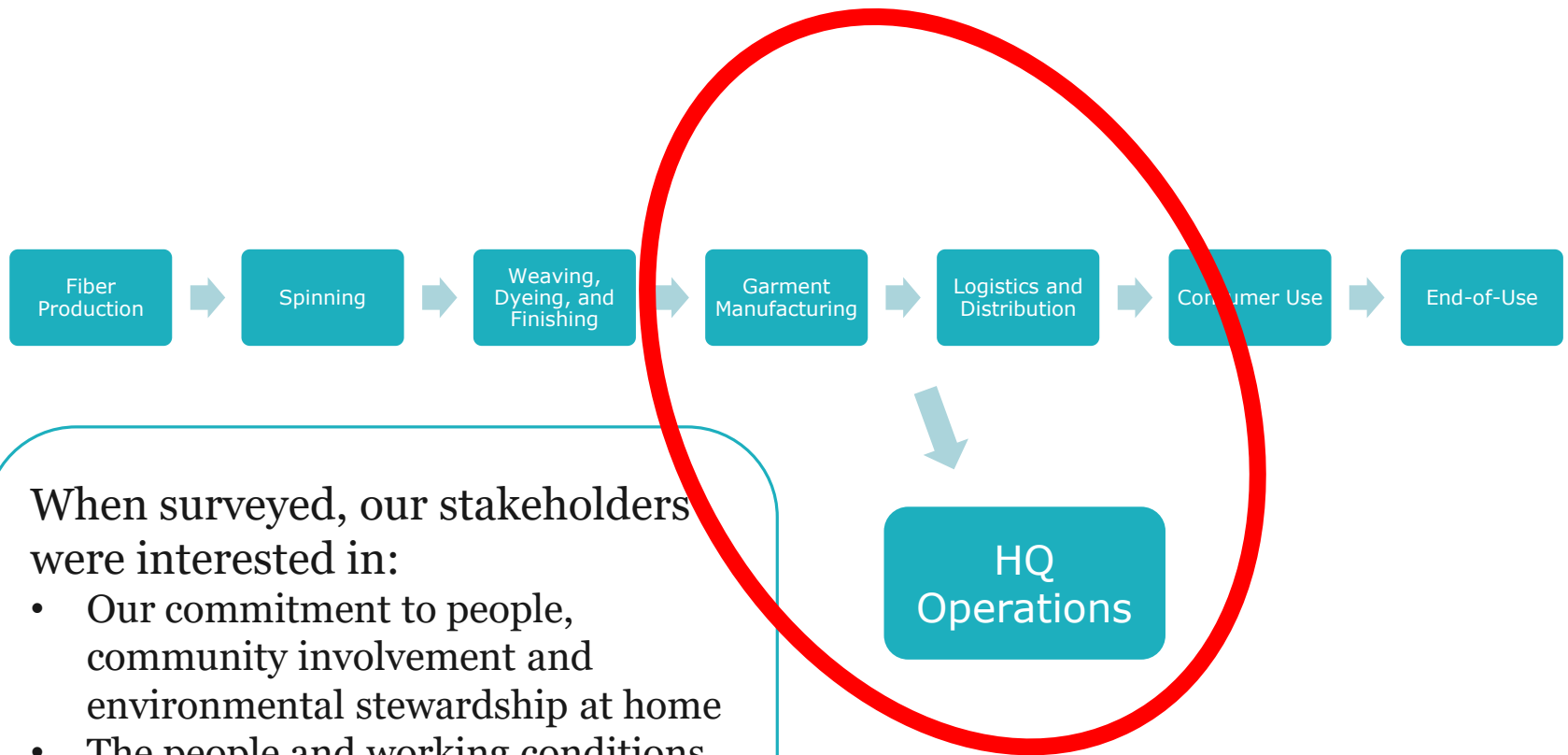


Ask our
stakeholders
what they care
about



Use existing
frameworks to
develop the
program

OUR CURRENT SCOPE



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**



Traditional Retail

3 washes

Passes with
Shrinkage: 5-6%
Color 3 on a scale of 5



SanMar

20 washes

Passes with
Shrinkage: 5-6%
Color: 3 on a scale of 5

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

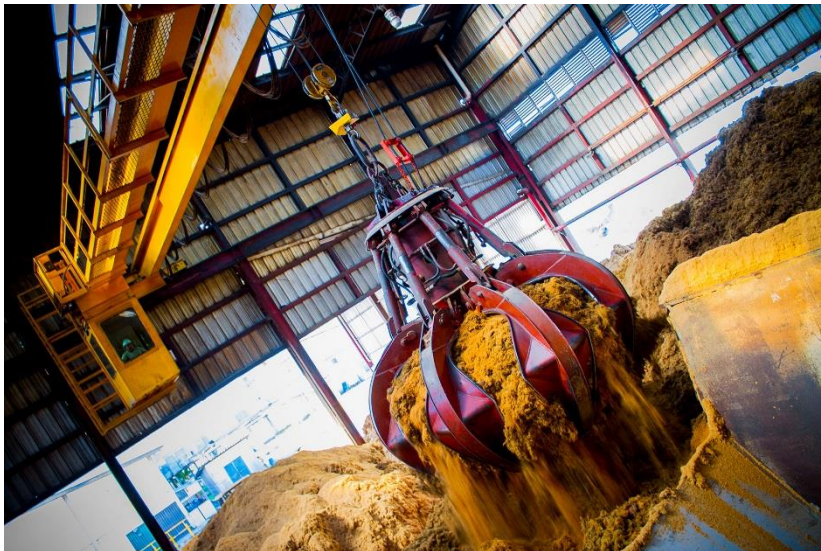
- Suppliers are required to adhere to SanMar Restricted Substances List (RSL)

- Close monitoring of regulatory and industry developments as well as regular review of our processes



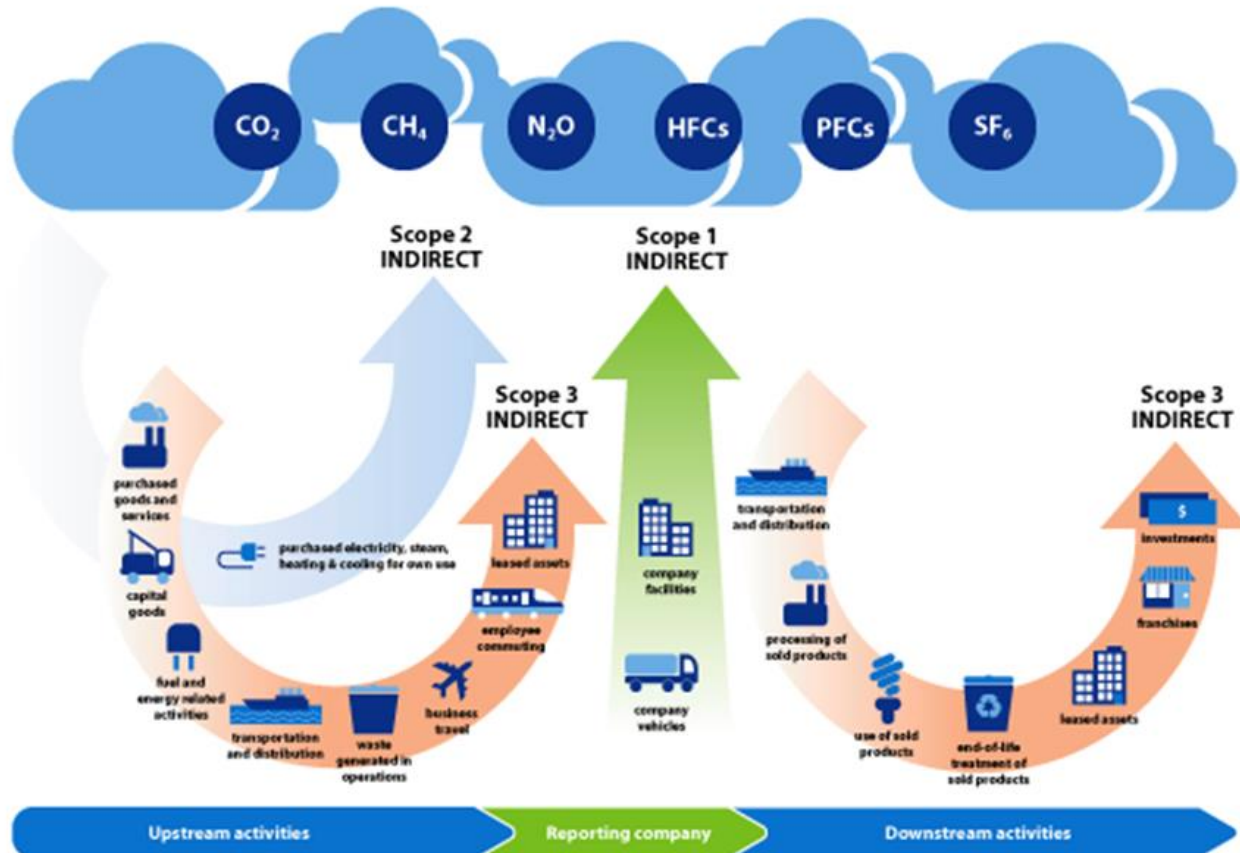
SUSTAINABILITY

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



WATER

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

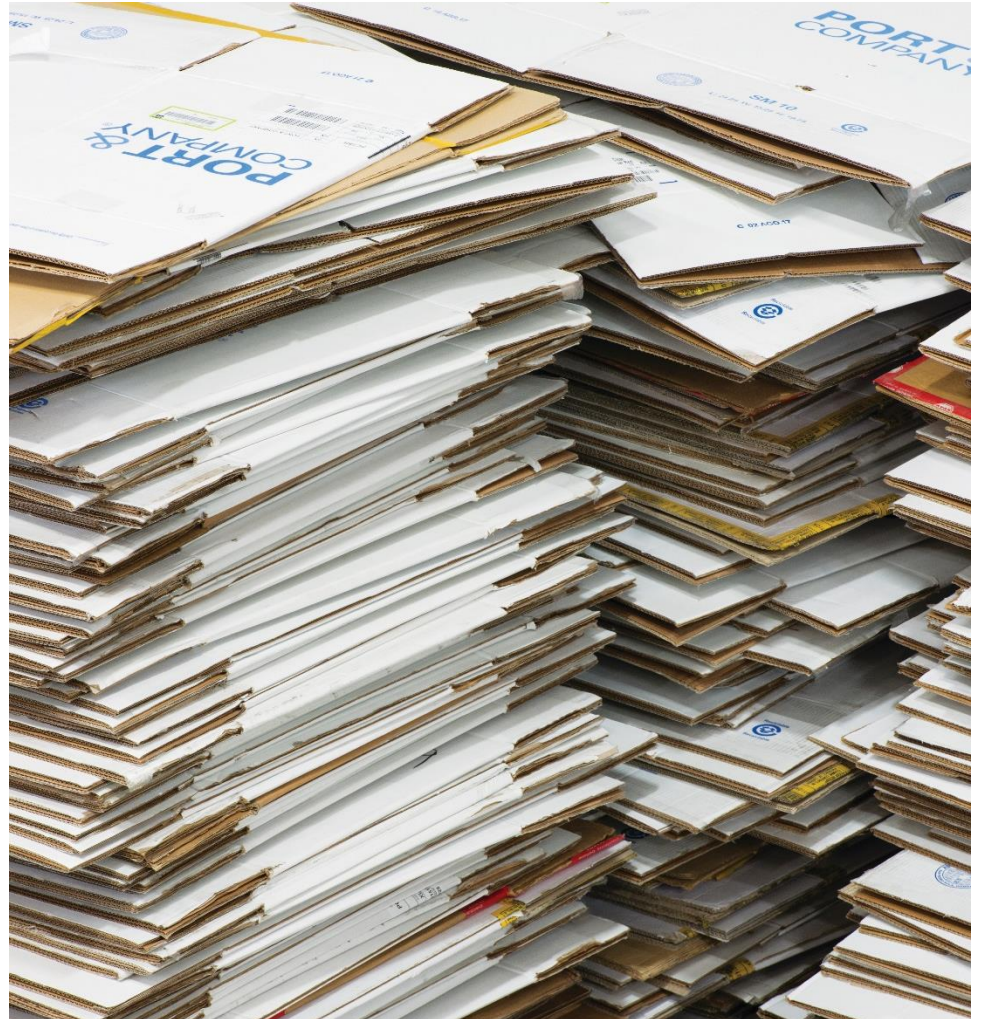
We are always looking for ways to reduce waste in our operations and have learned that even seemingly small changes can have a big impact from reusing cartons to switching to online processes

780,000

Cartons saved

1,000,000

Sheets of paper saved



CORPORATE RESPONSIBILITY IS A TEAM SPORT

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.