



# Assessment for Reaccreditation

SANMAR

**February 2023**  
**SanMar**

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# ABOUT FAIR LABOR ACCREDITATION



Fair Labor Accreditation represents a rigorous evaluation of a member company's business systems for compliance with the [FLA Principles of Responsible Sourcing and Production](#) and the FLA [Workplace Code of Conduct](#). These standards are designed to protect workers in member companies' global supply chains and are based on international practices and norms, including guidance from the International Labour Organization (ILO), United Nations Guiding Principles on Business and Human Rights, and the Corporate Human Rights Benchmark. Each principle is backed by a set of benchmarks and key performance indicators (KPIs) that define what companies must do to successfully implement our standards.

Effective social compliance implementation is a process of continuous improvement. Companies are evaluated on the alignment of their social compliance systems with FLA standards, and the company's performance in executing those systems to support and protect workers. Following Fair Labor Accreditation, FLA evaluates companies on an ongoing basis to ensure that they maintain baseline requirements and standards. When a company shows consistent performance over and above FLA's requirements for Accreditation, including in upstream supply chains, it can be reevaluated for a higher threshold of recognition. This report recognizes a company's achievements, acknowledges areas in which the company has gone above and beyond baseline requirements, and makes specific recommendations for future growth.

# EXECUTIVE SUMMARY

## HIGHLIGHTS OF SANMAR'S FAIR LABOR REACCREDITATION

SanMar joined FLA in 2007 and received Accreditation in 2012. Since that milestone, SanMar has continuously improved its social compliance work and kept pace with the changes to FLA standards that have been enacted over the intervening years. This Reaccreditation report details FLA's updated evaluation of SanMar's social compliance program through January 2023.

### Some highlights of SanMar's Reaccreditation include:

**Supplier relationships:** SanMar regularly engages with its suppliers to discuss challenges that may impact production processes and workers. SanMar is an active participant in Better Buying, which allows suppliers to submit anonymous feedback on SanMar's purchasing practices. As a sign of even greater accountability and transparency, SanMar is one of a few companies that make these Better Buying reports available on their website.

**Compliance data management:** SanMar tracks assessment remediation progress and evidence through its comprehensive data platform. SanMar also uses its factory and assessment data to identify noncompliance trends throughout its supply chain, including identifying the most frequent types of assessment findings that require further action.

**Capacity-building:** Recognizing that companies, suppliers, and workers all have a part to play in promoting workers' rights, SanMar emphasizes training for suppliers and for workers. SanMar has adapted its factory audits to include verification of these trainings. SanMar also partners with civil society organizations (CSOs) to train workers on using grievance mechanisms to speak out about issues in the workplace. Finally, when noncompliances are found during an assessment, SanMar provides the supplier with access to training materials and requires them to complete training that will help ensure the issues are remediated successfully.

# SANMAR REACCREDITATION

FAIR LABOR ACTIVITY	PURPOSE
<p><b>Headquarters and Field Office Assessments</b>  <i>September 2022: Issaquah, Washington, US</i></p>	<ul style="list-style-type: none"> <li>• Interview senior leadership and staff in the compliance, purchasing, production, and planning departments</li> <li>• Review documentation, processes, and data</li> </ul>
<p><b>Field Observations (FO)</b>  <i>Audit: 2018, Việt Nam</i>  <i>Audit: 2018, Bangladesh</i>  <i>Audit: 2021, Việt Nam</i></p>	<ul style="list-style-type: none"> <li>• Evaluate internal audits, training sessions, and/or remediation visits for comprehensiveness and quality</li> <li>• Verify improvement over time</li> </ul>
<p><b>Factory-Level Assessments (SCI)</b>  <i>2012–2022 (11)</i></p>	<ul style="list-style-type: none"> <li>• Identify any labor violations, assess root causes, and track remediation efforts over time</li> </ul>
<p><b>Annual Evaluation</b></p>	<ul style="list-style-type: none"> <li>• Review documentation demonstrating compliance with the Principles of Fair Labor and Responsible Sourcing and Production</li> </ul>
<p><b>Safeguard Investigations</b>  <i>N/A</i></p>	<ul style="list-style-type: none"> <li>• Investigate supplier for alleged noncompliance, report follow-up on remediation, and engage with union</li> </ul>
<p><b>Fair Compensation</b></p>	<ul style="list-style-type: none"> <li>• Confirm use of the FLA's Wage Data Collection Toolkit</li> <li>• Evaluate the company's fair compensation blueprint</li> <li>• Track measurable progress towards a living wage over time</li> </ul>
<p><b>Stakeholder Engagement</b></p>	<ul style="list-style-type: none"> <li>• Integrate perspectives from civil society and other relevant organizations on the company's social compliance program</li> </ul>

# COMPANY OVERVIEW

<b>Name</b>	SanMar Corporation	<b>Category</b>	Participating Company
<b>HQ Location</b>	Issaquah, Washington, US	<b>Product</b>	Apparel, Accessories
<b>FLA Membership</b>	2007	<b>Applicable Facilities</b>	110 Contract, one owned
<b>FLA Accredited</b>	2012		

SanMar Corporation (SanMar) is a family-owned and operated business founded in 1971 and headquartered in Issaquah, Washington. The company distributes blank manufactured apparel and accessories to screen printers, embroiderers, promotional product distributors, athletic dealers, and industrial launderers. The company has many uniform programs and distributes a variety of products including shirts, activewear, headwear, fleece, outerwear, infant and toddler wear, bags, and other accessories. The following eight private label brands fall under the FLA scope: Port Authority, Sport-Tek, Port & Company, Mercer+Mettle, Allmade, District, CornerStone and Volunteer Knitwear.

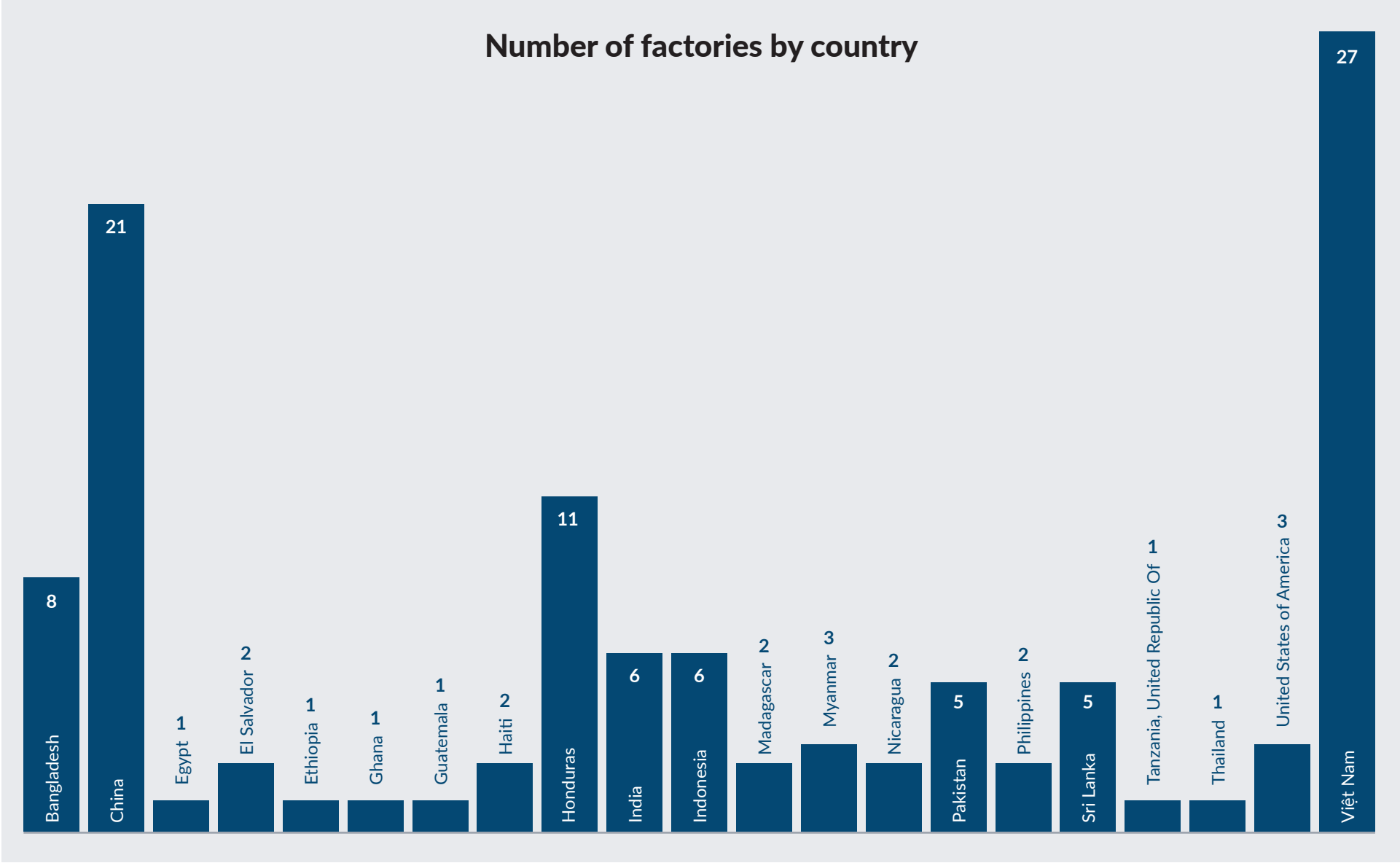
SanMar has 5,500 direct employees across 10 warehouses and sources from 111 facilities across 21 production countries. The SanMar team is committed to ensuring that production of its goods meets legal and ethical standards. Through its Global Operating Principles (GOPs), SanMar sets strong benchmarks utilized to proactively monitor suppliers for social compliance.

# SANMAR SUPPLY CHAIN

SanMar sources from 111 (110 contracted and one owned in the United States) Tier One facilities across 21 countries. Its top three sourcing countries are Việt Nam (27 factories), China (21 factories), and Honduras (11 factories). From 2012 to 2022, FLA conducted 11 SCI assessments at SanMar’s contract facilities in six countries.

FLA Field Activities	Country	Quantity
SCI Assessments	Bangladesh	1
	Cambodia	1
	China	4
	Honduras	1
	Sri Lanka	2
	Việt Nam	2
Field Observations	Bangladesh	1
	Việt Nam	2
HQ Assessment	United States	1

# SANMAR SUPPLY CHAIN





# REACCREDITATION ASSESSMENT SUMMARY



## PRINCIPLE 1: TOP MANAGEMENT COMMITMENT AND WORKPLACE STANDARDS

Company Member is committed to accountability and transparency through established workplace standards.

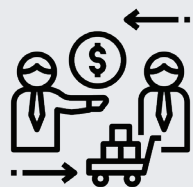
**WHY:** Respect for human rights and a commitment to workplace standards must be driven by a company's most senior employees. Workers' rights are more likely to be effectively integrated into all business decisions when a company's board of directors and/or chief executive officer (CEO) sets clear expectations. Commitment from a company's upper management is an essential component of an effective social compliance program.

## BASELINE REQUIREMENTS FOR ACCREDITATION

CHART KEY: ● Met baseline requirements    ● In process of implementing baseline requirements within the disclosed timeline

Description and KPI	SanMar System	SanMar Performance	SanMar Progress
<b>Internal Commitment (1.1a)</b>	SanMar's CEO and President provides inputs to the Factory Compliance team through regular meetings discussing factory compliance issues and public sustainability reporting.	SanMar launched its <a href="#">Canvas for Good</a> initiative in 2019, which aims to uphold the highest standards to support suppliers in providing safe and healthy workplace environments throughout its supply chain.	●
<b>Public Commitment (1.1b)</b>	SanMar's <a href="#">Commitment to Social Compliance</a> outlines all relevant information and is signed by CEO and President and published on the company website.	SanMar publishes an annual public Corporate Responsibility Report, its Better Buying report and scorecard, Compliance Standards, and GOPs on the company <a href="#">website</a> .	●
<b>Governance Responsibility and Accountability (1.1c)</b>	The compliance team regularly reports to the CEO and President on progress in upholding workplace standards. The board is updated by the CEO and President on the social compliance program through quarterly board meetings.	Leadership from all relevant departments meet every quarter to share updates on social compliance, audits, factory performance, and progress toward achieving living wage using FLA's fair compensation tools.	●
<b>Code of Conduct and Compliance Benchmarks (1.2a, b)</b>	SanMar's Code of Conduct and compliance benchmarks align with the FLA Code of Conduct and compliance benchmarks.	<i>This KPI includes only system metrics.</i>	●

# REACCREDITATION ASSESSMENT SUMMARY



## PRINCIPLE 2: RESPONSIBLE PURCHASING AND PRODUCTION PRACTICES

Company Member aligns planning and purchasing practices with workplace standards.

**WHY:** The sourcing practices of buyers and the sales and planning practices of suppliers affect workplace conditions and worker well-being. Without consistent and systematic attention to responsible purchasing and production practices, companies can undermine their efforts toward ethical working conditions in factories. This principle evaluates how headquarters' business practices (such as design, costing, and sourcing) are managed to support workers and address any negative impacts on working conditions.

## BASELINE REQUIREMENTS FOR ACCREDITATION

CHART KEY: ● Met baseline requirements    ● In process of implementing baseline requirements within the disclosed timeline

Description and KPI	SanMar System	SanMar Performance	SanMar Progress
<b>Policies and Procedures (2.1a, b)</b>	SanMar's executive leadership approved its fully updated Responsible Purchasing Policy in November 2022.	FLA has verified that the Responsible Purchasing Policy is socialized across SanMar's relevant business departments, that these departments understand how to align their work with the Policy's goals, and that SanMar leadership manages staff to uphold principles of responsible purchasing.	●
<b>Accountability (2.2a, b)</b>	SanMar has implemented calendar systems and guidance documents to govern responsible purchasing topics such as lead time, payment terms, and capacity loading.	Senior leadership and managers hold staff accountable to the expectations in these calendars and documents through check-ins and team meetings. If SanMar staff miss a deadline in delivering order details to a supplier, they hold themselves accountable by extending supplier deadlines by an equal amount.	●
<b>Dialogue (2.3a, b, c, d)</b>	The Chief Product Officer facilitates regular dialogue within and among product development, merchandising, sourcing, and production planning teams. These teams consider and evaluate issues facing production processes and how SanMar's response will impact suppliers and workers. SanMar discusses responsible purchasing topics in business dialogues with suppliers and solicits anonymous supplier input through the Better Buying Institute.	FLA has verified instances in which SanMar favorably adjusted allocations, payments, and ship dates in response to input gathered in supplier dialogues. SanMar has set a strong example for other Better Buying participants by <a href="#">publishing its Better Buying survey results</a> .	●
<b>Supplier Evaluation and Incentives (2.4a, b, c)</b>	SanMar offers incentives such as ship-date flexibility, increased business opportunities, and public recognition to factories who uphold high social and sustainability standards.	Supplier incentives are laid out in the Responsible Purchasing Policy and recognized in Better Buying survey results. FLA has verified documentation of incentives being extended to high-performing factories	●

## REACCREDITATION ASSESSMENT SUMMARY



### PRINCIPLE 3: RESPONSIBILITY AND HEAD OFFICE TRAINING

Company Member identifies and trains specific staff responsible for implementing workplace standards and responsible purchasing practices and provides training to all head office and regional staff.

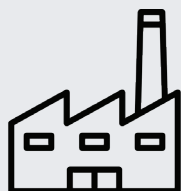
**WHY:** Effective implementation of social compliance standards depends on having staff at headquarters who are well-trained and tasked with clear responsibilities around human rights and workplace standards. Additionally, all headquarters staff must be aware of the company's commitment so that workplace standards are embedded throughout the business.

### BASELINE REQUIREMENTS FOR ACCREDITATION

CHART KEY: ● Met baseline requirements ● In process of implementing baseline requirements within the disclosed timeline

Description and KPI	SanMar System	SanMar Performance	SanMar Progress
<b>Responsible Staff (3.1a, b)</b>	SanMar's organizational chart and official job descriptions identify staff responsible for social compliance. The Factory Compliance Manager devotes 100% of their time to the topic.	<i>This KPI includes only system metrics.</i>	●
<b>Social Compliance Staff Training (3.2a, b, c)</b>	Members of SanMar's Factory Compliance team receive in-depth training upon hire. The Factory Compliance Manager encourages continuous learning to build and maintain the team's knowledge of current labor issues.	SanMar compliance staff have completed training on current developments in labor rights, labor rights issues in key countries, and worker engagement/collective bargaining. The Manager ensures training effectiveness through post-training reports and reflections.	●
<b>Head Office and Regional Staff Training (3.3a, b, c)</b>	Historically, SanMar trained all staff on the company's social compliance commitments upon hire. SanMar has expanded this practice by creating an e-learning module, deployed through the company's central e-learning platform, that serves as new hire training and refresher training.	SanMar has put its new training system into operation by rolling out the e-learning module and an accompanying post-training quiz to measure knowledge gained. FLA has verified full completion of the first round of training and will continue to monitor and verify future rounds.	●
<b>RPP Training (3.4a, b, c)</b>	Relevant SanMar staff, including staff in the Hong Kong affiliate office, received training on responsible sourcing from an expert partner. SanMar recorded this in-person session to produce an e-learning module and disseminate the training. SanMar worked with the same partner to deliver a refresher training.	SanMar will collaborate with the Better Buying Institute to develop future rounds of training on responsible purchasing policies that are tailored to SanMar based upon the company's <a href="#">Better Buying survey results</a> .	●

# REACCREDITATION ASSESSMENT SUMMARY



## PRINCIPLE 4: SUPPLIER AND PRODUCTION STAFF TRAINING

*Sourcing Principle: Company Member obtains commitment and trains relevant supplier management on workplace standards and tracks effectiveness of supplier workforce training.*

**WHY:** A company's commitment to upholding workplace standards will only have an impact if that commitment is communicated to contract suppliers and owned facilities. This principle ensures that all workers are fully informed of their rights and all staff are aware of their responsibilities to uphold workplace standards.

## BASELINE REQUIREMENTS FOR ACCREDITATION

**CHART KEY:** ● Met baseline requirements    ● In process of implementing baseline requirements within the disclosed timeline

Description and KPI	SanMar System	SanMar Performance	SanMar Progress
<b>Written Acknowledgement to Uphold Workplace Standards (4.1a)</b>	Supplier management must sign SanMar's Factory Monitoring Manual before a new factory relationship can begin. All subsequent purchase order terms and conditions commit suppliers to continuous improvement and to uphold SanMar's assessment and remediation processes.	FLA has verified that SanMar secures supplier signatures on the Manual at the outset of the business relationship, maintains a system for tracking signed Manuals from all suppliers, and regularly reaffirms suppliers' agreement to the Manual's terms.	●
<b>Conditioning Future Business (4.2a, b, c)</b>	SanMar's business departments support the Factory Compliance department in implementing an escalation procedure and a three-strike policy if a supplier fails to remediate assessment findings, receives zero-tolerance assessment findings or a failing audit grade, or shows persistent findings in assessments.	FLA has reviewed and verified multiple incidents in which SanMar implemented its escalation procedure and three-strike policy. FLA has observed that SanMar takes a variety of actions in response to issues and will consider investing in building suppliers' capacity before consideration of suspending the business relationship.	●
<b>Workplace Standards Accessibility (4.3a)</b>	During factory assessments, SanMar cooperates with its audit service provider to implement a supplemental check for worker and supervisor training on workplace standards, including a review of the training materials used.	FLA has verified that SanMar and the audit service provider implement these supplemental checks through field observations and by reviewing multiple completed audit reports.	●
<b>Workplace Standards and Training Effectiveness (4.4a, b)</b>	SanMar has taken advantage of its access to supplier e-learning resources through FLA to implement its supplier training initiative. After reviewing the results of factory assessments, SanMar selects and deploys e-learning courses to bolster supplier knowledge in areas identified in the assessments as problematic.	Records provided to FLA demonstrate that SanMar makes regular and frequent use of FLA's factory e-learning resources. Regardless of the assessment results, all SanMar suppliers must complete a basic suite of e-learning modules that prepare them to engage with SanMar's assessment, corrective action plan (CAP), and remediation expectations.	●

## REACCREDITATION ASSESSMENT SUMMARY



### PRINCIPLE 5: MONITORING

*Company Member conducts workplace standards compliance monitoring*

**WHY:** A company must monitor its facilities to ensure that its workplace standards are being upheld throughout its supply chain. FLA evaluates company's monitoring programs to ensure that they have a rigorous system for assessing working conditions at all existing and potential production facilities.

## BASELINE REQUIREMENTS FOR ACCREDITATION

CHART KEY: ● Met baseline requirements    ● In process of implementing baseline requirements within the disclosed timeline

Description and KPI	SanMar System	SanMar Performance	SanMar Progress
<b>Pre-Sourcing Assessments (5.1a, b)</b>	SanMar conducts a pre-sourcing assessment (outlined in its Factory Monitoring Manual) before any factory begins producing for the company.	SanMar has provided multiple examples of pre-sourcing assessments and completed Audit Supplement Forms when accepting third-party audits. The Compliance team will immediately notify the sourcing team and factory management if the factory receives a failed audit grade in the onboarding process.	●
<b>Monitoring Program and Compliance Standards (5.2a, b, c)</b>	For all Tier One facilities, SanMar commissions the audit service provider to conduct a full social compliance assessment that aligns with FLA standards at least once every two years.	FLA reviewed a number of SanMar audits and verified that 100% Tier One facilities receive a full social compliance assessment at least every two years.	●
<b>Audit Components and Quality (5.3a, b, c)</b>	SanMar's Factory Monitoring Manual and Field Instructions document the audit process and methodology, both of which are aligned with FLA standards.	SanMar provides ongoing training to its third-party assessors on any updates to its compliance benchmarks and/or requirements for monitoring procedures. SanMar's staff also observe audits to ensure monitoring standards.	●
<b>Responsible Retrenchment (5.4a, b)</b>	SanMar's Responsible Exit Policy includes guidance on worker engagement and impact assessment to make sure that retrenchment is conducted according to applicable laws and regulations. SanMar's monitoring procedures align with that Policy and incorporate relevant factories' responsible retrenchment policies	FLA has verified that SanMar evaluates the implementation of responsible retrenchment policies during factory assessments.	●

## REACCREDITATION ASSESSMENT SUMMARY



### PRINCIPLE 6: FUNCTIONING GRIEVANCE MECHANISMS

Company Member ensures workers have access to functioning grievance mechanisms, which include multiple reporting channels of which at least one is confidential.

**WHY:** Functioning grievance mechanisms provide workers with a channel to raise concerns when they think their rights are being violated or the factory is not upholding workplace standards. Although monitoring programs are meant to ensure compliance with workplace standards, they cannot uncover or address every issue on their own. Functioning grievance mechanisms complement an effective monitoring system.

### BASELINE REQUIREMENTS FOR ACCREDITATION

CHART KEY: ● Met baseline requirements    ● In process of implementing baseline requirements within the disclosed timeline

Description and KPI	SanMar System	SanMar Performance	SanMar Progress
<b>Ensuring Functioning Grievance Mechanisms (6.1a, b, c, d)</b>	SanMar has designed a supplemental audit protocol that checks for the existence of factory-level grievance mechanisms, assesses their effectiveness, and ensures that workers and supervisors are trained on these mechanisms.	FLA has verified that SanMar's audit service provider implements this protocol by reviewing sample audit reports provided by SanMar and by observing the implementation in an audit field observation.	●
<b>Confidential Reporting Channel Direct to the Company (6.2a)</b>	SanMar has established a confidential hotline directly to the company and checks that workers have access to this hotline in its factory assessments. The Factory Compliance team implements a standard operating procedure (SOP) that specifies how SanMar will respond to issues lodged, including by ensuring confidentiality and maintaining contact with the worker in question.	SanMar has strengthened worker access to grievance mechanisms by partnering with CSOs to implement additional worker voice channels in key sourcing countries. FLA's review of SanMar's records demonstrates active use of these channels and SanMar's responses to issues raised.	●
<b>Training on Grievance Mechanisms (6.3a, b)</b>	SanMar's factory audit protocol instructs assessors to determine whether workers, managers, and supervisors receive training on grievance mechanisms and to evaluate whether these trainings are effective.	In an audit field observation, FLA staff observed that the service provider fully and effectively implements these elements of the protocol.	●

## REACCREDITATION ASSESSMENT SUMMARY



### PRINCIPLE 7: COLLECTION AND MANAGEMENT OF COMPLIANCE INFORMATION

*Company Member collects, manages and analyzes workplace standards compliance information.*

**WHY:** A company cannot make substantial improvements to its social compliance program and workers' lives without collecting and analyzing information related to its training, monitoring, and purchasing programs. This information allows companies to track the continuous improvement of their compliance programs and communicate that improvement to both internal and external stakeholders.

## BASELINE REQUIREMENTS FOR ACCREDITATION

CHART KEY: ● Met baseline requirements ● In process of implementing baseline requirements within the disclosed timeline

Description and KPI	SanMar System	SanMar Performance	SanMar Progress
<b>Collection of Facility Data (7.1a)</b>	SanMar's factory database collects detailed information on all suppliers and factories, including documentation of past compliance performance. It allows staff to maintain a complete and accurate data source system for all facilities including its subcontractors.	SanMar centralizes all its supplier and factory-related in its sales and customer relations database. SanMar maintains detailed records for all suppliers that include supplier and factory-level social compliance data. This data is accessible to SanMar staff in all relevant departments.	●
<b>Analyzing Social Compliance Trends (7.2a, b, c)</b>	SanMar uses its factory and assessment data to identify noncompliance trends and presents its data analysis and visualization to senior leadership.	FLA has verified that SanMar's social compliance staff presents its compliance data and trend analysis, including analysis of particular countries and regions, to the company's senior leadership.	●

## REACCREDITATION ASSESSMENT SUMMARY



### PRINCIPLE 8: TIMELY AND PREVENTATIVE REMEDIATION

*Company Member works with suppliers to remediate in a timely and preventative manner*

**WHY:** Monitoring gives a company visibility into the workplace standards violations in its supply chain. An effective remediation system is necessary so that a company can address and fix those issues over time.

## BASELINE REQUIREMENTS FOR ACCREDITATION

**CHART KEY:** ● Met baseline requirements    ● In process of implementing baseline requirements within the disclosed timeline

Description and KPI	SanMar System	SanMar Performance	SanMar Progress
<b>Remediation Procedures (8.1a, b, c)</b>	SanMar's Factory Monitoring Manual outlines the company's requirements for suppliers to remediate findings and how SanMar will gather remediation updates and evidence.	FLA has verified multiple cases of SanMar consulting and working with suppliers and unions/worker representatives on remediation of findings.	●
<b>Root Cause Analysis (8.2a, b)</b>	SanMar's Factory Monitoring Manual lays out a collaborative process suppliers and unions/worker representative structures for conducting root cause analysis and developing remediation plans.	SanMar requires all factories to be trained in root cause analysis. FLA has verified that SanMar will follow up with factories to improve root cause analysis when it is insufficient.	●
<b>Ensuring Effective Remediation (8.3a, b)</b>	SanMar's compliance team tracks remediation progress and evidence of CAPs. When a supplier fails to submit a CAP within 14 days, the SanMar team will send timely reminders to the factory.	FLA has verified that SanMar's internal remediation tracker chart tracks suppliers' remediation progress and evidence for both SanMar's internal assessments and SCI assessments.	●



## REACCREDITATION ASSESSMENT SUMMARY



### PRINCIPLE 9: CONSULTATION WITH CIVIL SOCIETY

Company Member identifies, researches and engages with relevant labor non-governmental organizations, trade unions and other civil society institutions.

**WHY:** Local, labor-focused CSOs help companies better understand local conditions and issues that most acutely impact workers, which enables companies to make their supply chains more responsive to workers' needs.

## BASELINE REQUIREMENTS FOR ACCREDITATION

CHART KEY: ● Met baseline requirements    ● In process of implementing baseline requirements within the disclosed timeline

Description and KPI	SanMar System	SanMar Performance	SanMar Progress
<b>Civil Society Engagement Strategy and Mapping (9.1a, b)</b>	SanMar's Third-Party Stakeholder Engagement Strategy references all sourcing countries and includes a risk identification process to prioritize countries and regions for civil society engagement.	SanMar has mapped CSOs in all high-risk and high-production countries using its risk identification process.	●
<b>Engagement on Local Labor Issues (9.2a, b)</b>	<i>This KPI includes only performance metrics.</i>	SanMar maintains active engagement with CSOs in Bangladesh, El Salvador and Honduras to understand local labor issues.	●
<b>Engagement on Training, Worker Communication Channels, and Remediation (9.3a)</b>	<i>This KPI includes only performance metrics.</i>	SanMar engages with two CSOs (Phulki and Proforest) to train workers on grievance channels and deploy local hotlines for workers in Bangladesh and Honduras.	●
<b>Union and Worker Representative Consultation (9.4a, b)</b>	SanMar's guidance on trade union and worker committee engagement requires the third-party assessors to include worker representatives in the audit and remediation process.	SanMar's compliance team tracks the presence of unions and collective bargaining agreements in all factories. FLA has verified that SanMar follows up with factories to ensure that they include worker consultation in the remediation process.	●

# REACCREDITATION ASSESSMENT: COMPANY ACTIONS AND FLA VERIFICATION



## PRINCIPLE 1: TOP MANAGEMENT COMMITMENT AND WORKPLACE STANDARDS

*Company Member is committed to accountability and transparency through established workplace standards.*

**WHY:** Respect for human rights and a commitment to workplace standards must be driven by a company's most senior employees. When a company's board of directors and/or CEO sets clear expectations, workers' rights are more likely to be effectively integrated into all business decisions. Commitment from a company's top management is an essential component of an effective social compliance program.

### Top Management Commitment

Benchmark 1.1: Company Member leadership formally commits to uphold workplace standards, including engagement with civil society, and to integrate these commitments into company business practices.

### Company Actions and FLA Verification:

SanMar's leadership demonstrates a strong commitment to upholding rigorous workplace standards within SanMar's supply chain. Internally, SanMar's CEO and President is actively involved in sustainability discussions and decision-making processes. The integration of SanMar's leadership commitment is evident in internal reporting structures and engagement processes across teams. Senior leadership holds regular meetings with sourcing and compliance teams to discuss factory compliance issues. The CEO and President provides direct input to the compliance team on sustainability reporting, including an annual [Corporate Responsibility Report](#). To further integrate senior staff commitment to workplace standards, the CEO and President update SanMar's board on social compliance on a quarterly basis, to bolster internal commitment to continuously improve workplace standards. SanMar also integrates these commitments into its business practices by launching [Canvas for Good](#), a new company vision that includes a commitment to upholding the highest standards and supporting suppliers in providing safe and healthy workplaces and reducing their environmental impact.

## Strengths:

- To ensure resource allocation to social compliance, SanMar has expanded the compliance team to include Factory Compliance Analysts who focus on factory audits and a Factory Compliance Data Analyst to focus on fair compensation wage data.
- SanMar publishes an annual [Corporate Responsibility Report](#) on its website. The publicly available report discusses SanMar's efforts to implement workplace standards and engage with civil society, including responsible resourcing strategies, fair compensation progress, and supplier training and development programs. SanMar also publishes its Better Buying report and scorecard in full on the company [website](#).

## Workplace Standards

Benchmark 1.2: Company Member establishes and articulates clear, written workplace standards that meet or exceed those embodied in the FLA Workplace Code of Conduct.

## Company Actions and FLA Verification:

SanMar's GOPs and the benchmarks that operationalize them are aligned with the standards embodied in the FLA Workplace Code of Conduct.



**PRINCIPLE 2: RESPONSIBLE PURCHASING AND PRODUCTION PRACTICES**

*Company Member aligns planning and purchasing practices with commitment to workplace standards.*

**WHY:** The sourcing practices of buyers and the sales and planning practices of suppliers affect workplace conditions and worker well-being. Without consistent and systematic attention to responsible purchasing and production practices, companies can undermine their factory efforts toward ethical working conditions in factories. This principle evaluates how headquarters-level business practices such as design, costing, and sourcing are managed to support workers and address any negative impacts on working conditions.

**Responsible  
Purchasing Practices  
Policy and Procedures**

Benchmark 2.1: Company Member has formal written policies and procedures for planning and purchasing that 1) articulate the many complexities involved in their global supply chains, including different supplier business models, and 2) require relevant internal representatives to work with suppliers to reduce negative impacts on working conditions. These policies and procedures shall address (a) alignment of financial terms with FLA Workplace Standards, (b) adequacy of lead time provided (considering, for example, availability of input, testing, design changes, and production capacity) to produce without excessive overtime, unauthorized subcontracting, or other negative impacts, and (c) balanced annual planning efforts to eliminate negative outcomes (i.e. lower efficiency, poor labor retention, and longer throughput) that arise from traditional seasonal order demand.

**Company Actions and FLA Verification:**

Along SanMar’s Accreditation, FLA worked with SanMar to develop a Responsible Purchasing Policy that serves as a guide for internal stakeholders on implementing consistent and proactive purchasing practices that do not negatively impact workers. The policy is tailored to SanMar’s business model and addresses key topics such as lead times, financial terms, and forecasting. The policy identifies the internal teams and leaders who are responsible for upholding it, establishes accountability for doing so, and requires training for this staff on the policy and how to implement it. Furthermore, the policy calls for internal and external dialogue on SanMar’s purchasing practices and their impacts. During SanMar’s Headquarter Assessment, FLA interviewed senior product development, production planning, merchandising, and sourcing staff to verify that they are aware of SanMar’s responsible purchasing commitments and are upholding this commitment in their roles.

### **Strengths:**

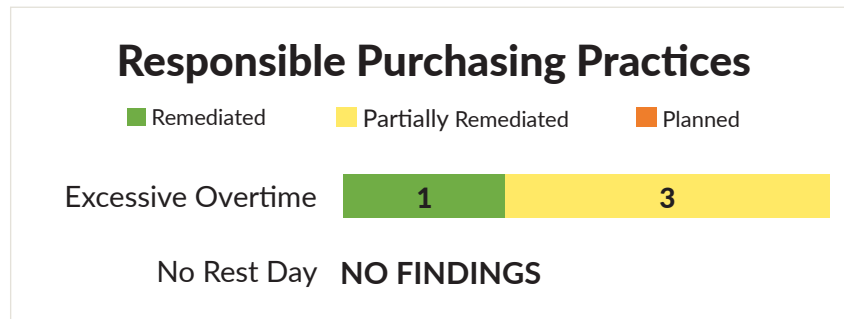
- SanMar's core business model allows for long-term supplier relationships, longstanding product designs, and predictable purchase orders, all of which enable responsible purchasing practices. SanMar's Responsible Purchasing Policy reflects these elements of the business model and the company's demonstrated commitment to responsible purchasing.
- In response to the COVID-19 pandemic, SanMar demonstrated a firm commitment to responsible purchasing by working with suppliers to respond and adapt to some of the consequences of the pandemic. For example, SanMar honored purchase orders despite the pandemic's impact on consumer demand, offered early payments for orders to support cash flow, maintained minimum order quantities to maintain supplier activities, and reached out to suppliers offering opportunities to participate in personal protective equipment production.
- SanMar's commitment to responsible exit from factories and/or responsible termination of relationship with suppliers is included in a Responsible Exit Policy that aims to account for potential negative impacts on workers and their communities.
- The leadership of SanMar's product, sourcing, and merchandising teams use a variety of input, including direct feedback from suppliers and the company's Better Buying survey results, to review the company's purchasing practices and make changes as needed.
- SanMar's fair compensation blueprint and public commitment are integral parts of the company's commitment to responsible purchasing practices. The fair compensation blueprint and public commitment include clear goals, time-bound targets, and steps for measuring progress toward closing living wage gaps.

## Accountability

Benchmark 2.2: Company Member holds relevant staff and any contracted agent/intermediary accountable for the implementation of planning, purchasing, and order reduction practices that help avoid negative impacts on workers and working conditions.

### Company Actions and FLA Verification:

Leadership from the production planning, sourcing, merchandising, and product development teams all play active roles in holding staff accountable for the company’s responsible purchasing performance. The Vice President of Production Planning holds the team accountable to a monthly business calendar that sets clear deadlines for SanMar to provide deliverables such as tech packs and finalized purchase orders to suppliers. The product development and merchandising teams manage the development of new products through another calendar with deadlines and responsibilities that are clearly delineated between SanMar and the vendor and further delineated among SanMar’s different internal teams. Honoring such deadlines lowers the risk of creating time pressures for suppliers, which may cascade into excessive working hours or overtime. Should SanMar miss such a deadline, the Vice President addresses this setback by reviewing it with the responsible staff person and establishing a plan to improve.



SanMar’s SCI assessments totaled four findings related to responsible purchasing and responsible production issues. An assessment in Honduras in 2021 found that workers frequently work during their lunch breaks. With SanMar’s guidance, the factory retrained workers to emphasize the policy on working hours and obtained worker acknowledgement of the requirement to take full lunch breaks. SanMar continues to work with the factory to ensure that management enforces this requirement in practice.

SanMar’s 2019 assessment in Việt Nam found a lack of record-keeping related to certain workers’ hours. SanMar and the factory fully remediated this finding by implementing hours of work record-keeping. At the same factory, the assessment found excessive weekly and monthly working hours. SanMar established an action plan with the factory consisting of root cause analysis, the implementation of a monitoring and tracking system for working hours, and supervisors ensuring that workers do not exceed limits. SanMar continues to work with the factory to address the issue.

### **Strengths:**

- Supplier capacity is an important input in the development of the monthly business calendar. Should SanMar miss its deadline in providing required information to a supplier, the supplier's subsequent deadline is extended by the same length. This practice ensures that SanMar's actions do not contribute to negative impacts such as undue time pressure on suppliers, which may in turn lead to excessive working hours.
- Staff from relevant departments are responsible and accountable for their part in the calendar system. Staff are equipped to meet these expectations and respond to setbacks by identifying and addressing the root causes.
- SanMar staff pride themselves on the accuracy of order forecasts. Forecasts are developed monthly using a variety of data sources and delivered to regional teams, where applicable, for full awareness. Staff in the production planning team review the previous order forecast's accuracy and make adjustments as necessary to strive for improvement.

### **Recommendations for Continuous Improvement:**

- Although SanMar leadership encourages staff to uphold responsible purchasing, individual staff performance is not specifically assessed. As best practice, FLA recommends that SanMar incorporate metrics to uphold responsible purchasing, such as calendar deadline adherence, into its staff performance management system.

**Dialogue**

Benchmark 2.3: Company Member staff responsible for planning and purchasing decisions engage with their labor compliance colleagues, any contracted agent/intermediary and suppliers in regular and constructive dialogue throughout the production process and when problems arise to support operations at the factory level and to seek to avoid or mitigate negative impacts on workers and/or compliance with code standards at supplier facilities.

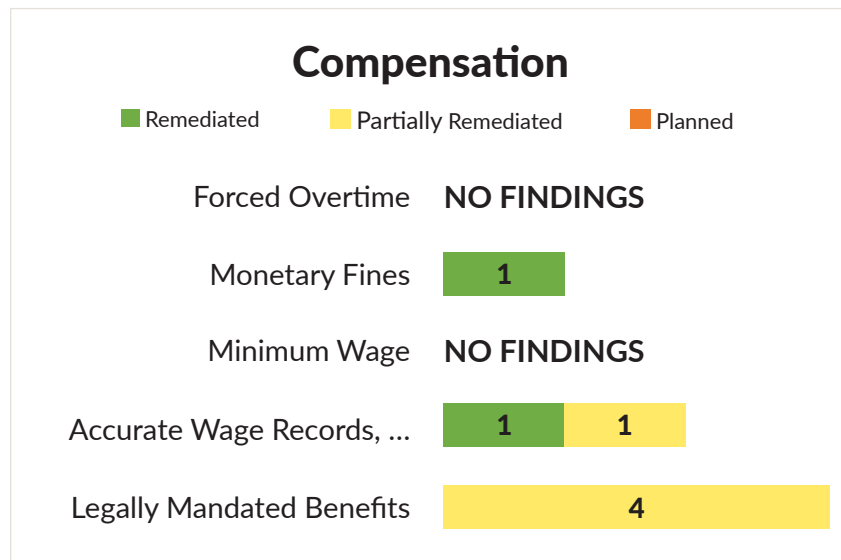
**Company Actions and FLA Verification:**

SanMar facilitates dialogue among different SanMar departments, suppliers, and external stakeholders. SanMar uses the results of these dialogues to inform the development, review, and implementation of its purchasing practices. Internally, the product, sourcing, and merchandising teams hold several regular meetings to discuss purchasing practices. Weekly cross-departmental meetings are held to review the status of the monthly production calendar (see Benchmark 2.2) and make any necessary adjustments. On a monthly basis, the Chief Product Officer and the Vice President of Production Planning review both prior and upcoming forecasts. The merchandising team adjusts its product development calendar as needed, but also holds a formal annual dialogue to review performance and discuss changes.

These internal dialogues include discussions of supplier capacity, the potential impacts of decisions on SanMar's decisions on suppliers and workers, and points of feedback raised by suppliers. To inform these discussions, SanMar engages in external dialogue through ongoing, trust-based relationships with its suppliers and through the Better Buying Institute. SanMar's Responsible Purchasing Policy commits SanMar to consistent dialogue with suppliers to seek their feedback on challenges that may impact production processes, and in turn workers. FLA has reviewed copies of SanMar-supplier dialogues that resulted in SanMar adopting purchasing practices that prioritized worker well-being. In addition, SanMar's engagement with Better Buying allows suppliers to submit anonymous feedback on SanMar's purchasing practices. Better Buying gathers this feedback using formal survey methodology which then allows SanMar to track how its performance has changed over time and compare its results to industry averages.

After a 2017 SCI assessment in Sri Lanka, SanMar worked with a supplier to end the use of monetary fines in maintaining worker discipline. In Việt Nam in 2019, the assessment found that the factory was calculating allowances and benefits incorrectly. SanMar has worked with this factory to identify flaws in the internal payroll system that created confusion and incorrect calculations. SanMar and FLA continue to monitor updates on the rollout of a new, agreed-upon system. The same factory was also found to under-calculate payment for work on holidays — this supplier has remediated the finding by adjusting its working hours tracking system to ensure that working hours on holidays are kept separate to apply the proper hourly rate.





A 2020 SCI audit at a supplier in China found that the factory made mandatory employer contributions to the Housing Provident Fund for only some eligible workers and that these contributions were incorrectly calculated. SanMar engaged with the supplier on this issue, resulting in documented progress in increasing these contributions.

## Strengths:

- SanMar’s Responsible Purchasing Policy requires SanMar to use both internal and external dialogue to fulfill its commitments. Internally, the policy empowers SanMar’s Factory Compliance team to give input on decisions related to purchasing practices. Externally, it highlights supplier relations and dialogue, in keeping with SanMar’s core commitments and business model.
- SanMar’s product, sourcing, and merchandising teams communicate frequently on purchasing practices. The merchandising team conducts an annual review of the product development calendar and makes necessary changes to comply with RPP requirements. The sourcing and product teams hold monthly meetings to review forecasts and purchase order timelines. A cross-functional team meets weekly to raise any challenges that may impact suppliers and workers.
- SanMar is setting a precedent by [publicizing the results](#) of its Better Buying supplier survey.
- SanMar has documented numerous records of dialogue with suppliers on issues of cost, scheduling, and capacity in which SanMar responded positively to suppliers’ needs, while upholding the company’s own internal controls and expectations, in order to prevent and/or address negative impacts.

### Supplier Evaluations and Incentives

Benchmark 2.4: Company Member provides positive incentives for suppliers and/or facilities producing in a socially responsible and sustainable manner and, if applicable, having internal systems aligned with FLA Principles.

### Company Actions and FLA Verification:

SanMar has provided FLA with documentation of how it uses positive incentives such as increased business opportunities and public acknowledgement of high performance to motivate and reward responsible and sustainable production among suppliers. With FLA's guidance, SanMar incorporated this existing practice into its Responsible Purchasing Policy to ensure consistent application.

### Strengths:

- SanMar upholds its commitment to partnering with suppliers who produce responsibly by assessing factories and ensuring remediation both before and during production. In cases of repeated and serious noncompliances or failures to remediate issues, SanMar has policies and procedures to re-evaluate the business relationship.
- SanMar's [Better Buying survey results](#) demonstrate that suppliers are aware of the company's positive incentives. Eighty-three percent of SanMar's suppliers responded that they are aware that SanMar provides such incentives, outstripping the industry average, as indicated in the Better Buying report.

### Recommendations for Continuous Improvement:

- SanMar is developing a new supplier scorecard that will provide the reader with a holistic evaluation of a supplier or facility. This new scorecard will strengthen SanMar's evaluation of suppliers and facilities by introducing standardized criteria. FLA recommends that SanMar finalize and implement the new scorecard. The implementation process should include communication or training on the relevance of the scorecard. It should also include a review of existing policies and procedures to make any updates needed in light of the scorecard (especially those policies related to responsible purchasing practices).



### PRINCIPLE 3: RESPONSIBILITY AND HEAD OFFICE TRAINING

*Company Member identifies and trains specific staff responsible for implementing workplace standards and responsible purchasing practices and provides training to all head office and regional staff.*

**WHY:** Effective implementation of social compliance standards depends on having staff at headquarters who are well-trained and tasked with clear responsibilities around human rights and workplace standards. Additionally, all headquarters staff must be aware of the company's commitment so that workplace standards are embedded throughout the business.

#### Responsible Staff

Benchmark 3.1: Company Member identifies the person(s) responsible for administering and implementing its workplace standards compliance program and responsible purchasing practices.

#### Company Actions and FLA Verification:

SanMar employs full-time social compliance staff in both the US and SanMar Hong Kong affiliate offices. The Factory Compliance Manager dedicates 100% of their time to social compliance, as do multiple Factory Compliance Analysts who report to them. These employees' job descriptions include factory monitoring, remediation of workers' rights violations or risks, and reporting on social compliance topics to company leadership. One Factory Compliance Data Analyst's responsibilities specifically includes the gathering and analysis of wage data in SanMar's supply chain. Positions that require implementation of responsible purchasing practices, such as the Senior Director of Product Development, have this responsibility specified in the job description.

#### Strengths:

- SanMar's organizational chart clearly identifies the lines of responsibility for social compliance and incorporates all key actors, including regional staff in the SanMar Hong Kong affiliate office who support the social compliance program in high-production regions.
- FLA has observed throughout SanMar's Accreditation that SanMar's culture of personnel development, long-term relationships, and preservation of institutional knowledge strengthen social compliance performance.

### Social Compliance Staff Training

Benchmark 3.2: Company Member trains the person(s)/team(s) responsible for administering and implementing its workplace standards compliance program.

#### Company Actions and FLA Verification:

SanMar staff continuously pursue training to build their skills and knowledge. Through the course of SanMar's Accreditation, FLA has observed that the compliance staff seeks out training opportunities on current trends in workers' rights issues. Compliance staff have also completed training opportunities on the key issues of collective bargaining, union engagement, and worker-management relations. The Factory Compliance Manager ensures training effectiveness by requiring staff to submit and present summaries and notes from these external trainings.

SanMar has used knowledge gained in these trainings to improve the company's social compliance program. For example, after a training on the human rights situation in Myanmar and the risks associated with sourcing from the country, SanMar implemented new protocols to collect and analyze additional data points on its sourcing partners in Myanmar. SanMar also used training on wage and benefits-related issues in India to refine its own factory assessments to cover state-level wage and benefit topics.

#### Strengths:

- SanMar's social compliance staff receive thorough training and are encouraged to build their knowledge through continuous learning.
- Social compliance staff attended an intensive training course for auditors to help them understand the factory audit process.
- Key social compliance staff in both the US and SanMar Hong Kong affiliate offices have completed a course on employee relations that covers collective bargaining, union engagement, and effective worker-management relations.

### Head Office and Regional Staff Training

Benchmark 3.3: Company Member ensures that training is provided to all head office and regional staff on the company's commitment to workplace standards and the integration of standards into business practices. Training occurs at onboarding and refresher training is conducted annually.

#### Company Actions and FLA Verification:

Historically, SanMar used the recruitment and onboarding process to train its head office and regional staff on the company's commitment to workplace standards and staff's roles in fulfilling this commitment. Along its Accreditation, SanMar engaged with FLA to develop an e-learning module on this commitment and on SanMar's GOPs. SanMar implemented this training by requiring members of key departments to complete the training and the accompanying quiz before the end of 2022. FLA verified that the majority of SanMar staff completed this training and achieved satisfactory results on the post-training quiz, and will continue to monitor completion of the training. To ensure that this training occurs both at onboarding and through annual refreshers, FLA worked with SanMar to develop a plan to conduct refresher training. Under this plan, SanMar staff will receive training at onboarding and a refresher training in Q4 of each calendar year.

**RPP Training**

Benchmark 3.4: All relevant business and compliance staff and any contracted agent/intermediary are trained and knowledgeable of the consequences of their planning and purchasing practices on working conditions in order to mitigate negative impacts on code compliance.

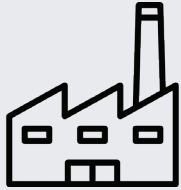
**Company Actions and FLA Verification:**

During the Accreditation, FLA observed that SanMar engaged an expert third party to conduct training on responsible purchasing for the staff of relevant business and compliance departments. The third party customized its training content for SanMar and first presented the training to the leadership of these departments. SanMar then subsequently rolled out an e-learning module of the same training to department staff. As the SanMar Hong Kong affiliate office houses development, merchandising, sourcing, and compliance functions, staff in the SanMar Hong Kong affiliate office were also required to complete the training. The training utilized a reinforcement quiz to ensure that staff retained the content.

SanMar has worked with FLA to ensure that staff receive ongoing refreshers of this training. First, SanMar worked with the same expert third party to provide a refresher training for all relevant staff. SanMar has also committed to partnering with the Better Buying Institute for a future round of refresher training. This plan will build upon SanMar's existing engagement with Better Buying, a relationship that FLA has highlighted as a strength of SanMar's social compliance program. Better Buying's supplier-level data will allow the training to be customized to SanMar's supply chain conditions, which will build upon, rather than repeat, previous training content.

**Strengths:**

- The department leaders who attended the initial responsible purchasing training ensured that all relevant staff participated in the training. Staff in the SanMar Hong Kong affiliate office completed the responsible purchasing training.
- As a result of the training on responsible purchasing and post-training internal discussion, SanMar formalized responsible purchasing practices including level-loading and liability for unused fabric.
- SanMar has incorporated supplier feedback into its staff training program by socializing the results of the company's [Better Buying survey results](#) and discussing them in depth.



#### PRINCIPLE 4: SUPPLIER AND PRODUCTION STAFF TRAINING

*Sourcing Principle: Company Member obtains commitment and trains relevant supplier management on workplace standards and tracks effectiveness of supplier workforce training.*

**WHY:** A company's commitment to upholding workplace standards will only have an impact if that commitment is communicated to contract suppliers and owned facilities. This principle ensures that all workers are fully informed of their rights and all staff are aware of their responsibilities to uphold workplace standards

#### Written Acknowledgement to Uphold Workplace Standards

Benchmark 4.1 (Sourcing): Company formally conveys workplace standards to suppliers and receives written acknowledgment to uphold workplace standards, facilitate periodic assessments, including those organized by FLA, and actively contribute to consequent remediation activities.

#### Company Actions and FLA Verification:

All SanMar suppliers must sign an acknowledgement of SanMar's Factory Monitoring Manual at the outset of the business relationship, formally agreeing to high workplace standards, continuous improvement, training, and access for independent monitors. When SanMar updates its GOPs, it clearly communicates these updates to suppliers and secures acknowledgement. At the Headquarter Assessment, FLA staff observed that SanMar maintains a tracking system for these supplier acknowledgements (see Principle 7 for further discussion).

#### Recommendations for Continuous Improvement:

- FLA recommends that SanMar develop a system to verify suppliers' understanding and internalization of the Factory Monitoring Manual's expectations in the early stages of the relationship.

**Conditioning Future Business**

Benchmark 4.2 (Sourcing): Company conditions future business with suppliers upon continuous improvement of workplace conditions.

**Company Actions and FLA Verification:**

SanMar conditions future business with suppliers upon compliance with the requirements laid out in the Factory Monitoring Manual. If a factory assessment identifies noncompliance with SanMar's GOPs, SanMar first addresses the issue through a CAP. SanMar's compliance staff review the CAPs and follow up with the supplier to obtain evidence of remediation. Should a supplier fail to engage with the CAP and remediation process, receive a zero-tolerance assessment finding, receive a failing audit grade, or show persistent findings in assessments, SanMar implements an escalation procedure. The Factory Monitoring Manual details the issues that will trigger escalation and subsequent escalation procedures. SanMar has a three-strike policy for escalated issues. The first strike triggers a formal written warning. The second strike will initiate an invitation to complete training on the issue at hand; during that time SanMar may suspend business for up to six months while the factory completes this training. For a third strike, SanMar will terminate business for at least one year and will not re-initiate business until the factory has demonstrated its remediation of the issue.

During the Accreditation process, FLA reviewed instances in which SanMar implemented this system for conditioning future business upon social compliance performance. In one instance, SanMar's audit service provider reported a zero-tolerance finding at the factory. SanMar immediately contacted the factory to initiate the escalation procedure. SanMar verified that the factory remediated the finding in question and then issued a formal warning letter. As a result of this finding, SanMar placed the business relationship on hold until the factory demonstrated improvements in its overall management system.

**Strengths:**

- In addition to the Factory Monitoring Manual signed at the beginning of the relationship, the terms and conditions of all purchase orders commit suppliers to continuous improvement and to SanMar's remediation processes.
- SanMar's compliance team cooperates with sourcing-related departments to implement the escalation procedure and the three-strike policy. The sourcing department supports the process by urging factories to complete the steps needed.



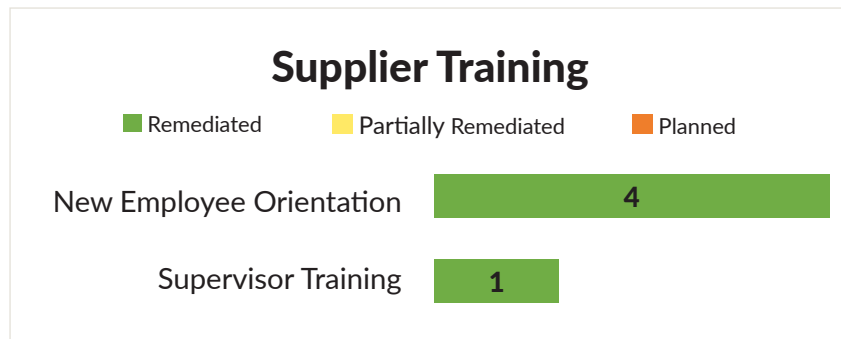
## Recommendations for Continuous Improvement:

- As best practice, FLA recommends that SanMar finalize and implement its supplier scorecard system, which is currently in development. Documents from this system show that SanMar’s scorecard will provide the user with a more comprehensive picture of a factory’s social compliance performance and allow for easier comparison across factories.
- As best practice, FLA recommends that SanMar develop an internal-facing operating procedure for implementing the escalation and three-strike policy (currently enshrined in the Factory Monitoring Manual) in order to provide clearer instructions to staff.

### Workplace Standards Accessibility

Benchmark 4.3 (Sourcing): Company ensures that workplace standards are accessible to workers, managers and supervisors in written form and relevant languages.

## Company Actions and FLA Verification:



SanMar’s GOPs require that suppliers make the company’s workplace standards available to workers, managers, and supervisors in the proper language(s). FLA has verified that SanMar provides written translations of the standards to suppliers and that SanMar’s factory assessments confirm if the translations are posted in factories and whether workers are familiar with them.

In 2019, SanMar received an SCI factory assessment in Việt Nam where workers, managers, and supervisors received neither orientation nor ongoing training

on workplace standards. To remediate this finding, SanMar worked with the factory to institute such training and provided records of the training to verify. A 2017 assessment in Sri Lanka found that orientation training for workers lacked content on Hiring and Recruitment and Freedom of Association. Furthermore, the factory’s training for supervisors lacked content on several key issues. Again, SanMar worked with the factory to improve the training, conduct new training, and provide documentation.

### Training on Workplace Standards and Effectiveness

Benchmark 4.4 (Sourcing): Company ensures that workers, managers, and supervisors are trained on workplace standards at regular intervals to take account of labor turnover.

#### Company Actions and FLA Verification:

Managers at all SanMar suppliers must complete a basic suite of e-learning modules that prepare them to fulfill SanMar's expectations regarding assessment cooperation, CAPs, and remediation. After reviewing the results of factory assessments, SanMar selects and deploys e-learning courses corresponding to problem areas identified in the assessments. For example, SanMar presented a case study in which an assessment revealed risk factors for forced labor and issues related to employee-employer communication channels. SanMar staff required factory management to complete e-learning training on forced labor and on effective worker engagement, including post-training quizzes, and submit proof of completion. Records reviewed by FLA staff demonstrate that SanMar deploys such training frequently

SanMar confirms that workers in its supplier facilities receive regular and effective training on their rights through its factory monitoring program. During factory assessments, SanMar's audit service provider implements a supplemental check for worker and supervisor training on workplace standards. The assessor also reviews the training materials used.

#### Strengths:

- SanMar has leveraged its access to FLA's supplier e-learning resources to implement a robust supplier training program. SanMar makes data-informed decisions to identify the facilities in need of training, specify the relevant topics where these facilities are lagging, deploy training, and track completion.
- During factory assessments, SanMar cooperates with its audit service provider to implement a supplemental check for worker and supervisor training on workplace standards, including a review of the training materials used. SanMar provided an example in which this supplemental check revealed noncompliance with training requirements, leading SanMar and the service provider to execute the CAP and remediation process.



### PRINCIPLE 5: MONITORING

*Company Member conducts workplace standards compliance monitoring.*

**WHY:** A company must monitor its facilities to ensure that its workplace standards are being upheld throughout its supply chain. FLA evaluates company's monitoring programs to ensure that they have a rigorous system for assessing working conditions at all existing and potential production facilities.

#### Pre-sourcing Assessments

Benchmark 5.1: Company Member conducts pre-sourcing assessment of contract facilities to review compliance with workplace standards.

#### Company Actions and FLA Verification:

Before working with any new factory, SanMar conducts a pre-sourcing process that evaluates the factory's ability to meet SanMar's standards for quality, social compliance, and safety. If the factory does not pass a pre-sourcing social compliance assessment, the social compliance team immediately notifies the sourcing team and the factory's management. If the factory successfully passes the pre-sourcing process and SanMar decides to place orders with that factory, the compliance team will be notified and initiate the factory onboarding process.

Third-party assessors conduct all pre-sourcing assessments. SanMar provides training to these assessors on its GOPs and Field Instructions that contain expectations for assessors to ensure monitoring standards. SanMar provided FLA with evidence of this training for third-party assessors.

#### Strengths:

- SanMar uses an Audit Supplement Form including additional questions on factories' social compliance where they accept third-party audits to ensure that FLA's expectations and requirements are met.
- SanMar assigns e-learning courses to suppliers during the pre-sourcing assessment process. These courses prepare suppliers for upcoming social compliance audits and explain how suppliers are expected to support the remediation process and conduct worker engagement.

### Monitoring Program and Compliance Standards

Benchmark 5.2: Company Member monitors facilities regularly to assess compliance with workplace standards.

#### Company Actions and FLA Verification:

SanMar evaluates all its Tier One factories at least every two years. The compliance team reviews each assessment report and determines the final audit grade based on the number and severity of noncompliances documented during the assessment. The next audit date is determined based on the audit grade. The audit grade includes “pass with merit,” “pass,” “pass with concerns” and “fail” and each grade entails a different audit cycle. Factories receiving a grade of fail on an audit are required to complete a CAP within 14 days and are subject to a follow-up audit within 60–180 days.

#### Strengths:

- In addition to its thorough factory monitoring process for Tier One factories, SanMar deploys consistent monitoring procedures to all subcontractors which produce products for SanMar to assess workplace standards.
- SanMar demonstrates a risk-based approach to factory assessments by prioritizing and scheduling assessments based on the previous audit grade.
- SanMar verifies remediation of previous findings through follow-up audits with factories that have a failed grade in initial audits.

#### Recommendations for Continuous Improvement

- As best practice, FLA recommends SanMar incorporate factors such as country/region risks, production capacity, and trends in labor violations in addition to audit grade into the risk analysis approach for prioritizing assessments.

### Audit Components and Quality

Benchmark 5.3: Company Member ensures that its monitoring program includes, but is not limited to: a) Worker interviews, b) Consultation with unions or worker representative structures (where applicable), c) Collective bargaining terms review (where applicable), d) Management interviews, e) Documentation review, f) Visual inspection, and g) Occupational safety and health review.

### Company Actions and FLA Verification:

The SanMar monitoring program is outlined in the Factory Monitoring Manual, which provides an overview of SanMar's audit process. In addition, SanMar has developed a Field Instructions document to provide comprehensive guidance for assessors on assessment requirements regarding worker and management interviews, opening and closing meetings, worker engagement, and other parts of the assessment process.

FLA conducted an audit field observation in Việt Nam in 2021 and verified improvement in SanMar's internal factory assessments. Following this field observation, SanMar added a non-retaliation policy to the Field Instructions, the compliance team follows up with assessors to ensure that they always communicate this policy to the workers during the audits. SanMar worked with its third-party audit firm to train its auditors on the updated Field Instructions.

### Strengths:

- SanMar representatives observed assessments conducted by third-party audit firm in Việt Nam and Honduras to assess and improve the quality of assessments. During audits, SanMar representatives evaluate the facility's adherence to SanMar's GOPs. During a factory tour, SanMar representatives use a checklist and communicate observations to factory management on items such as health and safety, fire and electrical safety, exits and aisles, and use of personal protective equipment.

### Recommendations for Continuous Improvement

- As best practice, FLA recommends SanMar also observe third-party assessments in US factories to ensure consistent application of monitoring standards.

## Responsible Retrenchment

Benchmark 5.4: Company Member monitors facilities to ensure implementation of responsible retrenchment policies and procedures that uphold workplace, legal, and collectively bargained standards.

### Company Actions and FLA Verification:

SanMar's Supplemental Audit Form includes comprehensive questions on termination and retrenchment to ensure that factories implement responsible retrenchment policies and procedures. SanMar requires that all factories have in place a formal written policy governing all aspects of termination and retrenchment and that factories communicate the policies to their workers. Assessors evaluate the factory's retrenchment process through document review, worker interviews, and management interviews during the assessment.

### Strengths:

- Following the 2021 field observation, SanMar incorporated questions on responsible retrenchment into the Supplement Audit Tool. The compliance team also follows up with the auditors to make sure questions about retrenchment are covered during the assessment.

**PRINCIPLE 6: FUNCTIONING GRIEVANCE MECHANISMS**

*Company Member ensures workers have access to functioning grievance mechanisms, which include multiple reporting channels of which at least one is confidential.*



**WHY:** Functioning grievance mechanisms provide workers with a channel to raise concerns when they think their rights are being violated or the factory is not upholding workplace standards. Although monitoring programs are meant to ensure compliance with workplace standards, they cannot uncover or address every issue on their own. Functioning grievance mechanisms complement an effective monitoring system.

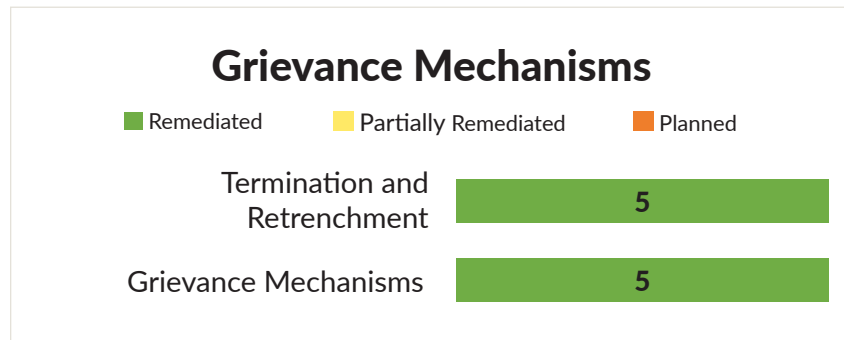
### Ensuring Functioning Grievance Mechanisms

Benchmark 6.1 (Sourcing): Company Member ensures there are functioning grievance mechanisms at facilities.

#### Company Actions and FLA Verification:

SanMar engaged with FLA to ensure that its factory assessment process addresses factory grievance mechanisms. To address a potential gap between the standard procedures of SanMar's audit service provider and FLA's standards, SanMar worked with the provider to implement a supplemental process that assesses whether factory grievance mechanisms are in place and effective. The supplemental process also assesses whether factories have at least one confidential grievance process. Over the course of the Accreditation, FLA observed improvements in the execution of the supplemental process' checks for confidential grievance mechanisms. After shadowing SanMar's factory assessment process in the 2019 Bangladesh audit field observation, FLA recommended that SanMar reinforce to its assessors the importance of corroborating information on grievance mechanisms through confidential worker interviews. The 2021 Việt Nam audit field observation showed SanMar's assessors implementing this crucial step.

In 2014, an SCI assessment found that the grievance mechanisms at a facility in Sri Lanka lacked protections for special categories of workers using the grievance mechanism. The FLA SCI assessment at this facility in 2017 found that the factory had remediated this issue. The 2014 assessment also found that the factory lacked channels for worker input on the creation and updating of factory policies. This finding persisted in the 2017 assessment, at which point SanMar used its remediation process to ensure that the factory created and implemented a process to integrate the factory's employee committee into policy/procedure drafting. At the same Sri Lanka facility, the 2017 assessment found that the factory lacked a



channel for worker-management communication and grievances around the factory’s industrial relations. The factory has updated its grievance policies to include such issues and established a conflict resolution plan for industrial disputes.

Adequate worker input and grievance mechanisms are particularly vital in situations of termination and retrenchment. SanMar’s 2017 SCI assessment in Sri Lanka found that the factory lacked full procedures on termination and

retrenchment, especially surrounding final payouts for workers, and that the documents in place were not updated. SanMar ensured that the factory established and implemented such procedures; in particular, SanMar ensured that the factory dated all such policies and set a cycle for review. The 2019 SCI assessment at a facility in Việt Nam found that the factory lacked adequate policies and procedures for handling retrenchment. In response, SanMar ensured that the factory created these policies and procedures. In 2021, the SCI found that a SanMar supplier in Honduras lacked procedures to communicate with workers regarding termination or retrenchment and receive worker feedback. Again, SanMar worked with the supplier to develop and document this factory procedure.

### Strengths:

- SanMar factory assessments check for the presence of factory grievance mechanisms and assess whether they are effective for workers. Assessments also ensure that workers have access to at least one confidential channel, as confirmed by FLA during the audit field observation in Bangladesh in 2019 and in Việt Nam in 2021.
- FLA audit field observations demonstrated that SanMar’s factory assessments use confidential worker interviews to verify factory-provided information on grievance mechanisms.
- FLA’s review of SanMar’s audit tool and procedures, sample audit reports provided by SanMar, and the results of SanMar’s SCI results all demonstrate that SanMar ensures training on grievance mechanisms.



**Confidential Reporting  
Channel Direct to  
the Company**

Benchmark 6.2 (Sourcing): Where local mechanisms are not functioning, Company Member provides alternative channels for workers to contact the brand directly and confidentially.

**Company Actions and FLA Verification:**

Workers in SanMar's sourcing facilities can raise grievances directly to SanMar via either a phone hotline or email address. SanMar requires that suppliers post the contact points visibly and in the relevant languages. SanMar has implemented a third-party tool that provides access to translation services in cases where the worker and SanMar staff do not share a common language. FLA has verified documentation of SanMar's internal systems for addressing grievances lodged through this hotline. Grievances lodged through the hotline are automatically directed to multiple members of the Factory Compliance team to ensure SanMar staff accountability and to inform top leadership of potential issues. SanMar's first step is to respond to the worker within 24 hours to confirm SanMar's receipt of the report. Staff also investigate the claim and determine an appropriate plan of action. In all cases, SanMar will present the grievance to the relevant supplier (while protecting workers' confidentiality), who must investigate, identify root causes, and take corrective action. SanMar also reserves the option of conducting a semi-announced or unannounced factory assessment in response to a grievance.

**Strengths:**

- For all grievances lodged, SanMar disseminates information about the issue to head office staff whose work or supplier relationships may be impacted. FLA has reviewed documentation showing that SanMar staff maintain a records system that tracks grievances lodged and SanMar's actions.
- To ensure the most effective response, SanMar staff in both the US and SanMar Hong Kong affiliate offices may be assigned to follow-up on grievances.

**Training on Grievance Mechanisms**

Benchmark 6.3 (Sourcing): Company Member ensures training and communication is provided to all workers, supervisors, and managers about the grievance mechanisms.

**Company Actions and FLA Verification:**

SanMar ensures that workers, supervisors, and managers in its supply chain understand both factory grievance systems and SanMar's own channels through factory assessments. The supplemental protocol in these assessments for assessing grievance mechanisms (discussed in Benchmark 6.1) includes standards regarding worker, manager, and supervisor training on grievance mechanisms. It also instructs assessors to corroborate information on these trainings using worker interviews.

SanMar has made two notable investments in its supply chain to ensure workers are fully aware of their right to raise grievances and to improve its responses to these grievances. First, SanMar has engaged with a hotline and case management service to expand SanMar's capabilities to respond to complaints in different languages. Second, SanMar has subscribed to worker voice platforms in Honduras and in Bangladesh, both of which are salient countries for SanMar's supply chains. Both platforms partner with local CSOs to train workers on the mechanism and maintain expert teams to handle grievances.

**Strengths:**

- Through an audit field observation in Việt Nam in 2021, FLA observed that SanMar's factory assessments verify the presence and the effectiveness of training for workers, supervisors, and managers on grievance mechanisms.
- When utilizing third-party grievance platforms, SanMar takes into consideration key factors such as workforce language, understanding of the local context, and possible issues of cultural sensitivity. Furthermore, these partnerships with local initiatives increase both worker and supplier buy-in for grievance mechanisms and remediation.



### PRINCIPLE 7: COLLECTION AND MANAGEMENT OF COMPLIANCE INFORMATION

*Company Member collects, manages, and analyzes workplace standards compliance information.*

**WHY:** A company cannot make substantial improvements to its social compliance program and workers' lives without collecting and analyzing information related to its training, monitoring, and purchasing programs. This information allows companies to track the continuous improvement of their compliance program and communicate that improvement to both internal and external stakeholders.

#### Collection of Facility Data

Benchmark 7.1: Company Member maintains a complete and accurate list of facilities and collects and manages compliance and workplace information.

#### Company Actions and FLA Verification:

SanMar utilizes a sales and customer relations data platform as its sole data management system for factory compliance. SanMar has made an intensive effort to remove duplications and incorrect listings from its data library, ensuring that a single, accurate, and complete record exists for all suppliers and factories. SanMar staff enter data such as location, contact information, signed documents, past audit dates and results, and CAP status for each factory. A variety of automated notifications alert SanMar staff and factory management when a required document has not been signed or when a CAP-related deadline has passed.

#### Strengths:

- SanMar has committed to increasing transparency in its supply chain by gathering data on the supply chain upstream of Tier One. Each Tier One factory reports the name, location, and contact info of their Tier One subcontractors producing for SanMar. SanMar staff can access this information through the lead factory's data platform entry.
- During the Headquarters Assessment, FLA staff confirmed that SanMar has cultivated buy-in and spread data literacy throughout the company by identifying relevant use cases for the teams and departments whose work impacts social compliance and responsible purchasing. For example, SanMar's platform for preparing purchase orders populates the orders with data from the data platform to ensure accuracy. The data also assists SanMar head office staff in logistical planning when visiting factories.

### Analyzing Social Compliance Trends

Benchmark 7.2: Company Member analyzes trends in noncompliance findings.

#### Company Actions and FLA Verification:

- SanMar uses its factory dataset to identify trends in particular regions, countries, and sub-national divisions such as states, provinces, or minimum wage zones. SanMar has used its factory and assessment data to identify noncompliance trends throughout its supply chain, including by identifying the most frequent types of assessment findings for interventions and further action.

#### Strengths:

- SanMar's compliance team presents its data analysis and visualization to top leadership, including the company's board.
- Using social compliance data, SanMar identified the need for civil society engagement and for additional support on grievance mechanisms in key countries. As a result, SanMar developed and implemented successful civil society partnerships and worker voice initiatives.

#### Recommendations for Continuous Improvement

- SanMar's annual Corporate Responsibility Report highlights data on factory training, social compliance assessments, and improvements in audit scores. As best practice, FLA recommends that SanMar consider including more in-depth reporting on the most frequent findings as well as trends of improvement in the public report.
- FLA recommends that SanMar finalize and implement its supplier scorecard system. Documents from this system, which is currently a work in progress, show that the scorecard will allow SanMar to integrate multiple data points into the factory risk analysis, creating a holistic picture of the supplier's performance and allowing SanMar to allocate resources more effectively.



### PRINCIPLE 8: TIMELY AND PREVENTATIVE REMEDIATION

*Company Member works with suppliers to remediate in a timely and preventative manner.*

**WHY:** Monitoring gives a company visibility into the workplace standards violations in its supply chain. An effective remediation system is necessary so that a company can address and fix those issues over time.

#### Remediation Procedures

Benchmark 8.1: Company Member provides regular follow-up and oversight to implement corrective action following assessments.

#### Company Actions and FLA Verification:

SanMar's Factory Monitoring Manual documents the company's expectations for suppliers in the remediation process and lays out the compliance team's steps for following up on remediation. SanMar expects factories to complete CAPs within 14 days after the factory receives the audit results. Should the supplier need additional time to complete the CAP, they must notify SanMar's compliance team to determine the next acceptable submission date. Failure to notify SanMar in a timely manner or failure to respond to the audit results could result in SanMar activating its escalation procedures and potentially the three-strike policy for a factory's noncompliance with social compliance expectations.

SanMar also expects factory management to consult with workers directly on the remediation process, through worker committees and/or trade union (where applicable) on topics that affect them.

#### Strengths:

- Consultation with unions and/or worker representatives is a mandatory step in the remediation process for all SanMar assessments. When communicating with the factory on CAPs and remediation, the responsible SanMar compliance team member must determine whether the factory consulted with the union or worker committee on the results of the audit and involved them in remediation plans. Post-audit consultation with the relevant union or worker representative body is also tracked on the data platform (see Principle 7: Collection and Management of Compliance Information for additional details).
- FLA has verified numerous examples of SanMar working with unions or worker representative structures on remediation of assessment findings.

### Root Cause Analysis

Benchmark 8.2: Company Member works with the supplier to determine root causes and take action to reduce risk and prevent future noncompliance.

### Company Actions and FLA Verification:

SanMar's Factory Monitoring Manual documents the collaborative process between SanMar, suppliers, and unions/worker representative structures of conducting root cause analysis and developing remediation plans. At the conclusion of an audit, the auditor will provide factory management with a copy of the CAP template to assist in resolving the noncompliances detected during the audit. The supplier is expected to provide SanMar with a completed CAP report that proposes corrective and preventive actions for all noncompliances, a target completion date for all such actions, and a designated person responsible for addressing each finding. Then the compliance team will review and decide whether to approve the target completion date proposed by the factory. SanMar's Factory Compliance team also works with suppliers to conduct root cause analysis for the noncompliances identified during the audit. When root cause analysis is not sufficient to identify appropriate remediation plans, the compliance team follows up with the factory to discuss and improve it.

### Strengths:

- FLA has verified numerous examples of SanMar following up with suppliers to improve insufficient root cause analyses.
- SanMar requires all suppliers to complete training on root cause analysis through its e-learning program.
- SanMar uses the results of root cause analysis to determine what actions will most effectively address the noncompliances identified in audits. In two audit cases in China, SanMar noted findings on inconsistent documentation. SanMar decided that an e-learning module on proper document practices would be mandatory for both factories. In one factory, SanMar staff determined that the root cause was the factory's informal and inconsistent systems and low technology capabilities. SanMar asked the third-party audit firm to train the factory on document systems. SanMar chose to invest in the factory's management systems instead of terminating its relationship with this factory.

## Ensuring Effective Remediation

Benchmark 8.3: Company Member records and tracks the progress and effectiveness of remediation for internal assessments.

### Company Actions and FLA Verification:

SanMar’s compliance team tracks factories’ remediation progress and evidence through its data platform. Factories must submit details of their corrective actions, preventive actions, target completion dates, and responsible person(s). As factories make progress on remediating noncompliances, they must submit evidence of remediation. If the corrective action involves a new procedure or changes to a management system, suppliers must provide a copy of the relevant documents, policies, and/or records. The compliance team’s database automatically informs SanMar of incomplete CAPs on a weekly basis through a generated Open CAP Report. The team reviews the report and sends reminder emails to suppliers when evidence is not submitted on time. If the factory does not respond after two follow-up e-mails, the compliance team will elevate the issue to management. SanMar conducts follow-up audits when a factory receives a failing grade on an audit. SanMar will work with the factory on timing of the follow-up audit to ensure that noncompliances are corrected prior to the audit, but all follow-up audits will be conducted within 60–180 days of the failed audit. Follow-up audits are also scheduled when SanMar cannot verify evidence of corrective action through a desktop review.

### Timely and Preventative Remediation

■ Remediated    
 ■ Partially Remediated    
 ■ Planned

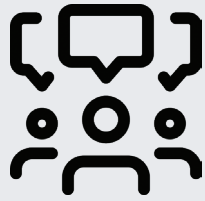


FLA verified numerous instances of successful remediation of violations in SanMar’s supplier factories. The following chart provides examples from SCI assessments. A 2020 factory assessment in China found the factory’s job application form contained questions regarding politics, civil status, gender, nationality, height, weight, age, hometown, health status, marital status, and household registration type, which might lead to discriminatory practices during the recruitment process. SanMar worked with the factory to revise the application form and delete all the

discriminatory items. In a 2021 assessment in Honduras, FLA found that workers were not consulted during the retrenchment process. SanMar worked with the factory to create and implement a complete retrenchment policy that includes worker consultation in the retrenchment process.

### Strengths:

- SanMar tracks remediation progress and remediation evidence for both internal assessments and SCI assessments on its data platform.
- SanMar’s Factory Monitoring SOP documents the process for reviewing CAP reports and the standards to determine the effectiveness of remediation plans.



### PRINCIPLE 9: CONSULTATION WITH CIVIL SOCIETY

*Company Member identifies, researches, and engages with relevant labor non-governmental organizations, trade unions and other civil society institutions.*

**WHY:** Locally based, labor-focused CSOs help companies better understand local conditions and issues that most acutely impact workers, which enable companies to make their supply chains more responsive to workers' needs.

### Civil Society Engagement Strategy and Mapping

Benchmark 9.1: Company Member develops a CSO outreach strategy that reflects the geographical distribution of sourcing.

### Company Actions and FLA Verification:

SanMar's third-party stakeholder engagement strategy includes all sourcing countries, discusses SanMar's methods and expected benefits for civil society engagement, lists different types of CSOs with which it could engage, specifies current civil society partners, and addresses challenges in civil society engagement. It also outlines a detailed risk identification process to prioritize countries and regions for civil society engagement. SanMar's civil society mapping, engagement, and outreach plan includes all the priority countries identified in this risk identification process: Bangladesh, China, Honduras, Pakistan, and Việt Nam.

### Strengths:

- SanMar implements a thorough risk identification process to prioritize countries and regions for civil society engagement. SanMar's process integrates country risk, production volume, number of factories, recurring issues identified through prior audits, risk evaluations provided by third party assessors, and input from industry news, media, and other campaigns.



## Engagement on Local Labor Issues

Benchmark 9.2: Company Member develops and maintains links to relevant CSOs to gain understanding of local labor issues.

### Company Actions and FLA Verification:

The SanMar social compliance staff maintains active engagement with CSOs in Honduras, Bangladesh, and El Salvador. SanMar actively contributes to and engages with the Americas Group, a multi-stakeholder forum for discussing critical issues facing workers in Central America, including issues of severance pay in Honduras and childcare in El Salvador. In Bangladesh, SanMar works with Amader Kotha, a helpline for workers to raise concerns about workplace safety and other issues, and with Phulki, Amader Kotha's local partner that implements the helplines in SanMar's contracted factories and trains workers on their use. In Honduras, SanMar worked with Proforest, an organization that supports producers and supply chains to create positive impacts for the people and places where commodities are produced, and its local partner, Institute for Cooperation and Self-development (ICADE), a nonprofit organization that seeks to raise the standard of living of Honduran population. SanMar cooperated with Proforest and ICADE to provide third-party grievance channels for workers in SanMar's contracted factories in Honduras for six months in 2022.

## Engagement on Training, Worker Communication Channels, and Remediation

Benchmark 9.3: Company Member strategizes with CSOs and knowledgeable local sources in the design and implementation of workplace standards compliance programs.

### Company Actions and FLA Verification:

SanMar's civil society engagement plays a valuable role in shaping its social compliance program. SanMar uses the expertise of third-party stakeholders to tackle challenges in its supply chain and improve internal processes of the social compliance program. SanMar works with CSOs to design and implement workplace standards compliance strategies including social compliance training, worker communication channels, and facility-specific remediation plans. In Bangladesh, SanMar works with Phulki to provide training on the Amader Katha Helpline for workers before the deployment. The training improves workers' knowledge of grievance channels and enhances relationships between employees and management. Phulki also provides reliable reports to SanMar and the factory on labor issues raised by workers, allowing SanMar to follow up with factories to ensure that all issues are fully remediated.

## Strengths:

- SanMar commissioned Phulki to provide training exercises and post-training quizzes and interviews on the Amader Kotha Helpline to ensure workers' awareness of the grievance channels.

### Union and Worker Representative Consultation

Benchmark 9.4: Company Member consults with supplier management and legally constituted unions or worker representative structures to gain an understanding of relevant relationships.

## Company Actions and FLA Verification:

The SanMar third-party stakeholder engagement strategy includes guidance on trade union and worker committee engagement. SanMar considers the presence of worker unions, various worker committees and the collective bargaining agreement as an indication that workers have the right to practice their freedom of association. The social compliance team tracks and records all union and collective bargaining agreements that are in their factories in the data platform.

### Freedom of Association and Collective Bargaining

■ Remediated    
 ■ Partially Remediated    
 ■ Planned

Collective Bargaining Agreement Compliance

**NO FINDINGS**

Employer Interference in Union Operations

**1**

FLA has identified one factory violation related to freedom of association in SanMar's SCI assessments. A 2019 factory assessment in Việt Nam found that the factory trade union had a committee with 17 members. SanMar worked with the factory to collect trade union meeting minutes which included the introduction and selection of members to join the trade union. The election meeting minutes, however, showed that only one out of the 17 members was freely nominated by workers. FLA will continue to verify that the company works with the supplier in the February 2023 trade union election to ensure that the committee has equal membership from both management and worker representatives, as legally required.

### **Strengths:**

- SanMar's Field Instructions require the assessors to include a representative of the union or workers' committee in the opening and closing meetings of the assessment, as well as in the sample of workers to be interviewed.
- SanMar's Factory Monitoring Manual and Field Instructions include procedures for staff and assessors to gain an understanding of union structures in all the factories.
- SanMar's mandatory e-learning courses for all factories include courses on worker engagement.



**PRINCIPLE 10: VERIFICATION REQUIREMENTS**

*Company Member meets FLA verification and program requirements.*

**WHY:** FLA requires that companies maintain standard operating procedures (SOPs) related to FLA membership to ensure that the company is upholding FLA requirements regardless of employee turnover, changes in ownerships, changes in supply chain etc. These SOPs ensure that the company will adhere to FLA requirements.

**FLA Affiliation**

- Benchmark 10.1: Company Member maintains standard operating procedures related to FLA membership.
- Benchmark 10.2: Company Member participates in FLA due diligence activities, including assessments at facilities and company headquarters, as applicable.
- Benchmark 10.3: Company Member completes a standardized annual report on fulfillment of Principles of Fair Labor and Responsible Sourcing.
- Benchmark 10.4: Company Member maintains a complete and accurate profile and list of facilities with FLA and publicly.
- Benchmark 10.5: Company Member responds to FLA requests for documentation, contracts, information and clarification in a timely manner.
- Benchmark 10.6: Company Member pays annual dues and applicable fees on schedule.

**Company Actions and FLA Verification:**

Members of SanMar’s compliance staff consistently attend FLA Board meetings. The Director of Compliance has participated in the Promotional Products Working Group and the Factory Compliance Manager currently serves as a representative of the Business Caucus on FLA’s Board of Directors. SanMar has completed all FLA administrative requirements: the company has paid all annual dues, completed all assigned Annual Evaluations, provided an up-to-date factory list on a quarterly basis, and cooperated with applicable SCI assessments and field observations.

# APPENDIX A: REMEDIATION PROGRESS

The chart below shows the full remediation progress analysis from SanMar's SCl assessment included throughout this report.

