



GLOBAL OPERATING PRINCIPLES

We, at SanMar Corp. (hereinafter “SanMar”), are committed to conducting our business ethically and in compliance with the laws of the United States and other countries in which we do business. We are an equal opportunity employer and provide safe, healthy working conditions for our employees. We seek to conduct business with suppliers that share our values. “Supplier”, as used in these Global Operating Principles, shall include all agents, vendors, manufacturers, factories and subcontractors.

SanMar recognizes there are different legal and cultural environments in which factories operate throughout the world. All suppliers must operate in full compliance with the laws of respective countries, and with all other applicable laws, rules and regulations in order to do business with SanMar. When differences or conflicts in standards arise, SanMar suppliers are expected to apply the highest standard.

Legal Requirements

- SanMar expects its suppliers to comply with all applicable laws, rules and regulations of the United States and those of the respective country of manufacture or exportation. All products must be accurately labeled and clearly identified as to their Country of Origin. The language to be used for purposes of notice, interpretation and the meaning of these guidelines shall be English.

Employment Relationship

- SanMar suppliers must comply with the conditions of employment that respect workers and safeguard their rights under national and international labor and social security laws and regulations.

Forced Labor

- SanMar will not purchase products from suppliers that use forced labor, prison labor, indentured labor or bonded labor. Suppliers must not utilize or purchase raw materials from supplier utilizing forced labor.

Child Labor

- SanMar suppliers shall not employ any person under the age of 15 or under the age for completion of compulsory education, whichever is higher.
- Suppliers must maintain official documentation for each worker that verifies the worker’s date of birth. In countries where official documents are not available to confirm exact date of birth, suppliers must confirm age using an appropriate and reliable assessment method.

Harassment or Abuse

- SanMar suppliers must treat their employees with respect and dignity. We will not tolerate suppliers who subject their workers to human rights abuses, including physical, sexual, psychological or verbal harassment or abuse.

Nondiscrimination

- SanMar recognizes and respects cultural differences within the business environment; however no person shall be subject to any discrimination in employment, including hiring, compensation, advancement, discipline, termination or retirement, on the basis of gender, race, religion, age, disability, sexual orientation, nationality, political opinion, social group or ethnic origin.

Health and Safety Standards

- SanMar suppliers shall provide a safe and healthy work environment with all applicable laws regarding working conditions, including worker health and safety, sanitation, fire safety, risk protection, electrical, mechanical and structural safety.
- Companies that provide residential facilities for their workers must meet all applicable laws and regulations related to health and safety. Living space per employee in the sleeping quarters must meet both the minimum legal requirement and the local industry standard.

Compensation and Working Hour

- SanMar suppliers must pay at least the minimum wage or the appropriate prevailing wage, whichever is higher, comply with all legal requirements on wages, and provide any fringe benefits required by law or contract. Every worker has a right to compensation for a regular week that is sufficient to meet the worker’s basic needs and provide some discretionary income.
- Where compensation does not meet workers’ basic needs and provide some discretionary income, each supplier shall work with SanMar to take appropriate actions that seek to progressively realize a level of compensation that does.
- SanMar suppliers must not require their workers to work more than 48 regular hours per week (or fewer hours if prescribed by local laws and regulations). Workers are entitled at least 24 consecutive hours of rest in every seven-

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day period. Suppliers shall not request overtime on a regular basis. Other than in exceptional circumstances, the sum of regular and overtime hours in a week shall not exceed 60 hours. All overtime must be consensual and must be fully compensated at a premium rate or the applicable overtime rate applicable by law.

Freedom of Association and Collective Bargaining

- SanMar suppliers must recognize and respect the rights of their workers to choose or not to freely associate and to bargain collectively. Suppliers must not threaten, penalize, restrict, or interfere with workers' efforts to join associations of their choosing.

Cargo Security

- SanMar supplier must certify that its manufacturing and cargo handling facilities are secure and must implement supply chain security procedures designed to prevent the introduction of non-manifested cargo and contraband into the shipment. We expect each supplier to review and follow the U.S. Government's published Manufacturer Security Recommendations (Copy attached). These guidelines can also be found in the C-TPAT section on U.S. Customs' website www.cbp.gov

Transshipment

- SanMar will not tolerate illegal transshipment. Illegal transshipment occurs when goods are misrepresented as being produced in one country when in fact they were produced or assembled in another country. No merchandise shall be transshipped to avoid quota or other restrictions.

Environmental Standards

- SanMar will only do business with suppliers that comply with all local environmental laws.
- SanMar suppliers must adopt proactive measures to minimize the impact of the environment.

Document Retention

- All factory production records as outlined in SanMar's Document Retention Requirements must be maintained for a minimum of five (5) years after shipment of the merchandise to SanMar. SanMar reserves the right to periodically request production records which the factory is required to submit to SanMar within a given timeframe.

Posting of SanMar's Global Operating Principles

- SanMar's Global Operating Principles have been posted in the languages of the workers and supervisors in all manufacturing facilities producing SanMar products. The Principles are posted in various locations that are easily accessible to all employees and in areas that afford a certain degree of privacy.

We strongly encourage factory employees to contact SanMar's hotline at +206-770-5604 or hotline@sanmar.com if you have any questions or if you feel any of the above requirements are not being met by SanMar's supplier or this facility. Please be advised that this hotline is both secure and confidential.