



## SanMar's Factory Compliance Benchmark for Suppliers Oct 2022

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The objective of SanMar's benchmark document is to set clear expectations for working with SanMar, measure factory performance, and identify opportunities for continuous improvement. The benchmarks are aligned to SanMar's Global Operating Principles (GOP), which is our code of conduct on labor standards established by the United Nations Guiding Principles for Business and Human Rights and the International Labour Organization (ILO) Core Conventions as well as US Customs and Border Protection's (CBP) Customs and Trade Partnership Against Terrorism (CTPAT) program requirements. All suppliers and factories are expected to adhere to SanMar's GOP and are subject to periodic third-party audits. SanMar aims to support the continuous improvement of our suppliers and factories and uses audit findings to identify recurring non-compliances and trends.

### Legal Requirements (LR)

**GOP Provision:** 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.

#### LR 1. Compliance Benchmarks

- LR 1.1 All government licenses and certificates related to all areas of operation shall be maintained on site and must be kept up to date.
- LR 1.2 Employers shall have written policies and procedures for obtaining, implementing, and retaining current information on local and national laws, health and safety regulations, and environmental laws. Facility shall communicate and implement new laws and/or revisions to existing laws and regulations on a timely basis.
- LR 1.3 Employers shall assign responsibility for compliance with all relevant laws and regulations to a clearly defined and adequately qualified staff member or members.
- LR 1.4 All new laws and/or revisions to laws must be communicated to all workers and ensure any necessary changes are carried out in a timely manner and with continued compliance with the law.

### Employment Relationship (ER)

**GOP Provision:** 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.

#### ER 1. Compliance Benchmarks

- ER 1.1 Employers shall ensure that all legally mandated requirements for the protection or management of special categories of workers, including migrant, juvenile, contract, contingent, temporary, probationary workers, home workers, and pregnant or disabled workers are implemented. Where local laws and regulations and SanMar's GOP differ, the employer is expected to follow the highest applicable standard.

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- ER 1.2 Employers shall have written policies and procedures with regard to promotion, demotion, and job reassignment that outline the criteria, demonstrate linkages to job grading, and prohibit discrimination or use of demotion or job reassignment as a form of penalty or punishment, are provided in writing and seek feedback from employees in writing, and follow all local legal requirements.
- ER 1.3 Employers shall provide formal written employment contracts in a language that the worker understands (prior to departure from country of origin, in the case of migrant workers), in order to maintain proper and accurate records governing all terms and conditions of employment from recruitment, hiring, probation and promotion; including written terms and conditions of employment, job descriptions, administration of compensation and working hours for all positions, through to retrenchment and termination processes.
- ER 1.4 Where employers provide annual indemnization, original contracts should remain in place without being terminated.
- ER 1.5 Employers shall ensure that all workers receive a copy of the employment contract in a language that the worker understands (prior to departure from country of origin, in the case of migrant workers) signed by the facility, at the time of the worker's signature.
- ER 1.6 Employers shall assign responsibility for the administration of human resources to a clearly defined and adequately qualified staff member or members. This staff member or members should implement an annual review with input from workers of all policies, procedures, and their implementation to ensure they meet legal laws and regulations and SanMar's GOP.
- ER 1.7 Employers shall provide an orientation to new employees at the time of hiring and the full refresher training to all employees, including supervisor and management about the policies and procedures. Training should be updated on a regular basis and when any policies and procedures are revised. Employers shall inform the workers about the policies and procedures, and other legally required information, and SanMar's GOP through appropriate means, including posted in local language(s) throughout the common areas.
- ER 1.8 Employers must maintain personnel files and all relevant employment information for all workers including apprentices, temporary, migrant, or contracted workers. These records, as required by SanMar and local law, must be maintained on site.
- ER 1.9 Employers shall use standard contract language for all workers including workers employed through agency, migrant, temporary or any other kind of contractual workers.
- ER 1.10 Employers shall not require workers to sign any blank contracts.
- ER 1.11 Workers shall not be charged with any recruitment or other employment fees.
- ER 1.12 Employers shall hire apprentice, contract, contingent, temporary, or migrant workers only if such hiring is consistent with the national law of the country of production and ensure national laws governing apprentice, contract, contingent, temporary, or migrant workers are observed.
- ER 1.13 Employers shall have written policies and procedures regulating the recruitment and hiring of apprentice, contract, contingent, temporary, or migrant workers.
- ER 1.14 Apprentice and vocational training programs shall be reserved exclusively for workers who lack necessary training or experience and therefore cannot yet be hired as regular workers.

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- ER 1.15 Employers shall ensure workplace rules and regulations apply to apprentice, contract, contingent, temporary, or migrant workers the same way as for permanent workers.
- ER 1.16 Employers shall not use contract, contingent, or temporary workers on a regular basis for the long-term or multiple short terms.
- ER 1.17 Employers shall not renew contracts for multiple short terms in lieu of providing permanent employment.
- ER 1.18 Employers shall give priority to contract, contingent or temporary workers when hiring 'new' permanent workers.
- ER 1.19 Employers who offer permanent employment to the contract, contingent or temporary worker must clearly date their seniority and other fringe benefits eligible from the first date as a contract, contingent or temporary worker and not from the first day of permanent employment.
- ER 1.20 Employers must maintain formal written procedures and accurate records in relation to termination and retrenchment.
- ER 1.21 Upon termination, employers shall calculate the severance based upon the worker's current salary and seniority from the initial date of employment.
- ER 1.22 Employers shall develop and implement a plan that mitigates the adverse effects of major changes in production, program, organization, structure, or technology that are likely to result in temporary or permanent layoffs.
- ER 1.23 Employers shall use standard contract language with employment agencies or intermediaries that specifically prohibits practices that restrict any worker's freedom of movement or ability to terminate their own employment.
- ER 1.24 Employers shall have written policies and procedures with regard to performance reviews that outline the review steps and process, demonstrate linkages to job grading, prohibit discrimination, are provided in writing and seek feedback and agreement/disagreement from employees in writing, and that follow all local legal requirements.
- ER 1.25 The performance review process should be communicated to the workforce and reviewed regularly.

## Forced Labor (FL)

GOP Provision: 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 suppliers utilizing forced labor.

### FL 1. Compliance Benchmarks

- FL 1.1 Employers shall comply with all national laws, regulations and procedures concerning the prohibition of forced labor and human trafficking.
- FL 1.2 If not provided by law, employers must provide protection to workers who allege violations of forced labor.
- FL 1.3 Employers shall have written policies and procedures that clearly state that all workers accept their employment voluntarily, which prohibits all forms of forced labor, including bonded, prison and indentured labor.
- FL 1.4 All workers shall be free to leave the factory premises at all times, subject to work rules.
- FL 1.5 All workers shall have the right to enter into and terminate their employment contract freely without being penalized financially, the threat of physical or mental coercion or facing unlawful notice periods.

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- FL 1.6 Workers shall not be obligated or forced to work by a family member, associate, or friend for any reason.
- FL 1.7 Employers shall not grant any worker with personal loans, large credits, or salary advances, which could result in any form of bonded labor. In cases of salary advances, employers must comply with relevant laws governing fair compensation and benefits.
- FL 1.8 Employers shall not bind any worker to employment as a condition of fulfilling terms of a debt to a third party or to the facility.
- FL 1.9 Employers, employment agencies, or intermediaries may provide loans directly to workers only if they are a component of a larger loan program (e.g. housing or education loans) available to all workers.
- FL 1.10 Lending and savings programs provided to workers by employers, employment agencies, or intermediaries must comply with all national laws and regulations for such programs.
- FL 1.11 The continuance of loans may not be dependent on continued employment at the workplace, and no penalties may be assessed on the loan for workers ending employment at the workplace.
- FL 1.12 Interest may not exceed the cost of administering the loan program and any tax liabilities incurred by the program, and according to legal limits.
- FL 1.13 No terms imposed by the employer shall confine or restrict any workers freedom of movement or free transit, including restricted access to toilets, drinking water, canteen, clinic, or other basic necessities.
- FL 1.14 Employers shall not require, nor influence, any worker to live in employer-owned or -controlled residences. If workers choose to live in employer-owned or -controlled residences, employers shall not unreasonably restrict movement of workers.
- FL 1.15 Employers shall ensure all overtime hours are voluntary and not imposed under any sort of threat of penalty or force.
- FL 1.16 All workers shall retain possession or control of their passports, identity papers, travel documents, work permits, and other personal legal documents. Employers may obtain copies of original documents for record-keeping purposes.
- FL 1.17 Employers shall provide at workers request secure storage for worker documents such as passports, identity papers, travel documents and other personal legal documents. Such storage shall be freely accessible to workers at all times and employer shall not withhold or restrict access at any time.

## Child Labor (CL)

GOP Provision: 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.

### CL 1. Compliance Benchmarks

- CL 1.1. Employers shall comply with all national laws, regulations and procedures concerning the prohibition of child labor and with all relevant laws that apply to young workers (i.e., those aged 15 to 18), including regulations related to hiring, working conditions, types of work, hours of work, proof of age documentation and overtime.

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- CL 1.2. If not provided by law, employers must provide protection to workers who allege violations of child labor.
- CL 1.3. Employers shall review, validate, and maintain on file proof of the age documentation and other relevant employment information for all workers.
- CL 1.4. Employers shall have written policies and procedures that clearly communicate and enforce its child labor and young worker policy.
- CL 1.5. Employers shall not employ anyone under the age of 15 or under the age for completion of compulsory education, whichever is higher.
- CL 1.6. Employers shall have a remediation policy in place, which provides for the transition of any child found to be performing child labor, to enable her or him to attend and remain in quality education until no longer a child.
- CL 1.7. Employers shall abide by all relevant rules and procedures where the law requires government permits or permission from parents as a condition of employment and shall keep documentation on-site for inspection at all times.
- CL 1.8. No person under the age of 18 shall undertake hazardous work (i.e., work which, by its nature or the circumstances in which it is carried out, is likely to harm the health, safety, or morals of persons under the age of 18).
- CL 1.9. Employers shall provide young workers with health examinations upon hire and regularly during employment to ensure the work performed is not negatively impacting their health.
- CL 1.10. No person under the age of 18 shall engage in nighttime work, as defined by local laws and regulation.
- CL 1.11. Employers shall have a system for identifying workstations and operations that are inappropriate for young workers according to applicable laws.
- CL 1.12. Apprentices or vocational students shall not be under the age of 15 or under the age for completion of compulsory education, whichever is higher.
- CL 1.13. Employers shall comply with all regulations and requirements of apprentice or vocational education programs and shall be able to provide documentation that these are legally recognized programs. Informal arrangements of any kind are not acceptable.
- CL 1.14. Children under the minimum working age shall not be allowed in production areas at any time, unless they are part of a guided school tour or other such unusual event.
- CL 1.15. Children must not visit parents in production areas.

## Harassment or Abuse (HA)

GOP Provision: 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.

### HA 1. Compliance Benchmarks

- HA 1.1 Employers shall comply with all national laws, regulations and procedures concerning discipline, violence, harassment, and abuse including that which is gender-based.
- HA 1.2 If not provided under law, employers must provide protection to workers who allege harassment or abuse violations and who are victims of domestic violence.
- HA 1.3 Employers shall have written policies and procedures that ensure workers are treated with respect and dignity, and in accordance with laws governing harassment and abuse.

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- HA 1.4 Employers shall provide trainings to all its new and existing managers and supervisors on the company's policies and procedures on harassment and abuse at the time of hire and full refresher trainings on a regular basis.
- HA 1.5 Employers shall not use monetary fines and penalties as a means to maintain labor discipline, including for poor performance or for violating company rules, regulations, and policies.
- HA 1.6 Access to toilets, drinking water, canteen, clinic, or other basic necessities shall not be used as either reward or as a means to maintain labor discipline.
- HA 1.7 Employers shall not use any form of – or threat of – physical violence, including slaps, pushes or other forms of physical contact as a means to maintain labor discipline.
- HA 1.8 Employers shall not use any form of verbal violence, including screaming, yelling, or the use of threatening, demeaning, or insulting language, as a means to maintain labor discipline.
- HA 1.9 Employers shall not use any form – or threat – of psychological abuse, such as forcing workers to sign letters of self-criticism or posting names of workers subject to disciplinary measures as a means to maintain labor discipline.
- HA 1.10 Employers shall not use any form – or threat – of sexual harassment or abuse, such as making an inappropriate remark, insult, joke, insinuation, and/or comment on a person's dress, physique, age, family situation, etc.; a condescending or paternalistic attitude with sexual implications undermining dignity; any unwelcome invitation or request, implicit or explicit, whether or not accompanied by threats; any lascivious look or other gesture associated with sexuality; and any unnecessary physical contact such as touching, caresses, pinching or assault.
- HA 1.11 Employers shall take all necessary precautions to eliminate any action (by the employer, between or among employees, or by third parties who are retained by the employer or whose work is connected with the workplace) that would result in gender-based violence and/or harassment, regardless of whether such actions occur in or outside the workplace and/or working hours.
- HA 1.12 Employers shall ensure that the workplace and all workplace facilities (such as employer-provided transportation or dormitories) are free from any type of violence, harassment, or abuse, be it physical, sexual, psychological, verbal, or otherwise.
- HA 1.13 Employers, in consultation with worker/union representatives, shall assess specific hazards and risks or harassment and abuse in the workplace, including gender-based violence. This includes risks arising from working conditions, work arrangements (such as night shifts or other schedules,) work organization, and third parties such as recruitment agencies, contractors, or any other intermediaries.
- HA 1.14 Employers shall develop, implement, and monitor policy and procedures for eliminating the risk of violence, harassment, and abuse in the workplace. Policies and procedures shall include a clear statement that violence, harassment, and abuse will not be tolerated, procedures for the investigation of allegations, and measures to protect any complaints, victims, and witnesses.
- HA 1.15 Employers shall refrain from any action that would result in an intimidating, hostile or offensive work environment for workers. Employers shall also take all appropriate action to ensure that all workers refrain from intimidating, hostile or offensive behavior.
- HA 1.16 Employers shall not offer or take any action that may suggest an offer of, recruitment, continued employment, promotion, improved working conditions,

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- preferential work assignments or other preferential treatment in exchange for a sexual relationship.
- HA 1.17 Employers shall not subject workers to prejudicial treatment of any kind in retaliation for refused sexual advances or corrected inappropriate behavior.
- HA 1.18 Employers shall not threaten female workers with dismissal or any other employment decision that negatively affects their employment status in order to prevent them from getting married or becoming pregnant.
- HA 1.19 All security practices shall be gender appropriate and nonintrusive, so that the dignity of workers concerned is protected when a search is undertaken.
- a. Searching of bags and other personal items to prevent theft is acceptable.
  - b. Body searches and physical pat downs shall only be undertaken when there is a specific, legitimate reason to do so and upon consent of workers, unless a state official with the power to do so (e.g. police officer) has ordered the search.
  - c. Body searches shall not be undertaken in public and the person who undertakes the search shall be of the same sex as the person who is being searched.
- HA 1.20 Employers shall have a system to discipline supervisors, managers or workers who engage in any physical, sexual, psychological or verbal violence, harassment or abuse, through measures such as compulsory counseling, warnings, demotions, and termination or a combination thereof regardless of whether such action was intended as a means to maintain labor discipline with a view to preventing the recurrence of violence and harassment, and facilitating their reintegration into work, where appropriate. Disciplinary measures shall be consistent across the company, regardless of worker stature.
- HA 1.21 Employers must have a clear progressive disciplinary procedure (e.g., escalating discipline action steps such as verbal warning, written warning, suspension, and termination) as well as an appeals process, which is communicated to workers in the language(s) spoken by workers upon hire and regularly throughout the duration of their employment.
- HA 1.22 Employers must inform workers when a disciplinary procedure has been initiated against them. Workers shall have the right to participate and be heard in any disciplinary procedure against them.
- HA 1.23 Employers shall commit to non-retaliation for all steps of the disciplinary process, including for a worker requesting a witness and filing an appeal of disciplinary action.
- HA 1.24 All disciplinary actions taken shall be documented, including appeals and actions taken as a result. Documentation related to all disciplinary actions must be maintained for five (5) years.

## Nondiscrimination (ND)

GOP Provision: 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.



## ND 1. Compliance Benchmarks

- NA 1.1 Employers shall comply with all national laws, regulations and procedures concerning nondiscrimination. Where local laws and SanMar's GOP differ, the employer is expected to follow the highest applicable standard. If not provided by law, employers must provide protection to workers who allege discrimination in compensation, recruitment and employment practices, compensation, marital, or health status.
- NA 1.2 Employers shall have written policies and procedures prohibiting any form of discrimination in employment. This policy should state means by which workers can voice grievances regarding discrimination and clearly state that workers will not be punished or retaliated against for reporting any such discrimination.
- NA 1.3 Recruitment and employment policies and practices, including job advertisements, job descriptions, and job performance/evaluation policies and practices shall be free from any type of discriminatory bias and should solely be based on the person's qualification.
- NA 1.4 Employers may not request the disclosure of any personal, non-job-related information during the application, recruitment, or hiring process; including, but not limited to, gender, race, religion, disability, sexual orientation, nationality, political opinion, social group, ethnic origin, or marital status.
- NA 1.5 There shall be no differences in compensation for workers for work of equal value on the basis of gender, race, religion, age, disability, sexual orientation, marital status, nationality, political opinion, union association, social group, or ethnic origin.
- NA 1.6 Employers shall provide trainings to all its new and refresher trainings to existing managers and supervisors on the company's policies and procedures on equality and nondiscrimination in a timely and regular manner.
- NA 1.7 Employers must not require pregnancy testing, nor under any circumstances use pregnancy tests nor contraception in their hiring or as a condition of continued employment, even in cases where pregnancy tests are required by national law.
- NA 1.8 Employers shall not, on the basis of a woman's pregnancy, make any employment decisions that negatively affect a pregnant woman's employment status, including decisions concerning dismissal, loss of seniority or deduction of wages.
- NA 1.9 Employers shall abide by all protective provisions in national or local laws and regulations benefitting pregnant workers and new mothers, including provisions concerning maternity leave and other benefits; prohibitions regarding night work, temporary reassignments away from work stations and work environments that may pose a risk to the health of pregnant women and their unborn children or new mothers and their new born children, temporary adjustment of working hours during and after pregnancy, and the provision of breast-feeding breaks and facilities.
- NA 1.10 Where such legal protective provisions are lacking, employers shall take all necessary measures to ensure the safety and health of pregnant women and their unborn children; employers shall at minimum provide paid leave for regular pre-natal and post-natal doctor visits as well as breast-feeding breaks.
- NA 1.11 Employers shall not, on the basis of a person's health status, make any employment decisions that negatively affect the persons employment status, including decisions concerning recruitment, termination, promotion, or assignment of work, unless such decision is dictated by the inherent requirements of the job or a medical necessity to protect the worker and/or other workers.
- NA 1.12 Employers shall make reasonable modifications and adjustments to accommodate specific religious, ethnic, gender, and disability-based needs of all



workers within the workplace as well as within any employer-provided facilities such as dormitories or transportation.

NA 1.13 Workers shall not be required to reimburse the factory for the cost of these accommodations.

NA 1.14 Employers shall not impose any discriminatory restrictions on the dress or appearance of workers.

NA 1.15 In cases where the workplace requires uniforms or other specific clothing, accommodations shall be made for religious practice or disability.

NA 1.16 In cases where a workplace dress code is in place, the dress code shall not discriminate against or set different standards for ethnic or cultural groups.

NA 1.17 Employers shall not require specific languages to be spoken in the work environment, nor shall they prohibit the use of any languages among workers.

NA 1.18 Employers shall make every reasonable effort to communicate to workers in their native language

NA 1.19 Employers shall not use medical examinations to prevent an employee from being hired or as a condition of employment.

### Health and Safety Standards (HSS)

GOP Provision: 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.

#### HSS 1. Compliance Benchmarks

HS 1.1 Employers shall comply with all national laws, regulations and procedures concerning health, safety, and the environment.

HS 1.2 If not required by law, employers must provide protection to workers who allege violations of health and/or safety protections.

HS 1.3 Employers shall have written policies and procedures regarding providing a safe and healthy work environment in accordance with all applicable laws and regulations.

HS 1.4 Health and Safety policies shall contain the framework for a comprehensive management system including a health and safety risk assessment within employer's responsibilities, workers' rights and duties, responsibilities of designated personnel, procedures that enable workers to raise health and safety concerns, procedure for reporting death, injury, illness and other health and safety issues, protections to worker who allege health and safety violations, and conducting root cause analysis on workplace accidents and taking proactive action to prevent future accidents which are clear and regularly tested for review.

HS 1.5 Employers shall assign responsibility for the administration of its health and safety procedures to a clearly defined and adequately qualified staff member or members. This staff member or members should regularly review policies, procedures, and their implementation.

HS 1.6 Employers shall create a system to ensure that all necessary Health and Safety protections are provided for external contractors, including protection when working within confined spaces, maintenance issues, and general Health and Safety issues.

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- HS 1.7 All documents required to be available to workers and management by applicable laws (e.g., health and safety policies, MSDS, environmental emergency procedures) shall be made available in the prescribed manner and in the local language and language spoken by the workers, if different from the local language.
- HS 1.8 Employers shall notify the relevant national and/or local authorities of all illnesses and accidents and environmental emergencies as required by applicable laws.
- HS 1.9 All illness, safety, accident, and emergency reports shall be maintained on site for at least one year, or longer if required by law.
- HS 1.10 Employers shall at all times be in possession of all legally required and valid permits and certificates related to health, safety, and environmental issues, such as purchase and storage of chemicals, fire safety inspections, machinery inspections, waste disposal, environmental licenses/permits, sanitation permits including those required for canteens, and vehicle inspection and driver permits for all employer provided transportation.

## HSS 2. General Work Environment

- HS 2.1. All necessary ventilation, plumbing, electrical, noise and lighting services shall be installed and maintained to conform to applicable laws and to prevent or minimize hazardous conditions to workers in the facility.
- HS 2.2. All facilities including workplace buildings, toilets, canteens, kitchens, and clinics, shall be kept clean, safe, in good maintenance and be in compliance with all applicable laws, including relevant sanitation, medical, and health and safety regulations.
- HS 2.3. Employers shall provide all necessary protection for workers when working in heights, confined spaces, and other high-risk areas.
- HS 2.4. Stairways shall have handrails and be well lit.
- HS 2.5. Surrounding grounds shall be well lit if night work is done.
- HS 2.6. Safe and clean drinking water shall be freely available at all times, within reasonable distance of the workplace.
- HS 2.7. Drinking water shall be of a reasonable temperature.
- HS 2.8. The means to drink water (i.e., cups) must be safe and sanitary and available in an appropriate number.
- HS 2.9. Employers shall not place any undue restrictions on drinking water in terms of time and frequency.
- HS 2.10. Employers shall establish the number of toilets required under applicable laws within reasonable distance of the workplace. In addition, the following should also be considered: number of toilets based on number of workers, privacy (stalls with doors) for each individual and gender, accessibility, and hygiene.
- HS 2.11. Employers shall not place any undue restrictions on toilet use in terms of time and frequency.
- HS 2.12. Employees shall have access to clean water for washing within nearby proximity to toilets.
- HS 2.13. Toilets shall be stocked with toilet paper, clean running water and soap.
- HS 2.14. Childcare facilities shall not physically overlap with production areas and children shall not have access to production areas.

## HSS 3. Building Safety

- HS 3.1. Buildings shall have no indications of possible structural collapse on the interior or exterior of buildings, such as large visible cracks or sagging in walls and floors.

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- HS 3.2. Employers shall be in possession of all legally required building or construction certificates, reports or permits and ensure that they are kept current.
- HS 3.3. Facility shall be aligned with the approved building plan (e.g., there are no extra floors or external retrofit structures). Buildings shall be built and approved for industrial use, not commercial or residential use.
- HS 3.4. Generators and other heavy vibrating equipment, such as boilers, shall be located on the ground floor and located away from production areas.
- HS 3.5. Building inspections shall be conducted on a regular basis as per standard of practice or country law.
- HS 3.6. Where required by law, maximum occupancy signage shall be clearly posted within each room, near each entrance.
- HS 3.7. Maximum occupancy shall be within building permit requirements.
- HS 3.8. Buildings shall have sufficient protections for roof and floor openings in order to prevent falls and accidents.

## HSS 4. Emergency Preparedness

- HS 4.1. All applicable, legally required, or recommended elements of safe evacuation shall be complied with, including posting of evacuation plans, installation and maintenance of fire alarms, installation and maintenance of emergency lighting, ensuring aisles/exits are not blocked and that workers are not blocked within their workstations, employee education and training, and evacuation procedures and fire drill.
- HS 4.2. Workers shall be trained in evacuation procedures.
- HS 4.3. Fire alarm systems shall be regularly tested, and evacuation drills shall be undertaken at least every six months.
- HS 4.4. The emergency evacuation plan (EEP) shall include procedures for notifying local community authorities in case of accidental discharge or release of chemical/waste products or any other environmental emergency.
- HS 4.5. The facility shall have a suitable fire detection and emergency alarm system covering the facility.
- HS 4.6. Emergency alarm system shall be clearly designated (visible signs) and unobstructed.
- HS 4.7. Emergency alarm system shall be audible throughout the entire facility. The system shall be inspected regularly and tested in coordination with fire drills.
- HS 4.8. In areas where workers shall be using hearing protection the facility should add visual or personal notification procedures (i.e., flashing strobe lights) to supplement the audible alarm.
- HS 4.9. Fire alarm system sound should be distinctive and should not be mistaken for any other sounds like lunch bell.
- HS 4.10. Emergency alarm system shall be fitted with a back-up system (i.e., battery back-up).
- HS 4.11. All fire-fighting equipment shall be available in sufficient numbers throughout the workplace, maintained and stocked as prescribed, and easily accessible to workers. A sufficient number of workers shall be trained in fire-fighting techniques. Training shall be upon hire and with periodic refresher training.
- HS 4.12. Fire extinguishers shall be appropriate to the types of potential fires in the various areas of the facility and labeled according to the types of fire they are to be used for:
  - a. Class A - Ordinary combustible fires (e.g., textiles, wood, paper, plastics)
  - b. Class B - Flammable liquid, gases, or grease fires (e.g., hydrocarbon, alcohol-based liquids and gases)

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- c. Class C - Electrical equipment fires (e.g., machinery, circuit boards)
  - d. Class D - Combustible metal fire (e.g., magnesium, lithium, calcium, potassium)
- HS 4.13. Fire extinguishers and/or a hose with water pressure sufficient to power the hose, shall be placed no further than 75 feet (23 meters) from any employee or within legally required distances.
- HS 4.14. Fire extinguishers shall be properly mounted or securely placed throughout the facility.
- HS 4.15. All fire-fighting equipment, including fire extinguishers and hoses, shall be clearly marked and easily accessible.
- HS 4.16. Fire extinguishers shall include operating instructions.
- HS 4.17. Fire-fighting equipment, including fire extinguishers and hoses, shall be checked monthly and relevant logs are to be maintained.
- HS 4.18. The type of facility fire suppression systems (sprinkler system) shall meet or exceed local legal requirements. Fire suppression systems shall be regularly maintained (if required by law, by a licensed professional/3rd party).
- HS 4.19. There shall be sufficient numbers of emergency exits at the facility (production floors, office areas, warehouse etc.).
- HS 4.20. Emergency exits shall be clearly marked with illuminated exit signs.
- HS 4.21. Doors that are not exits shall be clearly marked with "Not an Exit".
- HS 4.22. Emergency lighting, with backup power, shall be included in all stairways, and where needed, on exit routes. The lighting shall be industry grade and inspected regularly.
- HS 4.23. Emergency exits shall be accessible and free from obstruction during working hours (including overtime).
- HS 4.24. Emergency exits shall be unlocked during working hours (including overtime).
- HS 4.25. Fire escapes and main exits shall be discharged directly to the exterior of building. Emergency exit doors shall (installation and design) meet all legal requirements.
- HS 4.26. Aisles, passageways, and emergency evacuation routes shall be clearly marked.
- HS 4.27. Fire and emergency evacuation plans shall be prominently posted on every floor and work area as well as near exits and stairways. Evacuation plans shall accurately reflect facility layout, include "you are here" mark, and be in a language understood by most employees. Aisles, stairs and passageways shall be kept clear at all times.
- HS 4.28. Exits, aisles, passageways and stairs shall have enough width as per legal requirements.
- HS 4.29. Stairways and emergency evacuation routes shall be equipped with handrails to protect employees from falling, as per legal requirements, where needed.
- HS 4.30. Evacuation drills shall be conducted regularly, at least twice a year or more often where required by law.
- HS 4.31. Evacuation drills shall be conducted to cover all shifts, floors and buildings within the whole facility.
- HS 4.32. The facility shall, when possible, ensure that joint emergency and evacuation drills are carried out with other adjacent buildings in the same compound to mitigate risk.

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- HS 4.33. Evacuation drills shall be documented with a complete written log with dated photos and attendee list.
- HS 4.34. Designated emergency assembly points shall be large enough to safely accommodate all employees.
- HS 4.35. Designated workers (operators and supervisors) shall be trained at regular intervals in fire safety, the use of fire extinguishers, and how to administer the fire prevention procedures and emergency evacuation plan.
- HS 4.36. Anti-explosive lights shall be installed in areas in which flammable and combustible materials are stored (raw materials warehouse, chemical storage room, finished goods warehouse).
- HS 4.37. There shall be enough distances between the rack and the wall in storage areas as required by law.

## HSS 5. Chemical and Hazardous Substances

- HS 5.1 All chemicals and hazardous substances shall be properly labeled and stored in a secure and ventilated area(s) that is equipped with appropriate fire extinguishers, safety signs, ventilation, anti-explosive lights, instructions on handling and disposal of chemicals, and personal protective equipment for workers, and disposed of in a safe and legal manner, in accordance with applicable laws and international standards.
- HS 5.2 Labels shall be in the local language and the language spoken by workers, if different from the local language.
- HS 5.3 Workers shall receive training, and refresher training on a regular basis appropriate to their job responsibilities, concerning the hazards, risks and the safe use of chemicals and other hazardous substances. Employers shall maintain training records with the date, time, and name of attendees.
- HS 5.4 Material Safety Data Sheets (MSDS) for all chemicals and hazardous substances used in the workplace must be prominently posted at the usage and storage sites of the chemicals and hazardous substances, in the local language and the language spoken by workers, if different from the local language.
- HS 5.5 To prevent unsafe exposure to hazardous chemicals and hazardous substances, appropriate accommodations shall be made for pregnant women and workers under the age of 18, as required by applicable laws, in a manner that does not unreasonably disadvantage workers.
- HS 5.6 Employers shall assign a responsible person who is trained or qualified for chemical management.
- HS 5.7 Chemicals used at the facility shall be registered for the intended use when applicable.
- HS 5.8 Preventative measures shall be in place to prevent chemical leakages such as secondary containers etc.
- HS 5.9 Flammable and combustible material and chemicals shall be safely stored away from source of ignitions.
- HS 5.10 Gas cylinders shall be properly marked, used, inspected, stored, and secured. A suitable cylinder truck, chain, or other steadying device shall be used to keep cylinders from being knocked over while in use.
- HS 5.11 There shall be functioning emergency eyewash station and/or showers provided where corrosive chemicals or high volumes of solvents are handled and used.
- HS 5.12 The eyewash facility and/ or shower shall be well maintained and checked regularly to confirm proper functioning.



HS 5.13 Employers shall conduct regular emergency drills (e.g., chemical leakage, accident drill) for all workers who work with chemicals or hazardous substances.

#### HSS 6. Employee Protection and Machine Safety

HS 6.1 Workers shall be provided at no cost with all the appropriate and functioning personal protective equipment (e.g., gloves, eye protection, hearing protection, respiratory protection) to effectively prevent unsafe exposure (e.g., inhalation or contact with solvent vapors, noise, dust) to health and safety hazards, including medical waste.

HS 6.2 Employers shall perform job safety analyses and/or job hazard assessments that outline workplace risks for each position and the possible Personal Protective Equipment (PPE) needed to mitigate risks.

HS 6.3 Workers shall be provided with training on the use and maintenance of PPE. Training shall be upon hire with periodic refresher training offered to all workers. Management will ensure use of PPE as necessary.

HS 6.4 Employers shall monitor worker use of the provided PPE to ensure it is correctly used.

HS 6.5 All production machinery, equipment and tools shall be properly guarded and regularly maintained.

HS 6.6 Workers shall receive training in the proper use and safe operation of machinery, equipment, and tools they use. Training shall be upon hire with periodic refresher training offered to all workers.

HS 6.7 Employers shall ensure safety instructions are either displayed or posted near all machinery or are readily accessible to the workers in the local language and the language(s) spoken by workers, if different from the local language.

HS 6.8 Employers shall not use negative incentives like monetary penalty schemes to ensure workers use machinery, equipment, and tools safely and properly. Rather, training on risk awareness, proper machine use, as well as positive incentives like bonuses should be used.

HS 6.9 Workers shall not suffer any negative consequences for refusing to work with machinery, equipment or tools that are not properly guarded or reasonably considered unsafe.

HS 6.10 Workstations, including seating and standing arrangements and reach required to obtain tools, shall be designed and set-up in such a manner as to minimize bodily strains.

HS 6.11 Employers shall train workers in proper lifting techniques, and items such as lifting belts shall be provided.

HS 6.12 Employers shall have all required and up-to-date licenses/permits for specialized machinery and equipment (forklift, cargo lift, boiler, compressor etc.)

HS 6.13 Employers shall ensure all specialized equipment operators (forklift, cargo lift, boiler, electrician, hot work i.e., welding, etc.) are licensed where legally required and trained in safety operating procedures.

HS 6.14 There shall be a clear warning sign posted at each lift station indicating lift is not to be used in case of fire.

HS 6.15 Points of operation and other potentially dangerous parts shall be operated with proper machine guards and safety features.

HS 6.16 Machines and equipment shall have proper emergency stop switches, while applicable.

HS 6.17 Machines and equipment shall have a lockout/tag out program, while applicable.



#### HSS 7. Electrical Safety

- HS 7.1 Electrical equipment shall have appropriate safety warning labels.
- HS 7.2 Machinery and equipment shall be grounded.
- HS 7.3 Electrical systems shall include circuit breakers or fuse boxes.
- HS 7.4 Electrical panels / control panels / distribution boards shall be easily accessible / unblocked.
- HS 7.5 Electrical panels / control panels / distribution boards shall be adequately labelled.
- HS 7.6 Electrical panels / control panels / distribution boards shall be fully enclosed in non-flammable material, adequately maintained and damage free.
- HS 7.7 Electrical wires and outlets shall be in safe conditions (i.e., no unprotected wires).
- HS 7.8 High voltage areas and generator areas shall be restricted to authorized personnel only.
- HS 7.9 The facility shall take all steps to reduce risk from electrical shocks. Providing of rubber mats to reduce the risk of electric shock is hence recommended.
- HS 7.10 The facility shall have a qualified professional (electrician, hired or outsourced) to maintain electrical system on a regular basis.

#### HSS 8. First Aid/Medical

- HS 8.1 The facility shall place at least one well-stocked first aid kit on every floor. One stocked first aid kit shall be made available for every 100 workers or as legally required. First Aid kits should contain basic items such as: bandages, cotton balls, scissors, gloves, eyewash, antiseptic wipes etc.
- HS 8.2 There shall be sufficient numbers of first aiders who received adequate first aid and CPR trainings as legally required.
- HS 8.3 Medical facilities shall be established and maintained in factories as required by applicable laws.
- HS 8.4 Medical staff shall be fully licensed and recognized under applicable national rules and regulations.
- HS 8.5 An appropriate number of medical staff shall be on duty during all working hours, including any type of overtime, as required under national law.
- HS 8.6 Medicines of which the expiration date has passed must be replaced immediately and disposed of in a safe manner.
- HS 8.7 Records for medicine consumption from first aid box or facility infirmary shall be maintained as per legal requirements.
- HS 8.8 The facility shall have a process in place for external medical treatment of workers in the event of occupational injury or illness.
- HS 8.9 The facility shall maintain records and investigate all accidents/near-accidents, injuries, fatalities, fires, and other emergencies. Where required by law, supplier must report incidents to local authorities.
- HS 8.10 The facility shall have a system for identifying, evaluating, and minimizing risk from physically demanding work and highly repetitive tasks, to prevent work-related injuries or health impacts.
- HS 8.11 The facility shall apply for testing of factors of occupational hazards at least once a year and the reports are kept for review as legally required.
- HS 8.12 The facility shall conduct and pay for regular occupational health checks for employees as legally required.

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## HSS 9. Dormitory (if applicable)

- HS 9.1 Dormitory facilities should meet all applicable laws and regulations related to health, safety, and environment, including fire safety, sanitation, risk protection and electrical, mechanical, and structural safety.
- HS 9.2 All dormitories shall be kept secure and clean.
- HS 9.3 All dormitory fire alarm systems shall be regularly tested, and emergency evacuation drills shall be conducted at least every six months.
- HS 9.4 All dormitory facilities must be structurally sound, in good repair, and located separately from production, warehouse and hazardous chemical storage areas.
- HS 9.5 Dormitories shall be well ventilated, with windows to the outside or fans and/or air conditioners/heaters in all sleeping areas for adequate temperature and air circulation.
- HS 9.6 The living space per resident in sleeping rooms shall meet or exceed local laws/industry standards. International standard/best practice: at least 2m<sup>2</sup> floor space per occupant; ceilings are at least 2.1 m high. No more than 8 people per room, no triple bunks, no beds directly on floor.
- HS 9.7 Sleeping areas shall be segregated by gender.
- HS 9.8 Dormitory residents shall be provided with their own mats or beds and not required to share mats or beds with others.
- HS 9.9 Each resident shall have a storage space for clothes and personal possessions that can be locked.
- HS 9.10 The facility shall place at least one well-stocked first aid kit on every floor. Approximately one kit for every 75 residents.
- HS 9.11 Dormitory residents shall have free access to sufficient toilets and showers according to local law or industry standard; these shall be separated by gender, provide adequate privacy, and be kept safe and sanitary.
- HS 9.12 Potable water shall be available to dormitory residents.
- HS 9.13 Hazardous, toxic, or combustible materials used in the production process shall not be stored in the dormitory or in buildings connected to sleeping quarters.
- HS 9.14 Fire alarms shall be audible throughout the dormitory.
- HS 9.15 The dormitory fire alarm system shall be able to be activated by means of a pull box or push button.
- HS 9.16 Residents shall know the location and purpose of the alarm button.
- HS 9.17 Fire drills shall be conducted at least every six months.
- HS 9.18 Fire extinguishers shall be placed in or accessible to all sleeping quarters. Fire extinguishers shall otherwise comply with requirements mentioned in the Emergency Preparedness section.
- HS 9.19 Workers shall not create a fire risk through use of high-risk appliances (hot plates, etc.)
- HS 9.20 Dormitory shall have sufficient numbers of emergency exits on each floor as legally required.
- HS 9.21 Emergency exits shall be clearly marked with illuminated exit signs.
- HS 9.22 Doors that are not exits shall be clearly marked with "Not an Exit".
- HS 9.23 Emergency exits, hallways and staircases shall be kept clear of obstructions to allow for safe and rapid evacuation in case of emergency.
- HS 9.24 Stairways shall have handrails and be well lit.
- HS 9.25 Emergency lighting, with backup power, shall be included in all stairways, and where needed, on exit routes. The lighting shall be industry grade and inspected regularly.

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- HS 9.26 A diagram clearly indicating a safe and rapid evacuation shall be posted, in the native language, in all the sleeping quarters in case of fire or other emergencies.
  - HS 9.27 Diagram shall have a “you are here” label for reference.
  - HS 9.28 Electrical panels/control panels/distribution boards shall be easily accessible/unblocked.
  - HS 9.29 Electrical panels/control panels/distribution boards shall be adequately labelled.
  - HS 9.30 Electrical panels/control panels/distribution boards shall be fully enclosed in nonflammable material, adequately maintained and damage free.
  - HS 9.31 Electrical wires and outlets shall be in safe conditions (i.e., no unprotected wires).
  - HS 9.32 Dormitory residents shall be free to come and go during their off-hours, except for reasonable limitations imposed for safety. All dormitory rooms can be opened from the inside without a key.
  - HS 9.33 Dormitories shall comply with all other applicable regulations on fire safety and emergency preparedness, as well as electrical safety, sanitation, risk protection, mechanical, and structural safety.
- HSS 10. Kitchen and Canteen (if applicable)
- HS 10.1 All food made available to workers shall be prepared, stored, and served in a safe and sanitary manner in accordance with all applicable laws and international standards.
  - HS 10.2 All workers handling food must be trained and have a valid hygiene certificate/license as legally required in the facility preparing or serving food.
  - HS 10.3 Kitchens shall have a valid hygiene certificate/license as legally required.
  - HS 10.4 Canteen shall be clean and well maintained to comply with all safety standards.
- HSS 11. Childcare Facility (if applicable)
- HS 11.1 Childcare facilities shall not physically overlap with production areas and children shall not have access to production areas.
  - HS 11.2 Children under the minimum working age shall not be allowed in workplace areas at any time, unless they are part of a guided school tour or other such unusual event.
  - HS 11.3 Children must not visit parents in workplace areas. Children may not visit workplace areas for any reason.
  - HS 11.4 All childcare workers must be fully trained and licensed to provide the level of care necessary at the factory. Where local legal requirements are missing, childcare workers must have at least some vocational training for childcare.
  - HS 11.5 Childcare facility hours must match the working hours of the factory shift schedule, following any regulations provided by local law.

## Compensation and Working Hour

GOP Provision: 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-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.

## Compliance Benchmarks

### C1. Compensation

- C 1.1. Employers shall ensure all workers including apprentices, contract, contingent, temporary, or migrant workers receive at least the minimum wage or the prevailing industry wage, whichever is higher and all legally mandated fringe benefits.
- C 1.2. Employers shall have written policies and procedures regarding compensation and benefits. Employers shall comply with all national laws, regulations and procedures concerning the payment of compensation to workers.
- C 1.3. In any case where differences or conflicts in national law and SanMar GOP arise, employers are expected to apply the highest standard.
- C 1.4. When national laws, regulations and procedures do not address the payment of compensation to workers, employers shall follow all standards in SanMar's GOP that apply to administration and payment of compensation and shall provide an employment contract that includes stipulation of compensation payment to workers.
- C 1.5. Where compensation for a regular work week is not sufficient to meet workers' basic needs and provide some discretionary income, each employer shall work with SanMar to take appropriate actions that seek to progressively realize a level of compensation that does.
- C 1.6. If not provided by law, employers must provide protection to workers who allege violations of compensation laws, regulations, and procedures.
- C 1.7. Employers shall pay workers at least the legal minimum wage or the prevailing industry wage, whichever is higher, for regular working hours (not including overtime). Workers shall be informed about the legal minimum wage. Where piece rate is used, if earned piece rate is lower than the minimum wage earned at the factory, employers shall pay the minimum wage or prevailing industry wage, whichever is higher.
- C 1.8. Where probationary or training employment is legally allowed, workers shall receive at least the minimum wage for regular workers or the prevailing industry wage for regular workers whichever is higher, and all legally mandated benefits and no workers shall work more than three months in this employment category.
- C 1.9. All wages, including payment for overtime, shall be paid directly and in full within legally defined time limits. When no time limits are defined by law, compensation shall be paid at least once a month.
- C 1.10. All payments to all workers, including hourly wages, piecework, fringe benefits and other incentives shall be calculated, recorded, and paid accurately. SanMar requires that compensation records be kept for a minimum of five years.
- C 1.11. All workers shall be credited with all the time worked for an employer for purposes of calculating length of service and to determine the fringe benefits to which workers are entitled.
- C 1.12. Employers shall compensate workers for all hours worked.

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- C 1.13. Employers shall comply with all applicable national laws, regulations and procedures governing the payment of premium rates for work on holidays, rest days and overtime.
- C 1.14. Employees shall be compensated for overtime hours at such premium rate as is legally required by national laws and regulations of producing country.
- C 1.15. In those countries where there is no legally established overtime premium, workers shall be compensated for overtime hours at the prevailing industry premium rate or at the internationally recognized overtime rate, whichever is higher.
- C 1.16. Employers shall not set production targets, piecework, or any other incentive or production system at such a level that the payment for overtime work performed is less than the premium pay required by law.
- C 1.17. Workers shall be informed, orally and in writing, in language(s) spoken by workers about overtime wage rates prior to undertaking overtime.
- C 1.18. Regardless of any production quotas, incentives shall not be reduced or not paid if the result shall be wages below the legal minimum wage or the prevailing industry wage, whichever is higher.
- C 1.19. All legally mandated deductions for taxes, social insurance, or other purposes shall be deposited each pay period in the legally defined account or transmitted to the legally defined agency. This includes any lawful garnishments for back taxes, etc.
- C 1.20. Employers shall not hold over any of these funds from one pay period to the other unless the law specifies that deposits are to be made less frequently than once a month (e.g., monthly deposits, weekly pay).
- C 1.21. If the law does not specify, then deposits shall be made before the next pay period in all cases.
- C 1.22. Employers shall provide workers a pay statement in the language spoken by workers each pay period and not less frequently than once a month, which shall show: earned wages, wage calculations, total number of hours worked, regular and overtime pay, bonuses, all deductions and final total wage.
- C 1.23. All compensation records, including wages and fringe benefits whether in cash or in-kind, must be properly documented and their receipt and accuracy must be confirmed by the relevant worker in writing (e.g., signature, thumbprint).
- C 1.24. Voluntary wage deductions, including for savings clubs, loan payments, union membership dues, or any other union fees, can only be made with the express and written consent of individual workers unless (in the case of union dues and fees) specified otherwise in freely negotiated and valid collective bargaining agreements. In all cases, voluntary wage deductions must fall within the limits and conditions specified by law.
- C 1.25. No one can receive wages on behalf of a worker, unless the worker concerned has, in full freedom, authorized in writing for another person to do so.
- C 1.26. Employers shall ensure that all legally required payroll documents, journals and reports are available, complete, accurate and up-to date. SanMar requires that payroll documents be kept for a minimum of five years.
- C 1.27. Employers shall not use hidden or multiple payroll records in order to hide overtime, to falsely demonstrate hourly wages, or for any other fraudulent reason.
- C 1.28. Payroll records maintained shall be authentic and accurate.
- C 1.29. Employers shall make every reasonable effort to ensure workers understand their compensation, including:
  - a. calculation of wages,

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- b. incentives systems,
  - c. fringe benefits, and
  - d. bonuses they are entitled to at the workplace and under applicable laws.
- C 1.30. Employers shall communicate orally and in writing to all workers all relevant compensation information in the local language or language spoken by the workers, if different from the local language.
- C 1.31. Wage advances shall not exceed three months' pay or legal limits whichever is less. No interest may be charged for wage advances.
- C 1.32. Deductions for services to workers shall not exceed the cost of the service to employers. All workers have the right to use or not to use services provided by employers such as housing, meals, or goods. Employers must be able to demonstrate the accuracy or reasonableness of these charges.
- C 1.33. Employers shall establish a system through which workers can dispute compensation and receive clarifications in this respect in a timely manner.
- C 1.34. The severance pay of employees shall be paid correctly and on time as required by law.

## W2. Working Hour

- W 2.1. Employers shall comply with all national laws, regulations and procedures concerning hours of work, public holidays, and leave.
- W 2.2. If not provided by law, employers must provide protection to workers who allege violations of regulations governing work hours.
- W 2.3. Employers shall have written policies and practices in place that conduct regular analysis of hours of work in their workplaces that demonstrate a commitment to progressively reducing excessive hours of work.
- W 2.4. Employers shall maintain a reliable and verifiable system for documenting employee attendance, such as ID cards, fingerprint or facial recognition system, to ensure that start and stop times and all working hours, including overtime, are accurately recorded. SanMar requires that attendance records be kept for a minimum of five years.
- W 2.5. Workers shall record their own hours (e.g., "punch" or swipe their timecards) or acknowledge the recording of real working hours on regular basis (at least monthly).
- W 2.6. Other than in exceptional circumstances, the total weekly work hours (regular work hours plus overtime including any alternative shifts such as 4x4 or 3x3) shall not exceed 60 hours per week.
- W 2.7. Employer shall have an established mechanism to determine, monitor and control the overtime hours of employees.
- W 2.8. Workers shall be entitled to at least 24 consecutive hours of rest in every seven- day period.
- W 2.9. Employers shall provide reasonable meal and rest breaks, which, at a minimum, must comply with national and local laws.
- W 2.10. The workplace shall comply with all applicable laws governing work hours regulating or limiting the nature, frequency and volume of work performed by women or workers under the age of 18.
- W 2.11. Employers' personnel practices shall demonstrate an effort to maintain a level of staffing that is reasonable in view of predictable or continuing fluctuations in business demand.

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- W 2.12. Employers are allowed to calculate regular hours of work as an average over a period of longer than one week, where national laws, regulations and procedures provide for such a possibility, but only when all formal and procedural requirements attached to such calculation (e.g., obtaining official permission from the relevant authorities or limits to the period during which such calculations can be made) are met. However, the basis for such calculation shall not exceed 48 hours per week.
- W 2.13. Employers shall not require or permit workers to work more than the overtime hours allowed by the law of the country where the workers are employed.
- W 2.14. All overtime work shall be consensual. Employers shall enact a voluntary overtime system, including for overtime utilized in exceptional circumstances. Employers shall be able to provide explanation for all periods when the exceptional circumstances exception has been used.
- W 2.15. Employers shall take reasonable steps to inform workers about the nature and expected duration of the circumstances that will require overtime sufficiently in advance to allow workers to make alternative plans.
- W 2.16. Employers shall provide workers with all official public holidays as required under national laws, regulations, and procedures.
- W 2.17. If not prohibited by local law, any replacement of official holidays with alternative days off must be voluntary and agreed upon in writing by the worker in advance. When using replacement holidays, all laws regarding overtime and hours of work apply.
- W 2.18. Even where national laws allow employers to pay extra compensation in lieu of paid annual leave, employers shall ensure that this option is not utilized.
- W 2.19. Employers shall provide workers with paid annual leave as required under national laws, regulations, and procedures.
- W 2.20. Employers shall not impose any undue restrictions on workers' use of annual leave.
- W 2.21. Any workplace procedures regulating the timing of annual leave (e.g., requiring a minimum period of service before being allowed to use annual leave or written requests to be submitted a certain time before the annual leave) must be in line with national laws, regulations, and procedures. Workplace procedures regulating the timing of annual leave must be communicated in full to all workers.
- W 2.22. Employers shall not impose any sanction on workers for requesting or taking any type of leave, such as annual, sick, or maternity, in line with all applicable rules and procedures.
- W 2.23. Employers shall provide workers with sick leave as required under national laws, regulations, and procedures.
- W 2.24. Employers shall not impose any undue restrictions on sick leave. Any workplace procedures regulating sick leave (e.g., informing the employer as soon as possible, the provision of medical certificates, the use of designated doctors or hospitals) must be in line with national laws, regulations and procedures and must be communicated in full to all workers.
- W 2.25. Absences from work for reasons beyond the control of workers, such as periods during which workplace operations are suspended, shall not be counted as annual leave nor shall they be deducted from calculations concerning length of service, unless specified differently under national laws, regulations, and procedures.
- W 2.26. Employers can only suspend work in accordance with national laws, regulations, and procedures.



- W 2.27. Workers shall be paid in full during periods of suspension, unless national laws stipulate otherwise, workers and their representative organizations agree otherwise, or the relevant national authorities authorize the alternative arrangement.
- W 2.28. Conditions of suspension should be communicated in full to all workers.

### Freedom of Association and Collective Bargaining (FOA)

GOP Provision: 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.

#### FOA 1. Compliance Benchmarks

- FOA 1.1 Employers shall comply with national laws, rules, and procedures protecting the rights of workers to organize and bargain collectively. Where local laws and SanMar's GOP differ, the employer is expected to follow the highest applicable standard.
- FOA 1.2 If not provided by law, employers must provide protection to workers who allege violations of freedom of association.
- FOA 1.3 Employers shall have written policies and procedures protecting the rights of workers to freely associate and bargain collectively, if desired. Employers shall communicate their policies regarding freedom of association and collective bargaining to workers upon hire and at regular intervals.
- FOA 1.4 Workers, without distinction whatsoever, shall have the right to establish and to join organizations of their own choosing, subject only to the rules of the organization concerned, without previous authorization. The right to freedom of association begins at the time that workers seek employment and continues through the course of employment, including eventual termination of employment, and is applicable as well to unemployed and retired workers.
- FOA 1.5 When the right to freedom of association and collective bargaining is restricted under law, employers shall not obstruct legal alternative means of workers association.
- FOA 1.6 Employers shall not use any form of physical or psychological violence, threats, intimidation, retaliation, harassment or abuse against union representatives and workers seeking to form, in the process of forming, or who have joined an organization of their own choosing, nor shall such practices be used against workers' organizations or workers participating or intending to participate in union activities, including strikes.
- FOA 1.7 Employers shall not engage in any acts of anti-union discrimination or retaliation (i.e., shall not make any employment decisions which negatively affect workers based wholly or in part on a workers' union membership or participation in union activity), including the formation of a union, previous employment in a unionized facility, participation in collective bargaining efforts or participation in a legal strike. Employers shall not use blocklists to restrict freedom of association, for instance blocklists based on union membership or participation in union activity.
  - a. Employment decisions include: hiring; termination; job security; job assignment; compensation; promotion; downgrading; transfer; (vocational) training; discipline; and assignment of work and conditions of work including hours of work, rest periods, and occupational safety and health measures.
- FOA 1.8 Workers who have been unjustly dismissed, demoted, or otherwise suffered a loss of rights and privileges at work due to an act of union discrimination shall,

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- subject to national laws, be entitled to restoration of all the rights and privileges lost, including reinstatement and retroactive payment of wages, if they so desire.
- FOA 1.9 Employers shall comply with all relevant provisions where national laws provide special protection to workers or worker representatives engaged in a particular union activity (such as union formation) or to worker representatives with a particular status (such as founding union members or current union office holders).
- FOA 1.10 Employers shall not (threaten to) shift production or close a workplace site in an attempt to prevent the formation of a union, in reaction to the formation of a union, in reaction to any other legitimate exercise of the right to freedom of association and collective bargaining, including the right to strike, or in an effort to break up a union.
- FOA 1.11 Employers shall not offer or use severance pay in any form or under any other name as a means of contravening the right to freedom of association, including attempts to prevent or restrict union formation or union activity, including strikes.
- FOA 1.12 Employers shall refrain from any acts of interference with the formation or operation of workers' organizations, including acts which are designed to establish or promote the domination, financing, or control of workers' organizations by employers.
- FOA 1.13 Employers shall not interfere with the right of workers to draw up their constitutions and rules, to elect their representatives, to organize their administration and activities.
- FOA 1.14 Employers shall not attempt to influence or interfere in any way, to the detriment of workers' organizations, with government registration decisions, procedures, and requirements regarding the formation of workers' organizations.
- FOA 1.15 Employers shall not interfere with the right to freedom of association by favoring one workers' organization over another.
- FOA 1.16 In cases where a single union represents workers, employers shall not attempt to influence or interfere in any way in workers' ability to form other organizations that represent workers.
- FOA 1.17 Employers shall not in any way threaten the use of or use the presence of police or military, to prevent, disrupt or break up any activities that constitute an exercise of the right to freedom of association, including union meetings, assemblies and strikes.
- FOA 1.18 Worker representatives shall have the facilities necessary for the proper exercise of their functions, including access to workplaces and office space where required by law.
- FOA 1.19 Employers shall recognize the rights of workers to free and voluntary collective bargaining with a view to the regulation of terms and conditions of employment by collective agreements.
- FOA 1.20 Employers and worker representatives shall bargain in good faith (i.e., engage in genuine and constructive negotiations and make every effort to reach an agreement).
- FOA 1.21 Employers shall keep all past and present collective bargaining agreements on file.
- FOA 1.22 Employers shall maintain records of and meeting notes from meetings with worker representatives and workers from workers' organizations. The records should detail the date, time, and location of the meeting, issues discussed, and actions taken as a result.

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- FOA 1.23 Employers can only engage in collective bargaining with representatives of unorganized workers when no workers' organization exists.
- FOA 1.24 Employers, unions, and workers shall honor in good faith, for the term of the agreement, the terms of any collective bargaining agreement they have agreed to and signed.
- FOA 1.25 Worker representatives and workers shall be able to raise issues regarding compliance with a collective bargaining agreement by employers without retaliation or any negative effect on their employment status.
- FOA 1.26 Collective bargaining agreements that have not been negotiated freely, voluntarily and in good faith shall be considered not applicable.
- FOA 1.27 Unions not recognized as a bargaining agent of some or all of the workers in a facility shall have the means for defending the occupational interests of their members, including making representations on their behalf and representing them in cases of individual grievances and disciplinary actions, within limits established by applicable law.
- FOA 1.28 Employers shall not impose any sanction on workers organizing or having participated in a strike in accordance with ILO standards and jurisprudence.
- FOA 1.29 Employers shall not hire replacement workers in order to prevent or break up a strike that is in accordance with ILO standards and jurisprudence or to avoid negotiating in good faith.
- FOA 1.30 Employers must maintain formal written grievance procedures. Employers shall fully train the applicable rules and the use to the workers.
- FOA 1.31 Employers cannot deduct union membership fees or any other union fees from workers' wages without the express and written consent of individual workers, unless specified otherwise in freely negotiated and valid collective bargaining agreements.
- FOA 1.32 Employers shall have in place the procedures to track the number, types, and timing and resolution of grievances, and to communicate the resolution of grievances to the workforce.
- FOA 1.33 Employers shall have a system in place to prevent retaliation against or discrimination towards workers who are filing grievances, including grievances regarding harassment, abuse, violations of factory procedures, compensation, or unsafe working conditions.

## Cargo Security

GOP Provision: 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 CTPAT section on U.S. Customs' website [www.cbp.gov](http://www.cbp.gov).

## Transshipment (TS)

GOP Provision: SanMar will not tolerate illegal transshipment. Illegal transshipment occurs when goods are misrepresented as being produced in one country when in fact there were produced or assembled in another country. No merchandise shall be transshipped to avoid quota, duty, forced labor or other restrictions.



## TS 1. Compliance Benchmarks

- TS 1.1 Factory must monitor and prevent illegal transshipment for goods destined to the United States.
- TS 1.2 Factory must maintain necessary import documentation demonstrating country of origin of all raw materials.

## Environmental Standards (ES)

GOP Provision: SanMar will only do business with suppliers that comply with all local environmental laws. SanMar suppliers must adopt proactive measures to minimize their impact on the environment.

## ES 1. Compliance Benchmarks

- ES 1.1 Employers shall comply with all national laws, regulations and procedures concerning environmental standards.
- ES 1.2 Employers shall have written policies and procedures regarding environmental standards.
- ES 1.3 Employers shall assign responsibility for environmental standards to a clearly defined and adequately qualified staff member or members.
- ES 1.4 Facilities shall have an environmental management system in place to assess and minimize environmental impacts with respect to energy, water, waste, wastewater, air emissions, chemical management, and other significant environmental risks.
- ES 1.5 Facilities shall implement a review process for environmental regulations and permits required for operation to ensure that the facility is in compliance with relevant laws, rules and regulations.
- ES 1.6 Facilities shall assess its ability to prevent and control harmful release of industrial waste into the environment and maintain a detailed plan for handling accidental release or discharge of environmentally dangerous material.
- ES 1.7 Facilities shall track and measure its energy use (from all sources), set a baseline, and set targets for improving energy use.
- ES 1.8 Facilities shall track and measure its GHG emissions, set a baseline, and set targets for reducing facility GHG emissions.
- ES 1.9 Facilities shall track and measure its water use (from all sources), set a baseline, and set targets for improving water use.
- ES 1.10 Facilities shall track and measure its waste (from all sources), set a baseline, and set targets for reducing waste.
- ES 1.11 Facilities shall ensure that hazardous wastes are separated from general waste, are appropriately handled, disposed off properly and in accordance with the law.
- ES 1.12 Facilities shall properly classify, segregate and dispose solid waste, paper waste, chemical waste and hazardous waste separately.
- ES 1.13 Facilities shall properly treat all wastewater that is produced on site, to meet discharge standards/limits as legally required; if wastewater is produced but treated off-site, relevant manifests and records must be maintained.
- ES 1.14 The facility shall implement a systematic approach to prevent contamination of storm water runoff and ensure that no illegal discharges and spills of wastewater are entering storm drains.
- ES 1.15 Facilities shall track and measure air emissions from production.
- ES 1.16 Facilities shall ensure emissions to air are identified, characterized, routinely monitored, controlled, treated prior to discharge, and meet the discharge limits for regulated constituents.



- ES 1.17 Facilities shall implement a review process for chemical use regulations to ensure that the facility is in compliance with relevant laws, rules, and regulations.
- ES 1.18 Facility shall have procedure in place to inform local authority in case of any kind of environmental emergency (including discharge or spillage into the environment), as applicable by law.
- ES 1.19 Facilities shall have processes and practices in place to ensure compliance with SanMar's Restricted Substance List (RSL).
- ES 1.20 Facilities shall maintain an inventory of chemicals used in all production processes as well as the respective supplier for each chemical.
- ES 1.21 Boundary noise sources shall be identified, evaluated, routinely monitored and controlled as legally required.
- ES 1.22 Facility shall provide certificates for any relevant materials in order to verify chain of custody and/or substantiate product marketing claims.

## Traceability

GOP Provision: SanMar suppliers must map and continuously track and monitor all locations in all levels of its supply chain and, upon request, provide transparency information into the owned and/or subcontracted farms, mills, plants, factories and other sites that are involved in the production of SanMar's products.

### T 1. Compliance Benchmarks

- T 1.1 Facilities shall map their supply chain to identify all locations involved in producing raw materials, inputs, or finished products sourced for SanMar.
- T 1.2 Facilities shall track and monitor all locations involved in production of SanMar products.
- T 1.3 Facilities shall provide to SanMar on a regular basis and upon request transparency information for all locations in all levels of its supply chain (name, address, phone number, contact name, contact email, and process(es) performed).
- T 1.4 Facilities shall maintain sufficient documentation to demonstrate connection with identified suppliers, and in accordance with SanMar's document retention requirements.

## Documentation Retention

GOP Provision: 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.

## Communication of Global Operating Principles and Training (GOP)

GOP Provision: SanMar's Global Operating Principles have been posted in the languages of the workers and supervisors in all manufacturing facilities producing SanMar products. The GOP is posted in various locations that are easily accessible to all employees and in areas that afford a certain degree of privacy. SanMar's GOP must be communicated to all current employees in writing and verbally upon hire and at least annually thereafter. Suppliers must implement a process to assess workers' understanding of their rights and responsibilities, and meaningfully engage them through forums like worker-management committees.



## GOP 1. Compliance Benchmarks

GOP 1.1 SanMar provides soft copies of its most recent version of its GOP in English and the local language/s to all factories, which must be printed and posted in various locations throughout the factory. The posted version should be a minimum size of A2 per page or a poster size of at least of 33 in x 23.4 in (84 cm x 59.4 cm).

GOP 1.2 Facilities must place the most recent version of the posters in the production area and common area, such as the canteen, and provide a certain degree of privacy.

GOP 1.3 SanMar's GOP must be communicated to all employees in writing and verbally upon hire and at least annually thereafter.

GOP 1.4 Workers shall be provided with training on their rights and responsibilities related to SanMar GOP. Training shall be upon hire with periodic refresher training offered to all workers.

GOP 1.5 Records of this training and communication of SanMar's GOP must be maintained along with the other employee training records and must be available for review upon request.