

# STEIN MART INC

## **FORM SD** (Specialized Disclosure Report)

Filed 05/31/17

Address	1200 RIVERPLACE BLVD JACKSONVILLE, FL 32207
Telephone	9043461500
CIK	0000884940
Symbol	SMRT
SIC Code	5651 - Family Clothing Stores
Industry	Apparel & Accessories Retailers
Sector	Consumer Cyclical
Fiscal Year	01/31

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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**  
Washington, D.C. 20549

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**FORM SD**

**SPECIALIZED DISCLOSURE REPORT**

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**Stein Mart, Inc.**

(Exact name of the registrant as specified in its charter)

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**Florida**  
(State or other jurisdiction  
of incorporation or organization)

**0-20052**  
(Commission  
File Number)

**64-0466198**  
(IRS Employer  
Identification No.)

**1200 Riverplace Boulevard,  
Jacksonville, FL**  
(Address of principal executive offices)

**32207**  
(Zip code)

**Gregory W. Kleffner,**  
**Executive VP & Chief Financial Officer**  
Name of Corporate Secretary  
(Name and telephone number, including area code, of the person to contact in connection with this report.)

**(904) 346-1500**  
Contact Phone #

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Check the appropriate box to indicate the rule pursuant to which this form is being filed, and provide the period to which the information in this form applies:

- Rule 13p-1 under the Securities Exchange Act (17 CFR 240.13p-1) for the reporting period from January 1 to December 31, 2016.
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## Section 1 – Conflict Minerals Disclosure

This Specialized Disclosure Report on Form SD, including the Conflict Minerals Report exhibit, contains forward-looking statements that are based upon management's expectations and beliefs concerning future events impacting Stein Mart. Certain matters contained herein concerning the future, including risk mitigation steps, constitute forward-looking statements and are based upon management's expectations and beliefs concerning future events. There can be no assurance that these future events will occur as anticipated. Forward-looking statements speak only as of the date they were made, and we undertake no obligation to publicly update or revise our forward-looking statements in light of new information or future events. Undue reliance should not be placed on such forward-looking statements. Forward-looking statements are not guarantees of performance. Wherever used, the words "plan", "expect", "anticipate", "believe", "estimate" and similar expressions identify forward-looking statements. Forward-looking statements contained in this report are subject to certain risks, uncertainties or assumptions and may be affected by certain factors, including but not limited to the specific factors discussed in Part I, Item 1A of the Company's Annual Report on Form 10-K/A under "Risk Factors" of the Company's Annual Report for the year ended January 28, 2017. Should one or more of these risks, uncertainties or other factors materialize, or should underlying assumptions prove incorrect, actual results, performance or achievements of the Company may vary materially from any future results, performance or achievements expressed or implied by such forward-looking statements.

### Item 1.01 Conflict Minerals Disclosure and Report:

Stein Mart (the "Company") undertook a country of origin inquiry with respect to conflict minerals used in the production of our products and has determined in good faith for the year ended December 31, 2016:

During 2016, we contracted to manufacture products for which 3TGs (as defined below) are necessary to their functionality or production ("Covered Products"). The term "3TGs" refers to columbite-tantalite (coltan), cassiterite, gold, wolframite or their derivatives, which are limited to tantalum, tin and tungsten. We have developed a conflict minerals compliance program reasonably designed to identify whether the 3TGs in our Covered Products originated in the Democratic Republic of the Congo or an adjoining country (Angola, Burundi, the Central African Republic, the Republic of the Congo, Rwanda, South Sudan, Tanzania, Uganda or Zambia) (collectively, the "Covered Countries"), or whether any of the 3TGs in our Covered Products are from recycled or scrap sources.

### Description of Stein Mart's Reasonable Country of Origin Inquiry:

Stein Mart's reasonable country of origin inquiry ("RCOI") employed a combination of measures to determine whether the necessary 3TGs in our covered products originated from the Covered Countries. Our primary means of determining country of origin of necessary 3TGs was by conducting a supply chain survey with direct vendors using the EICC-GeSI (*Electronic Industry Citizenship Coalition – Global E-Sustainability Initiative*) Conflict Minerals Reporting Template (CMRT), version 4.1 or higher. This supply chain survey, and the conflict minerals program as a whole, was developed and implemented with our third-party service provider.

As a result of the RCOI conducted, 81.5% of our 383 vendors surveyed provided a response. From those respondents, we identified 20 valid smelters and refiners, 16 of which have been certified as conflict-free.

### Conflict Minerals Disclosure

In accordance with Rule 13p-1 under the Securities and Exchange Act of 1934 ("Rule 13p-1"), Stein Mart has filed this Specialized Disclosure Form (Form SD) and the associated Conflict Minerals Report and both reports are posted to a publicly available internet site at <http://ir.steinmart.com/>.

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**Item 1.02      Exhibit**

Stein Mart has included its Conflict Minerals Report as Exhibit 1.01 to this Form SD.

**Section 2      Exhibits Item 2.01      Exhibits**

<u>Exhibit No.</u>	<u>Description</u>
Exhibit 1.01	Conflict Minerals Report as required by Items 1.01 and 1.02 of Form SD

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the duly authorized undersigned.

Stein Mart, Inc.

\_\_\_\_\_  
(Registrant)

/s/ Gregory W. Kleffner

\_\_\_\_\_  
Executive Vice President and Chief Financial Officer

By (Signature and Title)\*

May 31, 2017

\_\_\_\_\_  
(Date)

\* Print name and title of the registrant's signing executive officer under his or her signature.

**Stein Mart, Inc.****Conflict Minerals Report****For The Year Ended December 31, 2016**

This report for the year ended December 31, 2016 is presented to comply with Rule 13p-1 under the Securities Exchange Act of 1934 (the Rule).

Stein Mart Corporation is filing this Conflict Minerals Report (“CMR”) for the reporting period January 1, 2016 to December 31, 2016 (the “Reporting Period”) as an exhibit to its Form SD (“Form SD”) pursuant to Rule 13p-1 under the Securities Exchange Act of 1934 (the “Rule”). Stein Mart contracts to manufacture “products” that may contain conflict minerals, as defined by the Rule, present in its supply chain that may have originated in Democratic Republic of the Congo or an adjoining country (the “Covered Countries”) and may not be from recycled or scrap sources. Accordingly, Stein Mart is filing this CMR as an exhibit to Form SD to describe the due diligence measures taken to determine the source and chain of custody of the conflict minerals used in its products during the Reporting Period.

**1. Company Overview**

This report has been prepared by management of Stein Mart, Inc. (herein referred to as “Stein Mart,” the “Company,” “we,” “us,” or “our”) and includes the activities of all subsidiaries.

**Stein Mart**

Headquartered in Jacksonville, Florida, Stein Mart is a national retailer offering the fashion merchandise, service and presentation of a better department or specialty store. Our focused assortment of merchandise features current season, moderate to better fashion apparel for women and men, as well as accessories, shoes and home fashions, all offered at prices competitive with off-price retail chains. Begun in the early 1900’s as a single store in Greenville, Mississippi, we operated 278 stores in 30 states and an Internet store as of January 30, 2016. Stein Mart, Inc. became a Florida corporation in 1992. Prior to 1992, Stein Mart, Inc. was incorporated in Mississippi.

In accordance with the *Organization for Economic Cooperation and Development (OECD)* Guidance and the Rule, this CMR is available on our website <http://ir.steinmart.com/sec.cfm>.

**2. Description of Stein Mart’s Reasonable Country of Origin Inquiry:**

Stein Mart’s reasonable country of origin inquiry (RCOI) employed a combination of measures to determine whether the necessary 3TGs in our products originated from the Covered Countries. Our primary means of determining country of origin of necessary 3TGs was by conducting a supply chain survey with direct vendors using the EICC-GeSI (*Electronic Industry Citizenship Coalition – Global E-Sustainability Initiative*) Conflict Minerals Reporting Template (CMRT).

This supply chain survey, and the conflict minerals program as a whole, was developed and implemented with our third-party service provider.

We began our scoping process by extracting a comprehensive vendor list from our database. This list was then filtered to remove:

- Inactive Vendors (*minimum 1 year since last purchase*)

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- Vendors for whom we have no significant design influence over the products we purchase

This ensured all vendors surveyed provided products to Stein Mart which were available for sale in our stores in the year 2016.

The resulting list contained a total of 383 vendors.

We then conducted the vendor survey portion of the RCOI.

During the vendor survey, vendors were contacted via a SaaS (Software as a Service) platform which enables users to complete and track vendor communications as well as allow vendors to upload completed CMRTs directly to the platform for risk assessment and management.

Non-responsive vendors were contacted a minimum of three times. This included follow ups from the supply chain team. Vendors were then contacted via email and telephone as an escalation to ensure the importance of a response via EICC-GeSI forms was emphasized.

Our communications included education on the completion of the CMRT to alleviate any remaining confusion with vendors.

All of these communications were monitored and tracked for future reporting and transparency.

The 2016 program continued to include automated data validation on all submitted CMRTs. The goal of data validation is to increase the accuracy of submissions and identify any contradictory answers in the CMRT. All submitted forms were accepted and classified as valid or invalid so the data is retained. Suppliers were contacted in regards to invalid forms and were encouraged to resubmit a valid form.

### **Conflict Minerals Policy**

The Company has adopted the “Stein Mart Conflict Mineral Compliance Policy” which is publicly available in its entirety at [http://files.shareholder.com/downloads/SMRT/3204408370x0x758915/C6C55E40-4FA4-4F75-ABAA-D9FDCA90098B/Stein\\_Mart\\_Conflict\\_Minerals\\_Policy.pdf](http://files.shareholder.com/downloads/SMRT/3204408370x0x758915/C6C55E40-4FA4-4F75-ABAA-D9FDCA90098B/Stein_Mart_Conflict_Minerals_Policy.pdf)

For additional information about our commitment to responsible sourcing and other human rights, see Stein Mart’s Vendor Code of Conduct:

<https://vendors.steinmart.com/sites/SupplyChain/Documents/Vendor%20Code%20of%20Conduct.pdf>

### **3. Due Diligence Process**

#### **3.1 Design of Due Diligence**

Our due diligence measures have been designed to conform, in all material respects, with the framework in *The Organization for Economic Cooperation and Development (OECD) Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas, Second Edition (OECD Guidance)* and the related supplements for gold and for tin, tantalum and tungsten.

#### **3.2 Management Systems**

As described above, Stein Mart has adopted a conflict minerals policy which is posted on our website at

[http://files.shareholder.com/downloads/SMRT/3204408370x0x758915/C6C55E40-4FA4-4F75-ABAA-D9FDCA90098B/Stein\\_Mart\\_Conflict\\_Minerals\\_Policy.pdf](http://files.shareholder.com/downloads/SMRT/3204408370x0x758915/C6C55E40-4FA4-4F75-ABAA-D9FDCA90098B/Stein_Mart_Conflict_Minerals_Policy.pdf)

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## Internal Team

Stein Mart has established a management system for conflict minerals. Our management system includes the Executive Steering Committee sponsored by the Executive Vice President and Chief Financial Officer as well as executive-level representatives and a team of subject matter experts from relevant functions such as:

- Senior Vice President of Supply Chain;
- Executive Vice President of Planning and Allocation;
- Vice President of Internal Audit;
- Senior Director – Associate General Counsel;
- Senior Vice President and Controller

A team of subject matter experts is responsible for implementing our conflict minerals compliance strategy and is led by the Senior Vice President of Supply Chain who acts as the executive conflict minerals program manager. Senior management is briefed about the results of our due diligence efforts on a regular basis.

## Control Systems

Controls include, but are not limited to, Stein Mart's Ethical Business Conduct Policy which outlines expected behaviors for all of our employees, and our Vendor Code of Conduct and a vendor conflict minerals clause in our terms and conditions of purchase which is further described below.

We rely on our direct vendors to provide information on the origin of the 3TGs contained in components and materials supplied to us –including sources of 3TG that are supplied to them from lower tier vendors.

This is communicated in Stein Mart's Standard Terms and Conditions which are applicable to all goods purchased with the intent to be sold in any of our retail stores. These terms include the following language:

We fully support the humanitarian goals of the Dodd Frank Act and are committed to conducting our business operations in a manner that complies with all applicable laws and regulations regarding conflict minerals. We are committed to working with our supply chain to increase transparency regarding the origin and traceability of minerals contained in our products with the goal of ensuring all products sold by us to our customers are DRC Conflict-Free. We will follow the current *Organization for Economic Cooperation and Development (OECD)* framework to incorporate proper due diligence measures into our supply chain regarding trade in conflict minerals.

The following requirements must be met by Stein Mart vendors:

- Assist Stein Mart by responding to all inquiries regarding compliance with SEC regulations related to conflict minerals and provide all necessary declarations.
- Undertake reasonable due diligence, consistent with the Organization for Economic Cooperation and Development (OECD) current guidelines, within their supply chain seek to determine the chain of custody and origin of the conflict minerals. Due diligence includes developing policies and management systems to use DRC Conflict Free minerals, including making these requirements apply to their direct vendors and sub-tier vendors and requiring them to do the same with lower tiers of vendors.

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- Make commercially reasonable efforts to comply with information requests on the source and origin of conflict minerals in the parts, components or materials provided to Stein Mart. This includes completion of the EICC-GeSI (*Electronic Industry Citizenship Coalition – Global E-Sustainability Initiative*) conflict minerals reporting template.
  - Maintain chain of custody data for five years and provide the same to Stein Mart upon request.

Stein Mart's Terms and Conditions document may be found in its entirety at:

<http://smvendorportal/sites/Accounting/Documents/Stein%20Mart%20Terms%20and%20Conditions%20of%20Purchase%2008-2012.pdf>

### **Vendor Engagement**

With respect to the OECD requirement to strengthen engagement with vendors, we have provided education on the Conflict Minerals regulation, communicated the company's understanding of expectations of the law and required compliance for a continued business relationship, and leveraged the existing communications within the company (specifically procurement) to encourage vendor interactions with us as well as understand the requirement for completion. Feedback from this engagement has allowed us to enhance the training, as well as focus and adapt it to each user's needs. Direct vendor engagement has also allowed for our vendor communications to be more focused and ensure expectations are clear.

### **Grievance Mechanism**

We have a longstanding grievance mechanism whereby employees and vendors can report violations of our policies. Employees may call the Stein Mart independent confidential hotline at 855-SMTLINE (855-768-5463), and request assistance.

### **Maintain records**

We have adopted a policy to retain relevant documentation. Documentation will be retained for a period of five years.

### **Identification, assessment and strategy to respond to risk in the supply chain**

Because of Stein Mart's size, the complexity of its products, and the depth, breadth, and constant evolution of its supply chain, it is difficult to identify parties downstream from its direct suppliers. Stein Mart continues to work with suppliers to identify the downstream sources of its conflict minerals through the CMRTs, follow up on invalid responses on the CMRTs, use a risk-based assessment of identified smelters and assessment of the conflict minerals programs of its suppliers, as described below. All of the information and findings from this process and activities are stored in a database that can be tracked and audited.

In accordance with OECD Guidelines, it is important to understand risk levels associated with conflict minerals in the supply chain. Smelters not being certified DRC-Conflict Free pose a significant risk to the Supply Chain. Each facility that meets the CFSI definition of a smelter or refiner of a 3TG mineral is assigned a risk of high, medium or low based on 3 scoring criteria:

- Geographic proximity to the DRC and covered countries;
- Conflict-Free Smelter Program (CFSP) audit status;
- Known or plausible evidence of unethical or conflict sourcing.

We also calculate supplier risk based on the chances that the supplier provides 3TGs that may originate from Non-Conflict Free sources. The value of this risk is calculated based on the risk ratings of the smelters declared by that supplier on their CMRT.

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Additionally, suppliers are evaluated on program strength (further assisting in identifying risk in the supply chain). Evaluating and tracking the strength of the program does meet the OECD Due Diligence Guidelines and can assist in making key risk mitigation decisions as the program progresses. The criteria used to evaluate the strength of the program are:

- Do you have a policy in place that includes DRC conflict-free sourcing?
- Have you implemented due diligence measures for conflict-free sourcing?
- Do you verify due diligence information received from your suppliers?
- Does your verification process include corrective action management?

When suppliers meet or exceed those criteria, they are deemed to have a strong program. When suppliers do not meet those criteria, they are deemed to have a weak program.

Stein Mart does not have a direct relationship with conflict minerals smelters and refiners and, as a result, does not perform or direct audits of these entities within its supply chain. Stein Mart captured smelter and refiner information as part of the CMRT, as some suppliers provided the names of facilities they used as smelters or refiners. Stein Mart compared, via our third party service provider, the facilities identified by the suppliers to the list of smelters maintained by the CFSI.

As part of our risk management plan to ensure vendors understand our expectations, we have provided video, recorded training, and documented instructions as well as contacts via email and phone by our Supply Chain Performance staff as an escalation to ensure the importance of a response via CMRTs was emphasized.

As described in our Conflict Minerals policy, we engage any of our vendors whom we have reason to believe are supplying us with 3TGs from sources that may support conflict in the Covered Countries to establish an alternative source of 3TGs that does not support such conflict, as provided in the OECD guidance.

We believe that the inquiries and investigations described above represent a reasonable effort to determine the mines or locations of origin of the 3TGs in our Covered Products, including (1) seeking information about 3TG smelters and refiners in our supply chain through requesting that our suppliers complete the CMRT, (2) verifying those smelters and refiners with the expanding CFSI lists, (3) conducting the due diligence review, and (4) obtaining additional documentation and verification, as applicable.

#### **Carry out Independent Third Party Audit of Supply Chain Due Diligence at Identified Points in the Supply Chain**

Stein Mart does not have a direct relationship with conflict minerals smelters or refiners and as a result, Stein Mart does not perform direct audits of these entities in its supply chain. However, Stein Mart encourages suppliers with more direct relationships with smelters to participate in comparable due diligence validation activities.

#### **Report annually on supply chain due diligence**

Stein Mart reports annually on supply chain due diligence by filing a Form SD and a Conflict Minerals Report with the SEC.

#### **Due Diligence Results**

Certain of the responses provided by suppliers to the CMRT included the names of facilities listed by the suppliers as smelters or refiners. We do not have a direct relationship with 3TG smelters and refiners and do not perform or direct audits of these entities

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within our supply chain. We compared the facilities listed in these responses to the list of smelters maintained by the Conflict-Free Sourcing Initiative (CFSI), and if a supplier indicated that the facility was “Conflict-Free,” confirmed that the name was listed by the CFSI as such.

As of May 31, 2017, we have validated 20 smelters or refiners. Of the 20 valid smelters identified, 16 have been certified as conflict free as listed by the CFSI. The large majority of the responses received either provided data at a company or divisional level or did not specify the smelters or refiners used for materials supplied to us. We are therefore unable to determine whether the 3TGs reported by certain suppliers were contained in materials supplied to us or to validate that any of these smelters or refiners are actually in our supply chain.

Based on the smelter lists provided by suppliers via the CMRTs and publically available information, there are 20 smelters for which the source is not disclosed. Of those smelters, whose source is unknown, 16 are certified conflict free as listed by the CFSI. Some suppliers are unable to provide the smelters or refiners used for materials supplied to us. Furthermore, many of the responses provided at the company or division level indicated an “unknown” status in terms of determining the origin of 3TGs.

A significant number of the responses received either provided data at a company or subsidiary level and chose not to provide information at the component level, or did not specify the smelters or refiners used for components supplied to Stein Mart. Accordingly, we are unable to determine, in those cases, whether any of the 3TGs reported by the suppliers were contained in components or parts supplied to us, or to validate that any of the smelters or refiners identified are actually in our supply chain.

### **Steps to be taken to mitigate risk**

We intend to take the following steps to improve the due diligence conducted to further mitigate any risk that the necessary 3TGs in our products could benefit armed groups in the Covered Countries:

- a. Continue to engage with vendors and direct them to training resources to attempt to increase the response rate and improve the content of the vendor survey responses.
- b. Engage any of our vendors found to be supplying us with 3TG from sources that support conflict in the Covered Countries to establish an alternative source of 3TG that does not support such conflict.
- c. Work with vendors to use the most current version of the CMRT each year as that will contain the most current smelter IDs available.
- d. Require the use of the smelter identification numbers. Vendor responses will not be considered complete without identification numbers.
- e. Request vendors to inform Stein Mart of the correlation between these smelters and the products and parts they supply to Stein Mart.