

KnowTheChain Apparel & Footwear Benchmark - Additional Disclosure 2020/2021

Company Name: Gildan Activewear Inc.

Date: Feb. 28, 2021

Guidance:

- We welcome examples of leading practices.
- Unless you are sharing leading practices, please limit the information to indicators for which KnowTheChain could not yet identify sufficient information on your website. Please see the 'comment text' and 'source' cells in the Excel document for the information we have already reviewed.
- Note KnowTheChain has already undertaken a review of your website. Should you wish to include links to existing disclosure, please specify the page number / section you are referring to (extensive additional disclosure documents that include a comprehensive list of links already reviewed will not be considered).

THEME 1: COMMITMENT AND GOVERNANCE

1.1 Commitment

The company:

- (1) publicly demonstrates its commitment to addressing forced labor and human trafficking.

NO COMMENTS.

1.2 Supplier Code of Conduct

The company's supplier code of conduct:

- (1) requires suppliers to respect the ILO core labor standards, which include the elimination of forced labor;
- (2) is easily accessible from the company's website;
- (3) is updated regularly, following internal review and input from external stakeholders;**
- (4) is communicated to the company's suppliers; and
- (5) requires its first-tier suppliers to take steps to ensure that their own suppliers implement standards that are in-line with the company's supply chain policies addressing forced labor and human trafficking.**

3) is updated regularly, following internal review and input from external stakeholders;

In our 2018 Genuine Responsibility report we shared the updates made to our Code of Conduct (the Code) made in 2017 and that are now reflected in our Social and Sustainable Compliance Guidebook: "We have updated our Social & Sustainable Compliance Guidebook, which now includes additional benchmarks and identified emerging risks, including migrant workers, modern slavery, and child labour, as well as updates reflecting the 2017 changes to our Code of Conduct. Additionally, the Code requires the implementation of adequate management systems to ensure the proper application of each human rights principle included in the Code. That is why we are constantly monitoring our policies and procedures through our Management System Approach, as mentioned in our Social and Sustainable Compliance Guidebook where "[m]onitoring and evaluation refers to a checking process that ensures policies are efficiently and effectively enforced, and that the controls in place ensure that the company's management system is effective...Periodic review and analysis of complaints and

reports related to personnel policies and their implementation that are gathered from workers' suggestion boxes and other grievance mechanisms (e.g., workers' forum, general assembly meetings)." As stated in the Social Compliance Guidebook, the feedback is used as input in the regular company reviews, (quarterly or biannual) of policies and procedures which would include the Code, if warranted.

Source:

https://www.genuineresponsibility.com/media/uploads/reports/2018_csr_report_final_video_cXvmUTX.pdf (p. 6 / Message from the VP, Corporate Citizenship section, p.45 / Our Supply Chain section)

https://www.genuineresponsibility.com/media/uploads/policies/social_and_sustainable_compliance_guidebook_2019.pdf (p.9 / Monitoring Section)

Additionally, Gildan believes that early identification of issues is crucial to ensuring compliance with our Code of Ethics, Code of Conduct, and any other Company policy. As stated in our Whistleblowing policy we have an **open-door policy to encourage employees to contact management on any matter and receive immediate feedback**. We also host roundtables organized by management and employees to define best practices, identify grievances, and collectively develop action plans for remediation. Roundtables vary by region in terms of frequency. We also offer options to report grievances anonymously at all our administrative offices and manufacturing facilities, including through our Ethics and Compliance Hotline without fear of reprisal.

Source:

https://www.genuineresponsibility.com/media/uploads/reports/2019_genuine_responsibility_esg_report-compressed.pdf (p.59 / Grievance Mechanisms)

In addition, we are constantly monitoring our workplace standards through our social compliance audit programs: "Our industry-leading Social Compliance Program for labour practices and working conditions is designed to proactively ensure that all of our Company-owned facilities, as well as our contractors, comply with our Code of Conduct, local and international laws, and best-practice industry codes that we adhere to, including those of the Worldwide Responsible Accredited Production (WRAP) and the Fair Labor Association (FLA)."

Source:

https://www.genuineresponsibility.com/media/uploads/reports/2019_genuine_responsibility_esg_report-compressed.pdf (p.68)

Finally, our Compliance Steering Committee oversees our Social Compliance programs worldwide and reports important compliance matters to the Board of Directors on a quarterly basis: "The Compliance Steering Committee oversees the Company's global compliance programs in order to ensure a robust and comprehensive compliance framework for integrity and ethics throughout the organization. The Compliance Steering Committee is ultimately accountable to the Board of Directors and reports on important compliance matters to the Board's Corporate Governance and Social Responsibility Committee on a quarterly basis."

Source:

https://www.genuineresponsibility.com/media/uploads/reports/2019_genuine_responsibility_esg_report-compressed.pdf (p.67 / Human Rights Oversight)

(5) requires its first-tier suppliers to take steps to ensure that their own suppliers implement standards that are in-line with the company's supply chain policies addressing forced labor and human trafficking.

“Even though more than 90% of our revenues are generated by the products produced in our own facilities, we understand that our responsibility in these areas **extends to our third-party finished goods suppliers**. Our sourcing and procurement practices are guided by the same Genuine Responsibility® framework, which includes code of conduct principles such as the respect for human rights, freedom of association and collective bargaining, and the prohibition of all forms of forced labour and child labour in the production of everything we sell.”

A condition of doing business with us (applies to all suppliers), is adhering to our Code of Conduct. “We expect **all** Gildan business partners, including suppliers, agents, contractors, consultants, and licensees, to adhere to the same ethical standards that we adopt internally. We monitor this compliance through due diligence, compliance certification processes, and social compliance audits. We use all available legal recourses to terminate relationships with business partners who do not meet the high standards of conduct outlined in our Code of Ethics, Code of Conduct, Human Rights Policy, Environmental Policy, Anti-Corruption Policy, and Restricted Substances Code of Practice.”

Gildan also includes in its 2019 Genuine Responsibility report, that “Compliance with our Code of Conduct is a condition of doing business with us, and all our contractors must consent through their commercial agreements that they have received, understood, and acknowledged the Code.”

Gildan's Production Planning and Sourcing Policy establishes guidelines to ensure that the sourcing, purchase of materials, and manufacturing services of products across all brands are aligned with our Code of Conduct. The Policy's scope considers 100% Gildan's business units and contractors globally. The Policy references the application of the Code to our contractor suppliers, which is also included as a clause in our supplier and contractor documents which are currently not available to the public. The clause, in these legally binding contracts, state that the contractor and their suppliers must adhere to all standards related to our Code of Conduct as well as ethical business practices.

Source:

https://www.guinerresponsibility.com/media/uploads/reports/2019_genuine_responsibility_esg_report-compressed.pdf (p.28 SDG #8 / p.21 last paragraph / p.67)

1.3 Management and Accountability

The company:

- (1) has a committee, team, program, or officer responsible for the implementation of its supply chain policies that address forced labor and human trafficking; and
- (2) has tasked a board member or board committee with oversight of its supply chain policies that address forced labor and human trafficking.

NO COMMENTS.

1.4 Training

The company:

- (1) trains all relevant decision-makers within the company on risks and policies that address forced labor and human trafficking;
- (2) trains its first-tier suppliers on risks and policies that address forced labor and human trafficking and discloses the percentage of first-tier suppliers trained; and
- (3) engages in capacity building to enable its suppliers to cascade its supply chain policies that address forced labor and human trafficking to their own supply chains and/or trains suppliers below the first tier on such policies.

(2) trains its first-tier suppliers on risks and policies that address forced labor and human trafficking and discloses the percentage of first-tier suppliers trained

Despite the pandemic, we expect our suppliers and contractors to comply with our high ethical, social and environment standards, including all of our codes and policies. This has always been a condition to doing business with us and to become part of our supply chain.

It is important to note that given our vertically integrated business model we have direct control over almost all of our tier 1, 2, and 3 supply processes, enabling us to uncover operational and resource efficiencies that more decentralized value chains can rarely achieve. Over 90% of our annual sales are generated from products that are manufactured within the Company's owned and operated manufacturing network. As such, we provide introductory and annual training on risks and policies that address forced labour to our tier 1, 2 and 3 employees through a variety of mechanisms, including online platforms and interactive programs such as presentations and workshops. Our in-house social compliance teams conduct audits at all third-party contractor facilities in order to ensure ongoing compliance with the Code of Conduct. **In 2019, we provided 65,665 hours of training on our Code of Conduct to our employees.**

We also provide training to our contractors as detailed above and expect to have all our contractor base trained in our Codes and updated Social & Sustainable Compliance Guidebook by 2021.

Source:

https://www.genuineresponsibility.com/media/uploads/reports/2019_genuine_responsibility_esg_report_4RVAWg2.pdf (p. 11, p. 22, p. 51, p.69)

<https://gildancorp.com/en/other/covid-19/manufacturing-contractors/>

3) Engages in capacity building to enable its suppliers to cascade its supply chain policies that address forced labor and human trafficking to their own supply chains and/or trains suppliers below the first tier on such policies.

Gildan's Production Planning and Sourcing Policy establishes guidelines to ensure that the sourcing, purchase of materials, and manufacturing services of products across all brands are aligned with our Code of Conduct. Our capacity planning efforts include ensuring compliance with customer requirements in quantity, on-time delivery, and cost. We also align production capacity and inventory management with sales and planned demand, guaranteeing respect for workplace standards established in Gildan's Code of Conduct, as well as local and international regulations. The Policy's

scope considers all Gildan's business units and contractors globally. The Policy references the application of the Code to our contractor suppliers, which is also included as a clause in our supplier and contractor documents which are currently not available to the public. The clause, in these legally binding contracts, state that the contractor and their suppliers must adhere to all standards related to our Code of Conduct as well as ethical business practices.

As mentioned in our FLA 2019 Reaccreditation Report, "Gildan's Production Planning and Sourcing Policy upholds responsible practices throughout its production and sourcing supply chains. The policy's objective is to align production planning, sourcing, material purchasing, and manufacturing practices to Gildan's Code of Conduct throughout all owned and contract facilities and all Gildan brands and licenses. The policy, reviewed by the FLA, identifies the sourcing, **capacity planning**, operations materials procurement, and senior management and due diligence committees as key to achieve this objective."

Source:

https://www.fairlabor.org/sites/default/files/documents/reports/reaccreditation_report_gildan_final_7.25.19.pdf (p.19-21, Principle 8)

1.5 Stakeholder Engagement

To fully understand and address working conditions in sourcing countries, companies need to engage with potentially affected groups and local stakeholders such as trade unions, worker organizations, or local NGOs—in addition to suppliers. Furthermore, as forced labor risks tend to be systemic in nature, collaboration with other companies, for example, to engage policy makers to strengthen labor legislation, is needed to address forced labor in supply chains.

In the last three years, the company has engaged relevant stakeholders by:

- (1) providing at least two examples of engagements on forced labor and human trafficking with stakeholders such as policy makers, worker rights organizations, or local NGOs in countries in which its first-tier suppliers and suppliers below the first tier operate; and
- (2) actively participating in one or more multi-stakeholder or industry initiatives focused on eradicating forced labor and human trafficking across the industry.

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As detailed in our 2018 Genuine Responsibility Report, Gildan joined the Industry Commitment to Responsible Recruitment, developed in conjunction with the American Apparel and Footwear Association (AAFA) and FLA, in October of 2018. The commitment is a proactive industry effort to address potential forced labour risks for migrant workers in the global supply chain. Signatories of the commitments must ensure that no worker pay for their jobs and that they retain control of their travel documents and have full freedom of movement. In addition, all workers are informed of the basic terms of their employment before leaving home. This commitment applies to Gildan-owned and contracted manufacturing facilities.

During 2019 Gildan has implemented several initiatives to ensure migrant workers are not subject to forced labour throughout our third-party manufacturing facilities.

Source:

https://www.genuineresponsibility.com/media/uploads/reports/2018_csr_report_final_video_cXvmUTX.pdf (p. 25, p. 44)

https://www.genuineresponsibility.com/media/uploads/reports/2019_genuine_responsibility_esg_report_4RVAWg2.pdf (p. 31, p. 45, p. 74)

Through our latest materiality assessment process, we engaged with stakeholders and identified five subject matters which encompass the most important areas of concern to our stakeholders. One of these topics was human and labour rights. Through this materiality assessment, we were also able to identify five salient human rights risks that are inherent in our operations and supply chain, and six human rights risks which are generally present in our industry. Through the materiality assessment, **we specifically engaged on forced labour** issues and is further described in our Human Rights Policy.

Source:

https://www.genuineresponsibility.com/media/uploads/policies/human_rights_policy_xLgN7ap.pdf (p.3)

First, forced labour is a zero-tolerance issue at all levels of our supply chain, and for that reason we want to highlight some of our efforts in this area (includes some, but are not limited to):

- a) Creating a Social and Sustainable Compliance Guidebook for internal and external stakeholders. We want to emphasize that the labour standards set forth in our Code of Conduct are complemented by specific procedures and practical requirements explained in Gildan’s Social and Sustainable Compliance Guidebook, which is provided to all our manufacturing contractors. This Guidebook classifies forced labour and human trafficking as zero tolerance issue.

Forced Labor & Human Trafficking	<ul style="list-style-type: none">▪ Employers binding workers to employment as a condition of fulfilling terms of a debt to a third party or to the employer.▪ Employer utilizing prison or forced labor or subcontract work to prisons for the manufacturing or finishing of our products.▪ Employer utilizing or purchasing materials from a business partner utilizing prison or forced labor.
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Source:

https://www.genuineresponsibility.com/media/uploads/policies/social_and_sustainable_compliance_guidebook_2019.pdf (p.7, 24-27)

- b) We also published a “Modern Slavery Act Transparency Statement”, which makes a public commitment to maintaining high ethical standards. Through this Statement, we also want to communicate that we have maintained the policies and practices required to comply with fair labour practices in our global supply chain.

Source:

<https://gildancorp.com/en/responsibility/resources/modern-slavery-act-transparency-statement/>

1.5. Engagement related to Uyghur forced labor:

Over 90% of our annual sales are generated from products that are manufactured within the Company’s owned and operated manufacturing network. It is important to note that given our vertically-integrated business model we have direct control over almost all of our tier 1, 2, and 3 supply

processes, enabling us to uncover operational and resource efficiencies that more decentralized value chains can rarely achieve. Gildan has direct control of almost their entire manufacturing process, from raw materials to finished products, allowing us the ability to ensure that responsible and sustainable practices are consistently deployed throughout the entire value chain.

In all regions where we operate, Gildan and its supply chain partners are required to safeguard employee's human rights by adopting and adhering to [Gildan's Code of Conduct](#), which is aligned to the United Nations Guiding Principles on Business and Human Rights, and by complying with all applicable laws, regulations, standards and/or codes related to human rights. The Code of Conduct encompasses the standards set forth by the International Labour Organization (ILO), the Fair Labor Association (FLA) and World Responsible Accredited Production (WRAP). The Code of Conduct unequivocally asserts our position on key industry risks such as child labour, forced labour, compensation, hours of work/overtime, health and safety, environment, freedom of association/collective bargaining harassment or abuse, grievance procedures are well as non-discrimination.

Moreover, Gildan does not tolerate any forms of forced labour in its supply chain. This includes human trafficking, any type of modern slavery, prison labour, indentured labour, bonded labour, or any type of forced labour. [Gildan's Statement on Modern Slavery and Human Trafficking](#) describes the steps we take to identify and eradicate modern slavery and human trafficking from our supply chain and our own operations.

With regards to the reports of forced labour in, and connected to, the Xinjiang Uyghur Autonomous Region (XUAR), Gildan can confirm that:

1. All of Gildan's third-party contractors of finished goods have certified they do not have facilities located in the XUAR,
2. Gildan has no known cotton of XUAR origin used in any of its vertically-integrated manufacturing facilities,
3. And there are no known instances of cotton, polyester, or any components parts or labour from the XUAR used to manufacture Gildan products.

Gildan is conducting ongoing due diligence to monitor risks related to the XUAR. In that regard, the Company has issued a global communication to all of its supply chain business partners specifying that they implement appropriate policies and procedures to ensure compliance with these regulatory actions. Gildan's business partners must also maintain records and evidence confirming their compliance with these regulations and appropriate traceability of products.

As always, Gildan is committed to taking all necessary actions to identify, prevent, and mitigate the risk of human right violations in its supply chain, and this commitment stands firms with regards to the XUAR.

Source: [Xinjiang Uyghur Autonomous Region Statement | Gildan \(gildancorp.com\)](#)

In 2019, Gildan's social compliance program was reaccredited by the FLA after the Company demonstrated the presence of policies and practices in place to identify and remediate unfair labour practices in our global supply chain. We are subject to periodic audits by the FLA to ensure that we have implemented systems and procedures to uphold FLA's standards in our supply chain. To maintain this accreditation, we must comply with all FLA standards.

Source:

<https://www.fairlabor.org/blog/entry/fla-statement-sourcing-china>

<https://www.fashionatingworld.com/new1-2/fla-bans-sourcing-of-goods-form-xinjiang>

https://www.genuineresponsibility.com/media/uploads/reports/2019_genuine_responsibility_esg_report_4RVAWg2.pdf (p.66 / Human Rights Risk Identification)

(2) actively participating in one or more multi-stakeholder or industry initiatives focused on eradicating forced labor and human trafficking across the industry.

In 2018, we became signatories of the Industry Commitment to Responsible Recruitment with the American Apparel and Footwear Association (AAFA) and FLA to ensure migrant workers in the global supply chain are not subjected to forced labour. Following this commitment, in 2019, we launched our migrant worker survey in all our contractor facilities worldwide to ensure that their hiring practices were aligned to our Code of Conduct, as well as to the FLA and International Labour Organization (ILO) guidelines.

Source:

https://www.genuineresponsibility.com/media/uploads/reports/2019_genuine_responsibility_esg_report_4RVAWg2.pdf (p.31, p.74)

We also provide preventive actions on forced labour through our Social and Sustainable Compliance Guidebook (Forced Labour Section):

Source:

https://www.genuineresponsibility.com/media/uploads/policies/social_and_sustainable_compliance_guidebook_2019.pdf (p.24-27)

This table also provides a list of our stakeholders and how often we meet with them to discuss different topics. As you can observe, we meet with most of our stakeholders to discuss human and labour rights topics:

Source:

https://www.genuineresponsibility.com/media/uploads/reports/2019_genuine_responsibility_esg_report_4RVAWg2.pdf (p.118)

THEME 2: TRACEABILITY AND RISK ASSESSMENT

2.1 Traceability and Supply Chain Transparency

The company discloses:

- (1) the names and addresses of its first-tier suppliers;
- (2) the countries of its below-first-tier suppliers (this does not include raw material suppliers);
- (3) the sourcing countries of at least three raw materials at high risk of forced labor and human trafficking; and
- (4) the number of workers per supplier, and one additional data point on its suppliers' workforce (e.g., the gender ratio, migrant worker ratio, or level of unionization per supplier).

(1) the names and addresses of its first-tier suppliers;

Over 90% of our annual sales are generated from products that are manufactured within the Company's owned and operated manufacturing network. It is important to note that given our vertically-integrated business model we have direct control over almost all of our tier 1, 2, and 3 supply processes, enabling us to uncover operational and resource efficiencies that more decentralized value chains can rarely achieve. This direct control of almost the entire manufacturing process, from raw materials to finished products, allows the Company to ensure that responsible and sustainable practices are consistently deployed throughout the complete value chain.

A list of our facilities and dedicated contractor facilities is available in our website, including a downloadable file detailing name, address, number of employees, gender, among other details.

Source: <https://gildancorp.com/en/company/our-factories/>

https://gildancorp.com/media/uploads/global/plugin/bpublicly_disclosed_locations_-_2020.pdf

In all regions where we operate, Gildan and its supply chain partners are required to safeguard employee's human rights by adopting and adhering to Gildan's Code of Conduct, which is aligned to the United Nations Guiding Principles on Business and Human Rights, and by complying with all applicable laws, regulations, standards and/or codes related to human rights. The Code of Conduct encompasses the standards set forth by the International Labour Organization (ILO), the Fair Labor Association (FLA) and World Responsible Accredited Production (WRAP). The Code of Conduct unequivocally asserts our position on key industry risks such as child labour, forced labour, compensation, hours of work/overtime, health and safety, environment, freedom of association/collective bargaining harassment or abuse, grievance procedures are well as non-discrimination.

Moreover, Gildan does not tolerate any forms of forced labour in its supply chain. This includes human trafficking, any type of modern slavery, prison labour, indentured labour, bonded labour, or any type of forced labour. Gildan's Statement on Modern Slavery and Human Trafficking describes the steps we take to identify and eradicate modern slavery and human trafficking from our supply chain and our own operations.

With regards to the reports of forced labour in, and connected to, the Xinjiang Uyghur Autonomous Region (XUAR), Gildan can confirm that:

1. All of Gildan's third-party contractors of finished goods have certified they do not have facilities located in the XUAR,
2. Gildan has no known cotton of XUAR origin used in any of its vertically-integrated manufacturing facilities,
3. And there are no known instances of cotton, polyester, or any components parts or labour from the XUAR used to manufacture Gildan products.

Gildan is conducting ongoing due diligence to monitor risks related to the XUAR. In that regard, the Company has issued a global communication to all of its supply chain business partners specifying that they implement appropriate policies and procedures to ensure compliance with these regulatory actions. Gildan's business partners must also maintain records and evidence confirming their compliance with these regulations and appropriate traceability of products.

As always, Gildan is committed to taking all necessary actions to identify, prevent, and mitigate the risk of human right violations in its supply chain, and this commitment stands firms with regards to the XUAR.

Source: [Xinjiang Uyghur Autonomous Region Statement | Gildan \(gildancorp.com\)](#)

(2) the countries of its below-first-tier suppliers (this does not include raw material suppliers);

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Prior to sourcing from a contract facility, Gildan conducts various assessments to review workplace standards, quality control, due diligence, and cost efficiency; these assessments then inform Gildan's sourcing decisions. For workplace standards, Gildan requires a profile and self-assessment from every new facility, and then conducts a full audit of the facility. Gildan evaluates new contract facilities in the same manner as existing facilities; the facility receives a color rating after the audit. If the facility receives a green, yellow, or orange rating, the facility is approved for production. Gildan does not approve facilities that receive a red or black rating.

Source:

https://www.genuineresponsibility.com/media/uploads/reports/2019_genuine_responsibility_esg_report_4RVAWg2.pdf (p.72)

https://www.fairlabor.org/sites/default/files/documents/reports/reaccreditation_report_gildan_final_7.25.19.pdf (p.15)

(4) the number of workers per supplier, and one additional data point on its suppliers' workforce (e.g., the gender ratio, migrant worker ratio, or level of unionization per supplier).

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Source: [Xinjiang Uyghur Autonomous Region Statement | Gildan \(gildancorp.com\)](#)

2.2 Risk Assessment

Risk assessment involves evaluating the potential that a company has (by virtue of who its suppliers are and where they are located) of being linked to forced labor and human trafficking. Risk assessment is a process that is carried out in addition to and outside of auditing. It helps identify potential forced labor risks as well as actual impacts that may be hard to detect through audits. This process may involve engaging local stakeholders, labor rights experts, independent sources, and assessing risks associated with specific raw materials, regions, or groups of workers such as migrant workers.

The company discloses:

- (1) details on how it conducts human rights supply chain risk or impact assessments that include forced labor risks or assessments that focus specifically on forced labor risks; and
- (2) details on forced labor risks identified in different tiers of its supply chains.

(2) details on forced labor risks identified in different tiers of its supply chains.

We have not disclosed specific forced labour risks for our different tiers, but we have identified forced labour as a general industry risk (as stated in our Human Rights Policy). In addition, we have outlined the steps we take when evaluating and addressing human trafficking and slavery risks in our "Modern Slavery Act Transparency Statement".

Source:

<https://gildancorp.com/en/responsibility/resources/modern-slavery-act-transparency-statement/>

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association/collective bargaining harassment or abuse, grievance procedures are well as non-discrimination.

Moreover, Gildan does not tolerate any forms of forced labour in its supply chain. This includes human trafficking, any type of modern slavery, prison labour, indentured labour, bonded labour, or any type of forced labour. [Gildan's Statement on Modern Slavery and Human Trafficking](#) describes the steps we take to identify and eradicate modern slavery and human trafficking from our supply chain and our own operations.

With regards to the reports of forced labour in, and connected to, the Xinjiang Uyghur Autonomous Region (XUAR), Gildan can confirm that:

1. All of Gildan's third-party contractors of finished goods have certified they do not have facilities located in the XUAR,
2. Gildan has no known cotton of XUAR origin used in any of its vertically-integrated manufacturing facilities,
3. And there are no known instances of cotton, polyester, or any components parts or labour from the XUAR used to manufacture Gildan products.

Gildan is conducting ongoing due diligence to monitor risks related to the XUAR. In that regard, the Company has issued a global communication to all of its supply chain business partners specifying that they implement appropriate policies and procedures to ensure compliance with these regulatory actions. Gildan's business partners must also maintain records and evidence confirming their compliance with these regulations and appropriate traceability of products.

As always, Gildan is committed to taking all necessary actions to identify, prevent, and mitigate the risk of human right violations in its supply chain, and this commitment stands firms with regards to the XUAR.

Source: [Xinjiang Uyghur Autonomous Region Statement | Gildan \(gildancorp.com\)](#)

THEME 3: PURCHASING PRACTICES

3.1 Purchasing Practices

Purchasing practices and pricing may both positively impact labor standards in the company's supply chains and increase risks of forced labor and human trafficking.

The company:

- (1) is taking steps toward responsible raw materials sourcing;
- (2) is adopting responsible purchasing practices in the first tier of its supply chains, which include planning and forecasting;
- (3) provides procurement incentives to first-tier suppliers to encourage or reward good labor practices (such as price premiums, increased orders, and longer-term contracts); and
- (4) discloses two quantitative data points demonstrating that it has responsible purchasing practices in place that address the risk of forced labor and human trafficking.

(1) is taking steps toward responsible raw materials sourcing

We work with our stakeholders to ensure that working conditions meet our established standards for all our employees. One of our stakeholders is Better Cotton Initiative (BCI). Gildan has been a

manufacturing member of the BCI since 2016. BCI is a global not-for-profit organization that aims to transform cotton production worldwide by developing better cotton as a sustainable mainstream commodity. To achieve this mission, BCI works with a diverse range of stakeholders across the cotton supply chain to **promote measurable and continuing improvements** for the environment, **farming communities**, and the **economies of cotton-producing areas**. We support this initiative by purchasing **BCI credits from farmers and passing these credits on to our retail customers**. **Gildan continues to pursue and support the growth of BCI as a sustainable cotton initiative.**

As for the health and safety of our raw material producers, during 2019 we decided to review the scope of our ergonomics program, which was limited to 71% of our manufacturing facilities, to integrate the rest of our operations such as yarn-spinning, sales, marketing and distribution. In addition, we have set up health kiosks, which offered nutrition advice and healthy lifestyle programs, as well as a breast screening examination bus, which visited two of our yarn spinning facilities in the U.S. and our offices in Barbados.

Source:

https://www.guineresponsibility.com/media/uploads/reports/2019_genuine_responsibility_esg_report_4RVAWg2.pdf (p.31,40,43, and 96)

In all regions where we operate, Gildan and its supply chain partners are required to safeguard employee's human rights by adopting and adhering to Gildan's Code of Conduct, which is aligned to the United Nations Guiding Principles on Business and Human Rights, and by complying with all applicable laws, regulations, standards and/or codes related to human rights. The Code of Conduct encompasses the standards set forth by the International Labour Organization (ILO), the Fair Labor Association (FLA) and World Responsible Accredited Production (WRAP). The Code of Conduct unequivocally asserts our position on key industry risks such as child labour, forced labour, compensation, hours of work/overtime, health and safety, environment, freedom of association/collective bargaining harassment or abuse, grievance procedures are well as non-discrimination.

Moreover, Gildan does not tolerate any forms of forced labour in its supply chain. This includes human trafficking, any type of modern slavery, prison labour, indentured labour, bonded labour, or any type of forced labour. Gildan's Statement on Modern Slavery and Human Trafficking describes the steps we take to identify and eradicate modern slavery and human trafficking from our supply chain and our own operations.

With regards to the reports of forced labour in, and connected to, the Xinjiang Uyghur Autonomous Region (XUAR), Gildan can confirm that:

1. All of Gildan's third-party contractors of finished goods have certified they do not have facilities located in the XUAR,
2. Gildan has no known cotton of XUAR origin used in any of its vertically-integrated manufacturing facilities,
3. And there are no known instances of cotton, polyester, or any components parts or labour from the XUAR used to manufacture Gildan products.

Gildan is conducting ongoing due diligence to monitor risks related to the XUAR. In that regard, the Company has issued a global communication to all of its supply chain business partners specifying that they implement appropriate policies and procedures to ensure compliance with these regulatory

actions. Gildan's business partners must also maintain records and evidence confirming their compliance with these regulations and appropriate traceability of products.

As always, Gildan is committed to taking all necessary actions to identify, prevent, and mitigate the risk of human right violations in its supply chain, and this commitment stands firms with regards to the XUAR.

Source: [Xinjiang Uyghur Autonomous Region Statement | Gildan \(gildancorp.com\)](#)

(2) is adopting responsible purchasing practices in the first tier of its supply chains, which include planning and forecasting

Gildan's Production Planning and Sourcing Policy upholds responsible practices throughout its production and sourcing supply chains. The policy's objective is to align production planning, sourcing, material purchasing, and manufacturing practices to Gildan's Code of Conduct throughout all owned and contract facilities and all Gildan brands and licenses. The policy, reviewed by the FLA, identifies the sourcing, capacity planning, operations materials procurement, and senior management and due diligence committees as key to achieve this objective.

This umbrella policy covers procedures and practices to implement responsible purchasing and production practices. There are procedures and processes in place to ensure that Gildan's purchasing and production practices are implemented throughout the practices of relevant staff. Examples of how Gildan implements its operational plans to reduce overtime and overstock, balance planning, manage overtime through its owned facilities, contractors, and material suppliers are discussed in our Retrenchment Guidelines, Staff Training, Holding Relevant Staff Accountable, and Incentivizing Production Sites and Other Suppliers to Improve Conditions for Workers.

Source:

https://www.fairlabor.org/sites/default/files/documents/reports/reaccreditation_report_gildan_final_7.25.19.pdf (p.19-23)

(3) provides procurement incentives to first-tier suppliers to encourage or reward good labor practices (such as price premiums, increased orders, and longer-term contracts)

In order ensure that all workers operate in a safe environment, Gildan rewards suppliers who have stronger adherence to workplace standards. Gildan's audit scoring system is integrated into its comprehensive facility ratings system, which rates contract facilities on quality, costing, delivery, and Corporate Social Responsibility (CSR). These ratings are considered when allocating Gildan programs and purchase orders (please refer to our Social and Sustainable Guidebook for more information on our audit rating.)

https://www.genuineresponsibility.com/media/uploads/policies/social_and_sustainable_compliance_guidebook_2019.pdf (p.6).

Gildan further incentivizes contract facilities by recognizing top performing facilities. In each sourcing region, a facility is recognized based on achieving high scores on the defined key performance indicators (KPIs) in the rating system, including CSR. Gildan's Sourcing Department also considers informal incentives, like increasing business to contractors who maintain a high compliance rating. The guidelines are managed by the Sourcing Department and include a high-level overview of the metrics used to evaluate Gildan contract facilities.

Owned textile facilities are eligible for an award on quality and production, which encourages facility management to improve working conditions. Owned cut and sew facilities participate in a health and safety program to measure performance responding to accidents, incidents, and working conditions. Further, part of each General Manager’s performance considers Health and Safety Metrics which includes the results from Gildan’s Health and Safety audit.

Source:

https://www.fairlabor.org/sites/default/files/documents/reports/reaccreditation_report_gildan_fina_l_7.25.19.pdf (p.23)

(4) discloses two quantitative data points demonstrating that it has responsible purchasing practices in place that address the risk of forced labor and human trafficking.

Below you will find the number of non-compliances found in our owned and contracted facilities. By categorizing our findings, we can continue improving our efforts in preventing and mitigating forced labour and other human rights violations / impacts. The findings directly related to human rights, are highlighted under Code & Company policies, as well as procedures and awareness.

**INTERNAL SOCIAL AUDIT
FINDINGS - GILDAN-OWNED
FACILITIES:**

TOTAL LABOUR-RELATED NON-COMPLIANCES
BY CATEGORY

	2019
Environment, Health and Safety (EHS)	117
Record Keeping	9
Code & company policies	3
Hours of work	12
Grievance system	1
Mandatory legal documentation	2
Discipline	2
Harassment and abuse	4
Non-discrimination (Pregnancy/Women's Rights)	1
Medical Care	1
TOTAL	152

INTERNAL SOCIAL COMPLIANCE
AUDITS - THIRD PARTY
CONTRACTOR FACILITIES:

TOTAL LABOUR-RELATED NON-COMPLIANCE FINDINGS
BY CATEGORY

	2019
EHS	257
Hours of work	70
Record keeping	46
Mandatory legal documentation	54
Compensation & benefits	16
Code & company policies, procedures & awareness	22
Environment	8
Dormitories	2
Discipline	3
Harassment and abuse	1
Non-discrimination	2
Freedom of association	1
Grievance system	7
Freedom of movement	2
TOTAL	491

Source:

https://www.genuineresponsibility.com/media/uploads/reports/2019_genuine_responsibility_esg_report_4RVAWg2.pdf (p.122-123)

3.2 Supplier Selection

The company:

- (1) assesses risks of forced labor at potential suppliers before entering into any contracts with them and discloses details on the outcomes of this process; and
- (2) addresses risks of forced labor related to sub-contracting and discloses details on the outcomes of this process.

NO COMMENTS.

3.3 Integration into Supplier Contracts

The company:

- (1) integrates the ILO core labor standards, which include the elimination of forced labor, into supplier contracts;
- (2) discloses the percentage of suppliers whose contracts include such standards; and
- (3) requires its suppliers to integrate such standards into contracts with their own suppliers.

(1) integrates the ILO core labor standards, which include the elimination of forced labor, into supplier contracts

Gildan's approach to sustainable corporate responsibility is based on our core values of ethical and moral behavior, and legal obligations, which we take seriously. We do not use slave/forced labour nor tolerate human trafficking within our owned and contracted facilities where our products are sourced and produced.

Gildan requires our contracted suppliers to:

- Comply with the Gildan Code of Conduct, which prohibits, among other things the use of slave/forced labour or human trafficking;
- Certify that they comply with the Gildan Code of Conduct;
- Disclose the extent to which they provide training to their employees and management on human trafficking and slave/ forced labour;
- Maintain internal policies and procedures for its employees who fail to meet legal and the Gildan Code of Conduct’s requirements regarding slavery/forced labour and human trafficking;
- Where applicable, require their direct suppliers to comply with prohibitions against the use of slave/forced labour or human trafficking and engage in verification of their supply chain to assess and address risks of slave/forced labour and human trafficking;
- Agree to submit to periodic compliance audits in order to assess compliance to the Gildan Code of Conduct including prohibitions against the use of slave/forced labour and human trafficking.

Source:

https://www.genuineresponsibility.com/media/uploads/policies/social_and_sustainable_compliance_guidebook_2019.pdf (p. 25)

FLA Reaccreditation Report: Prior to sourcing from a contract facility, Gildan conducts various assessments to review workplace standards, quality control, due diligence, and cost efficiency; these assessments then inform Gildan’s sourcing decisions. For workplace standards, Gildan requires a profile and self-assessment from every new facility, and then conducts a full audit of the facility. Gildan evaluates new contract facilities in the same manner as existing facilities; the facility receives a color rating after the audit. If the facility receives a green, yellow, or orange rating, the facility is approved for production. Gildan does not approve facilities that receive a red or black rating.

To ensure supplier awareness of and commitment to workplace standards, Gildan requires all suppliers (contractors) to sign its legally binding vendor agreement prior to receiving orders. The agreement is an extensive document that outlines all terms and conditions when producing Gildan products and includes expectations, processes, procedures, and helpful guidance for contractors. The vendor agreement also includes the Gildan code, expectations on assessments and remediation, other assessments suppliers may be subject to, like FLA assessments, and additional policies on unauthorized subcontracting, bribery, counterfeiting, anti-corruption, among others. Contract facilities for newly acquired brands sign the agreement in accordance with the timelines established through Gildan’s onboarding process, in which brands integrate into Gildan standards, procedures, and operations.

Source:

https://www.fairlabor.org/sites/default/files/documents/reports/reaccreditation_report_gildan_final_7.25.19.pdf (p.9, 15)

(2) discloses the percentage of suppliers whose contracts include such standards

We do not disclose the percentage. However, compliance with our Code of Conduct is a condition of doing business with us, and all our contractors must consent through their commercial agreements that they have received, understood, and acknowledged the Code. This refers to 100% of suppliers that must go through a due diligence process prior to engaging in business with us. Company-owned and third-party manufacturing contractors are provided with compliance guidelines detailed in our Social and Sustainable Compliance Guidebook, which includes principles related to workers’

fundamental rights and zero-tolerance issues such as freedom of association, non-discrimination, prohibition of forced labour, and child labour, based on the International Labor Organization's (ILO) standards, the Fair Labor Association (FLA) benchmarks, as well as on other recognized industry best practices

Source:

https://www.genuineresponsibility.com/media/uploads/policies/social_and_sustainable_compliance_guidebook_2019.pdf (p.5)

https://www.genuineresponsibility.com/media/uploads/reports/2019_genuine_responsibility_esg_report_4RVAWg2.pdf (p.67)

(3) requires its suppliers to integrate such standards into contracts with their own suppliers

Gildan's Production Planning and Sourcing Policy establishes guidelines to ensure that the sourcing, purchase of materials, and manufacturing services of products across all brands are aligned with our Code of Conduct. The Policy's scope considers 100% Gildan's business units and contractors globally. The Policy references the application of the Code to our contractor suppliers, which is also included as a clause in our supplier and contractor documents which are currently not available to the public. The clause, in these legally binding contracts, state that the contractor and their suppliers must adhere to all standards related to our Code of Conduct as well as ethical business practices.

THEME 4: RECRUITMENT

4.1 Recruitment Approach

The company:

- (1) has a policy that requires direct employment in its supply chains;
- (2) requires employment and recruitment agencies used by its suppliers to respect the ILO core labor standards, which include the elimination of forced labor; and
- (3) discloses information on the recruitment agencies used by its suppliers.

(1) has a policy that requires direct employment in its supply chains

We do not disclose this information.

(2) requires employment and recruitment agencies used by its suppliers to respect the ILO core labor standards, which include the elimination of forced labor

In all regions where we operate, Gildan and its supply chain partners are required to safeguard employee's human rights by adopting and adhering to Gildan's Code of Conduct, which is aligned to the United Nations Guiding Principles on Business and Human Rights, in addition to complying with all applicable laws, regulations, standards and/or codes related to human rights. The Code is divided into 12 distinct code principles which **clearly state our position on fundamental labour rights** and business practices and requires our employees, **partners**, and **stakeholders** to adhere to its principles.

Company-owned and third-party manufacturing contractors are provided with compliance guidelines detailed in our Social and Sustainable Compliance Guidebook, which includes principles related to workers' fundamental rights and zero-tolerance issues such as freedom of association, non-

discrimination, prohibition of forced labour, and child labour. **The Guidebook** provides guidelines surrounding social compliance for auditing purposes and is aligned with the FLA and ILO.

Source:

https://www.genuineresponsibility.com/media/uploads/reports/2019_genuine_responsibility_esg_report_4RVAWg2.pdf (p.22,74 - middle paragraph)

Guidebook General Introduction: Facilities producing for Gildan will be audited in order to monitor their working **conditions compliance with the Gildan Code of Conduct**, local laws and regulations, as well as against the compliance benchmarks outlined in this section. The compliance benchmarks defined in this section aim to achieve decent working conditions and labour relations. **They are based on the International Labor Organization's (ILO) standards, the Fair Labor Association (FLA) benchmarks, as well as on other recognized industry best practices.**

Source:

https://www.genuineresponsibility.com/media/uploads/policies/social_and_sustainable_compliance_guidebook_2019.pdf (p.5)

(3) Discloses information on the recruitment agencies used by its suppliers.

While we don't disclose information on specific recruitment agencies used by suppliers, we provide guidelines and expectations which include prohibitions and expected language in contracts.

Source:

https://www.genuineresponsibility.com/media/uploads/policies/social_and_sustainable_compliance_guidebook_2019.pdf (p.12)

4.2 Recruitment Fees

According to the ILO, workers should not be charged directly or indirectly, in whole or in part, any fees for recruitment or related costs (such as costs for training, medical tests, or travel).

The company:

- (1) requires that no worker in its supply chains should pay for a job—the costs of recruitment (i.e., recruitment fees and related costs) should be borne not by the worker but by the employer ("Employer Pays Principle"); and
- (2) takes steps to ensure that such fees are reimbursed to the workers and/or provides evidence of payment of recruitment-related fees by suppliers if it discovers that fees have been paid by workers in its supply chains.

(2) takes steps to ensure that such fees are reimbursed to the workers and/or provides evidence of payment of recruitment-related fees by suppliers if it discovers that fees have been paid by workers in its supply chains.

Employers shall ensure that migrant, contract, contingent and temporary workers are compensated directly and in full, without deduction for recruitment fees or any other agency charge for services, such as obtaining residency permits or work visas on behalf of workers. If not provided by law, employers must provide protection to workers who allege discrimination in compensation.

Source:

https://www.genuineresponsibility.com/media/uploads/policies/social_and_sustainable_compliance_guidebook_2019.pdf (p.76)

In 2018, Gildan pledged to work with sourcing factories to create conditions ensuring that no worker pays to secure his or her job. The following document outlines the steps we take with our suppliers in the event that there is a non-compliance related to recruitment practices:

Action Plan on Responsible Recruitment in Malaysia

Prepared as of March 18, 2019

As part of the apparel, footwear, and travel goods industry's effort to combat forced labor in their supply chains, companies have pledged to work with their sourcing factories to create conditions ensuring that no worker pays to secure his or her job. A collaborative, industry-wide approach is essential to ensure that all employers adhere to the same high standards.

Malaysia is considered a high-risk country for forced labor due to the high number of migrant workers that work across many industry sectors. This risk is exacerbated by gaps in the legal and regulatory environment for recruitment and employment of migrant labor in Malaysia. Therefore, companies sourcing from Malaysia should exercise additional due diligence with their suppliers on forced labor indicators; support legal and regulatory changes that create more favorable conditions for migrant workers; and support efforts to create a more transparent and responsible recruitment system in both sending and receiving countries.

To effectively address these forced labor risks in Malaysia, our industry and individual companies should:

Company-level action

1. Immediately take steps to work with their suppliers so that employers are:
 - a. Aware and knowledgeable of the company's standards on forced labor, including the no fees for workers policy;
 - b. Working with ethical recruitment agencies;
 - c. Following or surpassing Malaysian laws and regulations;
 - d. Paying the foreign levy for each worker;
 - e. Interviewing workers to ensure they did not pay a fee for the position;
 - f. Providing education to workers about the policy on no-fee recruitment;
 - g. Reimbursing workers who have paid a fee;
 - h. Providing all employment documents in the native language of the worker;
 - i. Providing notice to employees who live in employer-provided housing regarding their rights surrounding freedom of movement;
 - j. Not charging workers for the cost of their return trip home; and
 - k. Implementing policies and procedures on working with recruitment agencies to uphold responsible recruitment practices.

Source:

https://www.aafaglobal.org/AAFA/Solutions_Pages/Commitment_to_Responsible_Recruitment

4.3 Monitoring and Responsible Recruitment

The company:

- (1) takes steps to ensure employment and/or recruitment agencies used by its suppliers are monitored to assess and address risks of forced labor and human trafficking; and
- (2) provides details of how it supports responsible recruitment in its supply chains (e.g., by collaborating with stakeholders to engage policy makers to strengthen recruitment standards).

(1) takes steps to ensure employment and/or recruitment agencies used by its suppliers are monitored to assess and address risks of forced labor and human trafficking

We expect the same high social and environmental standards from both our Company-owned and contractor facilities. Our industry-leading Social Compliance Program applies to both of these groups and includes a comprehensive auditing program. Contractors are subject to social compliance audits based on risk according to a due diligence assessment.

In 2019, the major non-compliances were largely attributable to hours of work, legal information, compensation, benefits, record keeping (67%), and Health and safety (24%), with the remaining issues totaling 9%. These non-compliances were mainly industry-wide issues in the regions where they operate.

Findings such as **hours of work**, health and safety, freedom of movement, non-discrimination, and harassment and abuse are considered human rights risks. All non-compliances have been addressed; however, our team works closely with contractor facilities to remediate human rights risks as soon as possible to avoid recurrence.

Contractor facilities are also asked to have a person responsible to **manage the implementation** of the Code of Conduct **daily**; in most cases this responsibility is carried out by the Human Resources department or specific Social Compliance officers.

We also offer regular specific training to our internal monitoring teams who work closely with our management teams and our contractors, to ensure they are knowledgeable on our requirements and understand the issues related to social compliance and human rights. In 2019, more than 65,600 hours of training on our Code of Conduct were provided to our manufacturing employees. **We also provide training directly to our major contractors and suppliers.**

Source:

https://www.genuineresponsibility.com/media/uploads/reports/2019_genuine_responsibility_esg_report_4RVAWg2.pdf (p.69,73)

https://www.genuineresponsibility.com/media/uploads/policies/fags_O9dN4qF.pdf (p.2)

<https://gildancorp.com/en/responsibility/resources/modern-slavery-act-transparency-statement/>

4.4 Rights of Workers in Vulnerable Conditions

Migrant workers and other workers in vulnerable conditions are at a higher risk of being in forced labor, and additional steps are needed to ensure their rights are respected. Conditions which render workers vulnerable may include characteristics such as gender or age and external factors, including workers' legal status, employment status, economic conditions, and work environment (such as isolation, dependency on the employer, or language barriers).

The company:

- (1) takes steps to ensure migrant workers in its supply chains understand the terms and conditions of their recruitment and employment and also understand their rights;
- (2) takes steps to ensure its suppliers refrain from restricting workers' movement, including through the retention of passports or other personal documents against workers' will; and
- (3) discloses at least two outcomes of steps it has taken to ensure respect of the fundamental rights and freedoms of supply chain workers in vulnerable conditions (those articulated in the ILO core labor standards, which include the elimination of forced labor).

(1) takes steps to ensure migrant workers in its supply chains understand the terms and conditions of their recruitment and employment and also understand their rights

As detailed in our Social and Sustainable Compliance Guidebook: The success of the implementation of policies increases with the employees' level of awareness and understanding of the company's personnel policies. Methods available to increase employee awareness, include: All newly hired workers can be required to undergo an orientation program to explain and provide guidance on company policies.

Orientation for new employees shall occur at the time of hiring and shall include explanations of the company rules, wage and compensation practices, human resources and industrial relations policies, the policy respecting the employees' rights to freely associate, and the company policy covering health

and safety. Worker training should be updated on a regular basis, especially when any relevant policies and procedures are revised. Workers should be provided with written documentation that confirms all the topics covered in orientation training.

Additionally, as per our Social and Sustainable Compliance Guidebook, we request our contractor facilities where migrant workers are used, that a copy of the labour contract should be provided prior to their departure from their hometown to the country of work.

Source:

https://www.genuineresponsibility.com/media/uploads/policies/social_and_sustainable_compliance_guidebook_2019.pdf (p.9 – Communication and Training, p.15 - New Employee Orientation)

(2) takes steps to ensure its suppliers refrain from restricting workers' movement, including through the retention of passports or other personal documents against workers' will

Please advise what are considered examples of evidence of implementation of the policy.

In 2019, we conducted a Migrant Worker Survey at our manufacturing contractor facilities for the Asia-Pacific region to identify the presence of migrant workers and **ensure our contractor facilities maintain adequate, legal, and fair practices for hiring migrant workers** required for specific job positions while ensuring applicable local and international laws are followed by each factory. We surveyed 25 contractor facilities in order to better understand how they address topics related to migrant workers. From our surveyed contractors, only six (6) facilities were located in China (4), Cambodia (1) and Vietnam (1), reported having migrant workers, and all of them were in full compliance with our internal questionnaire requirements and industry and international standards.

Source:

https://www.genuineresponsibility.com/media/uploads/reports/2019_genuine_responsibility_esg_report_4RVAWg2.pdf (p. 74)

(3) Discloses at least two outcomes of steps it has taken to ensure respect of the fundamental rights and freedoms of supply chain workers in vulnerable conditions (those articulated in the ILO core labor standards, which include the elimination of forced labor).

In 2019, we conducted a Migrant Worker Survey at our manufacturing contractor facilities for the Asia-Pacific region to identify the presence of migrant workers and **ensure our contractor facilities maintain adequate, legal, and fair practices for hiring migrant workers** required for specific job positions while ensuring applicable local and international laws are followed by each factory. We surveyed 25 contractor facilities in order to better understand how they address topics related to migrant workers. From our surveyed contractors, only six (6) facilities, which were located in China (4), Cambodia (1) and Vietnam (1), reported having migrant workers, and all of them were in full compliance with our internal questionnaire requirements and industry and international standards.

Source:

https://www.genuineresponsibility.com/media/uploads/reports/2019_genuine_responsibility_esg_report_4RVAWg2.pdf (p. 74)

In all regions where we operate, Gildan and its supply chain partners are required to safeguard employee's human rights by adopting and adhering to Gildan's Code of Conduct, which is aligned to the United Nations Guiding Principles on Business and Human Rights, and by complying with all

applicable laws, regulations, standards and/or codes related to human rights. The Code of Conduct encompasses the standards set forth by the International Labour Organization (ILO), the Fair Labor Association (FLA) and World Responsible Accredited Production (WRAP). The Code of Conduct unequivocally asserts our position on key industry risks such as child labour, forced labour, compensation, hours of work/overtime, health and safety, environment, freedom of association/collective bargaining harassment or abuse, grievance procedures as well as non-discrimination.

Moreover, Gildan does not tolerate any forms of forced labour in its supply chain. This includes human trafficking, any type of modern slavery, prison labour, indentured labour, bonded labour, or any type of forced labour. [Gildan's Statement on Modern Slavery and Human Trafficking](#) describes the steps we take to identify and eradicate modern slavery and human trafficking from our supply chain and our own operations.

With regards to the reports of forced labour in, and connected to, the Xinjiang Uyghur Autonomous Region (XUAR), Gildan can confirm that:

1. All of Gildan's third-party contractors of finished goods have certified they do not have facilities located in the XUAR,
2. Gildan has no known cotton of XUAR origin used in any of its vertically-integrated manufacturing facilities,
3. And there are no known instances of cotton, polyester, or any components parts or labour from the XUAR used to manufacture Gildan products.

Gildan is conducting ongoing due diligence to monitor risks related to the XUAR. In that regard, the Company has issued a global communication to all of its supply chain business partners specifying that they implement appropriate policies and procedures to ensure compliance with these regulatory actions. Gildan's business partners must also maintain records and evidence confirming their compliance with these regulations and appropriate traceability of products.

As always, Gildan is committed to taking all necessary actions to identify, prevent, and mitigate the risk of human right violations in its supply chain, and this commitment stands firm with regards to the XUAR.

Source: [Xinjiang Uyghur Autonomous Region Statement | Gildan \(gildancorp.com\)](#)

THEME 5: WORKER VOICE

5.1 Worker Engagement

The company:

- (1) takes steps to ensure its supply chain policies that address forced labor and human trafficking are communicated to workers in its supply chains;
- (2) takes steps to ensure that relevant stakeholders engage with and educate workers in its supply chains on their labor rights and/or supports worker-led efforts on labor rights education;
- (3) provides evidence of the positive impact of worker engagement in its supply chains; and
- (4) provides at least two examples of worker engagement initiatives covering different supply chain contexts.

(2) takes steps to ensure that relevant stakeholders engage with and educate workers in its supply chains on their labor rights and/or supports worker-led efforts on labor rights education;

The Company engages in a constructive and open dialogue process with union representatives as well as with all employees through its established grievance mechanisms and monitors this engagement through its Social Compliance program.

Orientation for new employees shall occur at the time of hiring and shall include explanations of the company rules, wage and compensation practices, human resources and industrial relations policies, the policy respecting the employees' rights to freely associate, and the company policy covering health and safety. Worker training is updated on a regular basis, especially when any relevant policies and procedures are revised. Workers should be provided with written documentation that confirms all the topics covered in orientation training.

We believe that all employees have the right to be free from discrimination or harassment, receive a fair wage, be treated with respect and dignity, have opportunities to have their voices heard, and be part of a supportive network of peers. To this end, we maintain open and collaborative relationships with employees to ensure their views are represented within the Company while ensuring that they can access grievances mechanisms to report any infractions to us so that they can be addressed immediately.

Source:

https://www.genuineresponsibility.com/media/uploads/reports/2019_genuine_responsibility_esg_report_4RVAWg2.pdf (p.65, p. 67)

https://www.genuineresponsibility.com/media/uploads/policies/social_and_sustainable_compliance_guidebook_2019.pdf (p.15)

(3) provides evidence of the positive impact of worker engagement in its supply chains;

It is important to note that given our vertically integrated business model we have direct control over the majority of our tier 1, 2, and 3 supply processes, enabling us to uncover operational and resource efficiencies that more decentralized value chains can rarely achieve. Over 90% of our annual sales are generated from products that are manufactured within the Company's owned and operated manufacturing network.

At Gildan, we see performance management as an ongoing communication process between managers and employees that promotes **transparent and open dialogue, which we believe is a key**

driver behind our employees' engagement. In 2019, 100% of our employees went through some form of performance management process.

We strive to build our employees' competencies by giving them opportunities to participate in projects and assignments throughout our operations that would normally fall outside the scope of their role. This approach has helped create impactful and rewarding experiences for employees, including internal promotions and international transfers, and the Company has also seen **better employee engagement** and **increased productivity** as a result. In 2019, 16.18% of open positions were filled by internal candidates.

Source:

https://www.genuineresponsibility.com/media/uploads/reports/2019_genuine_responsibility_esg_report_4RVAWg2.pdf (p.56, 54)

(4) provides at least two examples of worker engagement initiatives covering different supply chain contexts;

The Company engages in a constructive and open dialogue process with union representatives as well as with all employees through its established grievance mechanisms detailed in our Whistleblowing Policy and monitors this engagement through its Social Compliance program.

One of our grievance mechanisms is to provide suggestion boxes, in which employees can anonymously place written comments. Suggestion boxes are situated on the production floor and in the cafeterias of all our manufacturing facilities in Central America, the Caribbean Basin, Bangladesh, and Mexico. Concerns primarily pertain to minor human resources and human rights matters such as wages and benefits, health and safety, and industrial relations. We aim to fully resolve 100% of issues raised in a timely manner; however, some suggestions might take additional time depending on whether they need to be evaluated by several teams, involve additional investment of resources, or collect more information from employees.

An example contained in our 2019 ESG Genuine Responsibility Report includes how in 2019, we received a grievance regarding high temperatures in the storage area of one of our sewing facilities (San Miguel) in Honduras. Following this grievance, the facility management team evaluated the action plan to follow, including area evaluation, budget, among others. They then decided to install air conditioning units, improving the working conditions for employees that use this storage area.

By remaining responsive to grievance submissions in Honduras, we are better able to establish a sense of trust amongst our employees while demonstrating that their concerns are a priority at Gildan. We have also observed improved communication throughout our facilities as well as increased productivity from employees.

Source:

https://www.genuineresponsibility.com/media/uploads/reports/2019_genuine_responsibility_esg_report_4RVAWg2.pdf (61)

Better Work in Haiti: Gildan has implemented programs to improve working conditions and regularly engages with Better Work Haiti on remediation efforts and training on HR management systems at its contract facilities. Gildan's contract facilities have also implemented a program to improve worker-management dialogue.

Center for Child Rights and Corporate Social Responsibility (CCR-CSR) in China: Following the FLA recommendation to improve CSO engagement in China, Gildan has been in discussion with CCRCSR to

launch a program for migrant parents and their children in three contract facilities in China. The two-year program includes training for migrant worker parents and the creation of child-friendly spaces in two facilities that would allow children to visit their parents, while ensuring children are not allowed in the workplace. Gildan is in negotiations with CCR-CSR and expects to finalize the agreement to implement the program in 2019.

In 2019, we received a grievance regarding high temperatures in the storage area of one of our sewing facilities (San Miguel) in Honduras. Following this grievance, the facility management team evaluated the action plan to follow, including area evaluation, budget, among others. They then decided to install air conditioning units, improving the working conditions for employees that use this storage area.

By remaining responsive to grievance submissions in Honduras, we are better able to establish a sense of trust amongst our employees while demonstrating that their concerns are a priority at Gildan. We have also observed improved communication throughout our facilities as well as increased productivity from employees.

Source:

https://www.fairlabor.org/sites/default/files/documents/reports/reaccreditation_report_gildan_final_7.25.19.pdf (p.24-25)

https://www.genuineresponsibility.com/media/uploads/reports/2019_genuine_responsibility_esg_report_4RVAWg2.pdf (p.61)

5.2 Freedom of Association

The company:

- (1) works with independent local or global trade unions to support freedom of association in its supply chains;
- (2) discloses that it is party to a global framework agreement that covers its supply chains and/or an enforceable supply chain labor rights agreement with trade unions or worker organizations;
- (3) takes steps to ensure workplace environments in which its suppliers' workers are able to pursue alternative forms of organizing (e.g., worker councils or worker-management dialogues) where there are regulatory constraints on freedom of association; and
- (4) provides at least two examples covering different supply chain contexts of how it improved freedom of association and/or collective bargaining for its suppliers' workers such as migrant workers (e.g., by taking action where suppliers impede workers' rights to freedom of association and/or collective bargaining or by engaging policy makers to improve respect for such rights).

(1) Works with independent local or global trade unions to support freedom of association in its supply chains;

One of the key areas we believe our stakeholders can help provide insight for us is in improving the lives of the people involved in the manufacturing of our products, ensuring an ethical and stimulating work environment, and respecting and enhancing the local communities in which we operate. In 2019 we were affiliated and/or in dialogue with the following organizations chosen for their pertinence to our Company and our industry:

AMERICAS GROUP	Childcare / Freedom of Association	Gildan engages with key stakeholders on topics concerning labour issues and maintains an open
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MAQUILA SOLIDARITY NETWORK	Labour issues in Central America and Mexico	dialogue about labour rights in the various countries where we operate.
WORKER RIGHTS CONSORTIUM	Labour Issues – Americas region	
CENTRAL GENERAL DE TRABAJADORES HONDURAS (CGT)	Freedom of Association and Collective Bargaining Agreement	Most of Gildan’s employees are affiliated with the CGT, a union federation. Gildan has engaged with CGT during the collective bargaining agreement negotiation process for three unions in Honduras.

Source:

https://www.guinerresponsibility.com/media/uploads/reports/2019_genuine_responsibility_esg_report_4RVAWg2.pdf (p. 30)

(2) takes steps to ensure its suppliers refrain from restricting workers’ movement, including through the retention of passports or other personal documents against workers' will

Gildan works specifically with the Americas Group to address topics concerning labour issues (childcare and freedom of association) and maintains an open dialogue about labour rights in the various countries where it operates. We also work with Maquila Solidarity Network and Workers Rights Consortium on labour issues in the Americas.

Source:

https://www.guinerresponsibility.com/media/uploads/reports/2019_genuine_responsibility_esg_report_4RVAWg2.pdf (p.30)

In Bangladesh, where fire incidents have become a national issue, we significantly upgraded our manufacturing facility following its acquisition in 2010, and this facility was successfully audited in 2018 by the Bangladesh Fire and Safety Accord. In our Bangladesh facility, we have dedicated Fire and Safety committees in place to involve employees in mitigating risks and improving the effectiveness of preparedness and response activities.

Source:

https://www.guinerresponsibility.com/media/uploads/reports/2018_csr_report_final_video_cXvmUTX.pdf (p.29)

https://www.guinerresponsibility.com/media/uploads/reports/2019_genuine_responsibility_esg_report_4RVAWg2.pdf (p. 36)

(3) Takes steps to ensure workplace environments in which its suppliers' workers are able to pursue alternative forms of organizing (e.g., worker councils or worker-management dialogues) where there are regulatory constraints on freedom of association;

Gildan’s Code of Conduct, which is aligned to the UN Guiding Principles on Business and Human Rights, unequivocally asserts our position on key industry risks such as child labour, forced labour, compensation, hours of work/overtime, health and safety, environment, **freedom of association/collective bargaining**, harassment or abuse, grievance procedures as well as non-discrimination.

Gildan has identified freedom of association as one of our salient human rights risks and has included the following provisions in its Human Rights Policy: Gildan and its third-party contractors recognize and respect the right of employees to freedom of association and collective bargaining. The Company

engages in a constructive and open dialogue process with union representatives as well as with all employees through its established grievance mechanisms and monitors this engagement through its Social Compliance program. Our Social & Sustainable Compliance Guidebook includes detailed benchmarks on how our third-party contractors must also respect this fundamental right. Gildan also has a zero-tolerance policy towards intimidation or attacks to union representatives and other human rights defenders.

Source:

https://www.genuineresponsibility.com/media/uploads/policies/human_rights_policy_xLgN7ap.pdf (p.2)

As detailed in the Freedom of Association chapter of our Social and Sustainable Compliance Guidebook: When the right to freedom of association and collective bargaining is restricted under law, employers shall not obstruct legal alternative means of workers association.

Gildan validates that suppliers comply with this provision through our Social Compliance auditing process. This has been publicly disclosed in our 2019 ESG report: We expect the same high social and environmental standards from both our Company-owned and contractor facilities. Our industry-leading Social Compliance Program applies to both and includes a comprehensive auditing program.

A recent example of how Gildan validates respect to freedom of association and/or employees organizing in any form is the Migrant Worker Survey which was conducted in 2019 at our manufacturing contractor facilities for the Asia-Pacific region to identify the presence of migrant workers and **ensure our contractor facilities maintain adequate, legal, and fair practices for hiring migrant workers** required for specific job positions while ensuring applicable local and international laws are followed by each factory. We surveyed 25 contractor facilities in order to better understand how they address topics related to migrant workers. From our surveyed contractors, only six (6) facilities, which were located in China (4), Cambodia (1) and Vietnam (1), reported having migrant workers, and all of them were in full compliance with our internal questionnaire requirements and industry and international standards.

Source:

https://www.genuineresponsibility.com/media/uploads/reports/2019_genuine_responsibility_esg_report_4RVAWg2.pdf (p. 74)

Source:

https://www.genuineresponsibility.com/media/uploads/policies/social_and_sustainable_compliance_guidebook_2019.pdf (p.65)

https://www.genuineresponsibility.com/media/uploads/reports/2019_genuine_responsibility_esg_report_4RVAWg2.pdf (p. 69)

(4) Provides at least two examples covering different supply chain contexts of how it improved freedom of association and/or collective bargaining for its suppliers' workers such as migrant workers (e.g., by taking action where suppliers impede workers' rights to freedom of association and/or collective bargaining or by engaging policy makers to improve respect for such rights).

It is important to note that given our vertically integrated business model we have direct control over almost all of our tier 1, 2, and 3 supply processes, enabling us to uncover operational and resource efficiencies that more decentralized value chains can rarely achieve. Over 90% of our annual sales are

generated from products that are manufactured within the Company's owned and operated manufacturing network.

Given our vertically-integrated model and the direct oversight of our operations in Bangladesh, which allows for enhanced operational control over our health & safety practices, we are not signatories of the Bangladesh Accord. We proactively manage health and safety at all of our operations and following our 2010 acquisition we significantly upgraded our Bangladesh manufacturing facility to ensure we provide our employees a safe and healthy workplace. This facility underwent a rigorous third-party audit in 2018 by the **Bangladesh Fire and Safety Accord** who provided validation through the successful results of the audit. An example of our proactive approach of our health and safety practices include dedicated Fire and Safety committees, who have procedures and practices in place that include involving employees in order to identify and mitigate risks, and look for ways to improve the effectiveness of preparedness and response activities with implementation plans on an on-going basis.

All of our Company-owned facilities are subject to periodic audits conducted by in-house Health and Safety Coordinators and internal Corporate Social Responsibility Auditors to ensure compliance with Health and Safety, freedom of association standards and the role of industrial relations, as well as other topics. We are also audited by external third-party Social Compliance Auditors, as well as by customers at the facilities where their products are made.

Source:

https://www.genuineresponsibility.com/media/uploads/reports/2018_csr_report_final_video_cXvmUTX.pdf (p.29)

https://www.genuineresponsibility.com/media/uploads/reports/2019_genuine_responsibility_esg_report_4RVAWg2.pdf (p. 36, 39)

Gildan continues to engage with civil society organizations like the Americas Group, the Worker Rights Consortium (WRC), and local unions established at its facilities.

Americas Group: Gildan is a member of this multi-stakeholder organization of brands and civil society organizations that work together on systemic labour issues in Mexico, Central America, and South America. The FLA actively participates with the Americas Group and verified Gildan's engagement and participation with the following committees:

- **Mexico Committee:** Gildan joined in 2018 to better understand legislation around the illegality of union inclusion and exclusion clauses in collective bargaining agreements (CBAs). In the spring of 2019, the Mexican government passed legislation that protects the rights of workers to freely associate or not with unions established at their workplace. It is no longer legal for unions to incorporate inclusion or exclusion clauses in CBAs that require workers to affiliate with the union to be employed at the workplace. Gildan continues to work with the committee to understand the operationalization of this new legislation in its contract and owned facilities.

COVERCO in Central America: Gildan has partnered with COVERCO to train employees, middle management, and upper management at its owned facilities in Central America on freedom of association and collective bargaining. COVERCO has provided further training when cases of freedom of association violations have been found in Gildan facilities, further detailed in the section on FLA Safeguards.

Worker Rights Consortium (WRC) in Central America: Gildan has proactively and reactively engaged with the WRC on various issues in Central America, especially on union rights. The WRC has invited Gildan to participate in a panel on freedom of association for WRC's university members to better

understand the complexities and opportunities to improve freedom of association conditions at the facility-level. The WRC showed recognition of the progress and commitment Gildan has made to uphold workplace standards. The WRC acknowledged that remediation can at times take longer than anticipated, especially with contract facilities. Nonetheless, the WRC was supportive of Gildan's improvements since its last accreditation towards freedom of association and collective bargaining.

Source:

https://www.fairlabor.org/sites/default/files/documents/reports/reaccreditation_report_gildan_fin_al_7.25.19.pdf (p.24-25)

In October 2018, the FLA was notified of worker dismissals allegedly taken to prevent union organizing at one textile facility in Gildan's Rio Nance compound. The FLA worked with both Gildan and concerned FLA buyers to better understand the situation and support Gildan in remediation. Before the end of 2018, Gildan offered all previously dismissed workers reinstatement and back-pay; all workers accepted this offer in November 2018. Gildan also developed an action plan to improve freedom of association at the facility, including to acknowledge and regularly meet with the two unions that were in the process of organizing at the facility. The FLA continues to work with Gildan and the concerned FLA buyers to improve conditions at the facility.

Source:

https://www.fairlabor.org/sites/default/files/documents/reports/reaccreditation_report_gildan_fin_al_7.25.19.pdf (p.26)

5.3 Grievance Mechanism

The company:

- (1) takes steps to ensure a formal mechanism to report a grievance to an impartial entity regarding labor conditions in the company's supply chains is available to its suppliers' workers and their legitimate representatives;
- (2) takes steps to ensure that the existence of the mechanism is communicated to its suppliers' workers;
- (3) takes steps to ensure that its suppliers' workers or their legitimate representatives are involved in the design and/or performance of the mechanism, to ensure that the workers trust the mechanism;
- (4) discloses data about the practical operation of the mechanism, such as the number of grievances filed, addressed, and resolved, or an evaluation of the effectiveness of the mechanism; and
- (5) provides evidence that the mechanism is available and used by workers below the first tier in its supply chains.

(3) Takes steps to ensure that its suppliers' workers or their legitimate representatives are involved in the design and/or performance of the mechanism, to ensure that the workers trust the mechanism;

Early identification of issues is crucial to ensuring compliance with our Code of Ethics, Code of Conduct, and any other Company policy. We have an open-door policy to encourage employees to contact management on any matter and receive immediate feedback. We also host roundtables organized by management and employees to define best practices, identify grievances, and collectively develop action plans for remediation. We also offer options to report grievances anonymously at all of our

administrative offices and manufacturing facilities, including through our Ethics and Compliance Hotline without fear of reprisal.

In 2019, we conducted a Migrant Worker Survey at our manufacturing contractor facilities for the Asia-Pacific region to identify the presence of migrant workers and **ensure our contractor facilities maintain adequate, legal, and fair practices for hiring migrant workers** required for specific job positions while ensuring applicable local and international laws are followed by each factory. We surveyed 25 contractor facilities in order to better understand how they address topics related to migrant workers. From our surveyed contractors, only six (6) facilities, which were located in China (4), Cambodia (1) and Vietnam (1), reported having migrant workers, and all of them were in full compliance with our internal questionnaire requirements and industry and international standards.

Source:

https://www.genuineresponsibility.com/media/uploads/reports/2019_genuine_responsibility_esg_report_4RVAWg2.pdf (p. 74)

(4) Discloses data about the practical operation of the mechanism, such as the number of grievances filed, addressed, and resolved, or an evaluation of the effectiveness of the mechanism;

As noted in our 2019 ESG report, one of our grievance mechanisms is to provide suggestion boxes, in which employees can anonymously place written comments. Suggestion boxes are situated on the production floor and in the cafeterias of all our manufacturing facilities in Central America, the Caribbean Basin, Bangladesh, and Mexico¹. We also have suggestion boxes at our Barbados and China offices and at numerous locations in the U.S. Written messages are retrieved from the boxes on a regular basis by a regional, non-management employee. Concerns primarily pertain to minor human resources and human rights matters such as wages and benefits, health and safety, and industrial relations. We aim to fully resolve 100% of issues raised in a timely manner; however, some suggestions might take additional time depending on whether they need to be evaluated by several teams, involve additional investment of resources, or collect more information from employees. The table below shows the number of suggestions received and resolved within 2019.

Suggestions Received and Resolved in 2019

	Suggestions Received	Suggestions Resolved
Total	3,272	2,908

We also offer options to report grievances anonymously to ensure all employees, suppliers, and other external stakeholders feel safe and proactively provide suggestions to improve our processes and/or facilities covering all of our administrative offices and manufacturing facilities, including through our Ethics and Compliance Hotline without fear of reprisal. Our confidential Ethics and Compliance Hotline, administered by an independent third-party, is available to all employees, suppliers, and other external stakeholders in multiple languages to report any suspected misconduct in any area. Complaints are reported on a quarterly basis to the Ethics and Compliance Committee, the Compliance Steering Committee, the Audit and Finance Committee of the Board of Directors, and the Chair of the Compensation and Human Resources Committee of the Board of Directors. The hotline is tested annually by the Company's internal audit department. In 2019, we received a total of 35 calls, the majority of which related to minor human resources issues, specifically labour and workplace conduct issues.

¹ In 2019, we announced the closure of our facilities in Mexico by the end of Q1 2020.

Source:

https://www.genuineresponsibility.com/media/uploads/reports/2019_genuine_responsibility_esg_report_4RVAWg2.pdf (p. 59)

(5) Provides evidence that the mechanism is available and used by workers below the first tier in its supply chains.

Gildan's Code of Conduct has a distinct code provision for grievance mechanisms which requires that contractors have a system for employees to lodge grievances in a confidential manner, free from retaliation. The Gildan Vendor Guidebook notes grievance procedures must be regularly communicated to workers, trusted by workers, and enable workers to consult and participate with management on workplace issues. The system must also be confidential, explicitly state a nonretaliation policy, and specify how grievances can be settled. Finally, the guidebook requires contractors to train their workforce on how to properly use the grievance mechanisms.

The audit process includes the evaluation of functioning grievance mechanisms at contract facilities. Auditors are required to review grievance documents and ask workers about grievance mechanisms during worker interviews. During the 2018 Audit Field Observation at a contract facility in Vietnam, Gildan's auditor evaluated the grievance mechanisms during document review and management and worker interviews. During the worker interviews, workers were knowledgeable of the facility's grievance mechanisms and preferred to voice their concerns to union representatives or HR staff.

Source:

https://www.fairlabor.org/sites/default/files/documents/reports/reaccreditation_report_gildan_final_7.25.19.pdf (p.12)

THEME 6: MONITORING

6.1 Monitoring Process

To improve implementation of its supply chain policies, conditions at supplier level can be monitored in different ways. This could include specialized audits to detect forced labor at higher-risk suppliers or worker-driven monitoring (i.e., monitoring undertaken by independent organizations that includes worker participation and is guided by workers' rights and priorities).

The company has a supplier monitoring process that includes:

- (1) non-scheduled visits;
- (2) a review of relevant documents;
- (3) off-site interviews with workers;
- (4) visits to associated production facilities and related worker housing; and
- (5) steps to ensure that suppliers below the first tier are monitored.

(3) off-site interviews with workers

We follow the protocols that third-party auditors require. Gildan accommodates requests that are made by third-party auditors, which would include off-site interviews with workers if needed to complete the audit process.

(5) Steps to ensure that suppliers below the first tier are monitored.

Upon entering a relationship with a third-party contractor, our regional social compliance teams work with contractors to educate and assist the development of sound labour practices, effective labour compliance management systems, policies and procedures, and then proceed to implement remediation where required. Our contractors are **regularly assessed for compliance** and are expected to follow the guidelines included in our Social and Sustainable Compliance Guidebook.

We audited 78% of actively producing third-party contractor facilities at least once in 2019. A total of 491 non-compliances were found at our third-party contractor facilities during the 2019 audit cycle, 13.44% of which were classified as major severity.

Source:

https://www.genuineresponsibility.com/media/uploads/reports/2019_genuine_responsibility_esg_report_4RVAWg2.pdf (p. 72 – 73)

Pre-Sourcing:

Prior to sourcing from a contract facility, Gildan conducts various assessments to review workplace standards, quality control, due diligence, and cost efficiency; these assessments then inform Gildan's sourcing decisions. For workplace standards, Gildan requires a profile and self-assessment from every new facility, and then conducts a full audit of the facility. Gildan evaluates new contract facilities in the same manner as existing facilities; the facility receives a color rating after the audit. If the facility receives a green, yellow, or orange rating, the facility is approved for production. Gildan does not approve facilities that receive a red or black rating.

The 2019 audit cycle included assessments of 15 potential third-party contractor facilities, 47% of which were unable to demonstrate adequate levels of compliance with our standards. Consequently, Gildan did not award business to these facilities.

Source:

https://www.genuineresponsibility.com/media/uploads/reports/2019_genuine_responsibility_esg_report_4RVAWg2.pdf (p. 72)

Facility Conditions Assessment

Gildan audits all facilities regularly to assess facility conditions against Gildan's workplace standards, adjusting audit frequency as needed depending on prior audit results. In 2017, Gildan conducted 238 social compliance audits at owned and contract facilities. Gildan audits owned textile facilities under the same program as the cut and sew or final manufacturing facilities and regularly visits its owned spinning mills in the U.S. to review health and safety conditions. The auditing system includes distribution centers, where Gildan reviews health and safety conditions and loss days for accidents and incidents. Gildan's facilities are subject to external assessments from buyers and other certification schemes. One Gildan facility may receive six to eight audits a year depending on customer requirements. Due to buyer audit requirements, Gildan must input remediation and audit information into ten different data systems. During the HQ Assessment, Gildan staff discussed the time and resources needed to deploy Gildan's monitoring tool and concurrently meet all buyer and certification scheme requirements.

Gildan's Internal Social and EHS Compliance Monitoring Guidelines provide internal and external auditors with detailed instructions for all aspects of a Gildan audit. They include all elements listed in Principle Benchmark 5.3. Gildan's Corporate Citizenship Department conducts all audits in the Western Hemisphere, China, and Vietnam. In Bangladesh, and elsewhere Gildan does not have a significant production presence, Gildan works with a third-party audit service provider. Gildan's

guidelines require auditors to conduct worker and management interviews, consult with unions and/or worker representative structures, review documents, conduct a visual inspection, and review occupational health and safety. These guidelines cover all parts of the audit, from ensuring that union representatives are present during the opening meeting and all areas are visited during the facility tour, to developing rapport with workers during interviews. The guidelines also outline country-specific steps auditors must take, like structural, electrical, and fire safety requirements in Bangladesh facilities.

Source:

https://www.fairlabor.org/sites/default/files/documents/reports/reaccreditation_report_gildan_fin_al_7.25.19.pdf (p.15-16)

6.2 Monitoring Disclosure

The company discloses:

- (1) the percentage of suppliers monitored annually;
- (2) the percentage of unannounced monitoring visits;
- (3) the number or percentage of workers interviewed; and
- (4) information on the qualification of the monitoring organization used and/or the use of worker-driven monitoring (i.e., monitoring undertaken by independent organizations that includes worker participation and is guided by workers' rights and priorities); and
- (5) a summary of findings, including details regarding any violations revealed.

(2) the percentage of unannounced monitoring visits

Currently, our reporting does not include the percentage of unannounced audits; however, we consider all audit findings and ensure we have mitigation in place to manage any potential risks.

(4) information on the qualification of the monitoring organization used and/or the use of worker-driven monitoring (i.e., monitoring undertaken by independent organizations that includes worker participation and is guided by workers' rights and priorities)

Our Social Compliance team are employees who are both certified and experienced auditors in the following areas: labour, health and safety, and environmental performance. The auditors are responsible for monitoring compliance at Company-owned and contractor facilities through various tools, which include regular audits. Employees in these positions undergo a series of training sessions when they are first hired and receive regular training in emerging labour risks, personalized training plans, and annual performance evaluations to ensure they continue to develop and retain all the capabilities needed to fulfill their responsibilities and enhance their skills. During 2019, our Social Compliance team participated in relevant training sessions related to Customs-Trade Partnership Against Terrorism (C-TPAT) and web training sessions on relevant topics such as forced labour and fair compensation.

Source:

https://www.genuineresponsibility.com/media/uploads/reports/2019_genuine_responsibility_esg_report_4RVAWg2.pdf (P. 68)

THEME 7: REMEDY

7.1 Corrective Action Plans

The company discloses:

- (1) a corrective action process for its suppliers and potential actions taken in cases of non-compliance, such as stop-work notices, warning letters, supplementary training, and policy revision;
- (2) a means to verify remediation and/or implementation of corrective actions, such as record review, employee interviews, or spot-checks;
- (3) potential consequences if corrective actions are not taken; and
- (4) a summary or an example of its corrective action process in practice.

NO COMMENTS.

7.2 Remedy Programs / Response to Allegations

A. The company discloses:

- (1) a process for responding to potential complaints and/or reported violations of policies that address forced labor and human trafficking; and
- (2) at least two examples of outcomes of its remedy process in practice, covering different supply chain contexts, for its suppliers' workers; and
- (3) a description of what actions it is taking to prevent and remediate the use of forced Uyghur labor.

(1) a process for responding to potential complaints and/or reported violations of policies that address forced labor and human trafficking.

More details on timelines and engagement with impacted stakeholders are included in our recently disclosed Whistleblowing Policy as well as our FAQs.

https://www.genuineresponsibility.com/media/uploads/policies/whistleblowing_policy_for_employees_and_ext._stakeholders-english_8Eu7MVH.pdf (p.3 Purpose and Scope, p. 9 Ethics and Compliance Hotline – sixth bullet and second to last bullet).

https://www.genuineresponsibility.com/media/uploads/policies/faqs_O9dN4qF.pdf (p.3 – When should a person report a violation to human rights?)

B.1. If one or more additional allegations regarding forced labor in the first or lower tier of a company's supply chains have been identified and disclosed by a third party(ies) in the last three years, the company discloses:

- (1) a process for responding to potential complaints and/or reported violations of policies that address forced labor and human trafficking;
- (2) that it engages in a dialogue with the stakeholders reportedly affected in the allegation(s);
- (3) outcomes of the remedy process in the case of the allegation(s); and
- (4) evidence that remedy(ies) are satisfactory to the victims or groups representing the victims.

B.2. If one or more allegations regarding forced labor in the first or lower tier of a company's supply chains have been identified and disclosed by a third party(ies) in the last three years, and the company denies the allegation, the company discloses:

- (1) a process for responding to potential complaints and/or reported violations of policies that address forced labor and human trafficking;
- (2) a description of what actions it would take to prevent and remediate the alleged impacts; and
- (3) that it engages in a dialogue with the stakeholders reportedly affected in the allegation or requires its supplier(s) to do so.

A(2) at least two examples of outcomes of its remedy process in practice, covering different supply chain contexts, for its suppliers' workers

Please see examples of Remediation Case studies in our 2019 ESG Report: https://www.guineresponsibility.com/media/uploads/reports/2019_genuine_responsibility_esg_report_4RVAWg2.pdf (p. 75)

During an external assessment at a Gildan facility in Honduras during 2019, a concern related to an unjustified dismissal at one of our sewing facilities was raised. After the Corporate Social Compliance team was made aware of this situation, an investigation was conducted to better understand what had happened regarding this worker's situation. Based on interviews and reviewed evidence, the team concluded that there were breaches in the dismissal process with respect to the Company's internal regulations and found no evidences of the employee's misconduct or infringements to the Internal Regulation Manual, the Honduran Labour Code, or Gildan's own polices and Code of Conduct. As part of the remediation actions, the facility was required to reinstate the worker into his former position with full seniority and backpay.

The Social Compliance team has conducted regular follow-up interviews since the worker's reinstatement to assess the work environment and confirm that the employee continues to be treated fairly and with respect. This process allows us to measure the effectiveness of our remediation efforts.

C. (1) a description of what actions it is taking to prevent and remediate the use of forced Uyghur labor.

Gildan's Genuine Responsibility[®] program is a social, environmental, and governance (ESG) program that guides how our apparel is designed, made and sold. Forming an integral part of the Genuine Responsibility[®] program is Gildan's Human Rights Policy, which clearly states our commitment to upholding and respecting human rights as established in the United Nation's (UN) International Bill of Human Rights as well as the UN Guiding Principles on Business and Human Rights; adopts globally recognized labour practices and working conditions; and, is compliant to all applicable laws and/or regulations to ensure that the human rights and dignity of all of our employee and those of our supply chain partners are respected.

In all regions where we operate, Gildan and its supply chain partners are required to safeguard employee's human rights by adopting and adhering to Gildan's Code of Conduct, which is aligned to the United Nations Guiding Principles on Business and Human Rights, and by complying with all applicable laws, regulations, standards and/or codes related to human rights. The Code of Conduct encompasses the standards set forth by the International Labour Organization (ILO), the Fair Labor Association (FLA) and World Responsible Accredited Production (WRAP). The Code of Conduct unequivocally asserts our position on key industry risks such as child labour, forced labour,

compensation, hours of work/overtime, health and safety, environment, freedom of association/collective bargaining harassment or abuse, grievance procedures are well as non-discrimination.

Moreover, Gildan does not tolerate any forms of forced labour in its supply chain. This includes human trafficking, any type of modern slavery, prison labour, indentured labour, bonded labour, or any type of forced labour. [Gildan's Statement on Modern Slavery and Human Trafficking](#) describes the steps we take to identify and eradicate modern slavery and human trafficking from our supply chain and our own operations.

With regards to the reports of forced labour in, and connected to, the Xinjiang Uyghur Autonomous Region (XUAR), Gildan can confirm that:

1. All of Gildan's third-party contractors of finished goods have certified they do not have facilities located in the XUAR,
2. Gildan has no known cotton of XUAR origin used in any of its vertically-integrated manufacturing facilities,
3. And there are no known instances of cotton, polyester, or any components parts or labour from the XUAR used to manufacture Gildan products.

Gildan is conducting ongoing due diligence to monitor risks related to the XUAR. In that regard, the Company has issued a global communication to all of its supply chain business partners specifying that they implement appropriate policies and procedures to ensure compliance with these regulatory actions. Gildan's business partners must also maintain records and evidence confirming their compliance with these regulations and appropriate traceability of products.

As always, Gildan is committed to taking all necessary actions to identify, prevent, and mitigate the risk of human right violations in its supply chain, and this commitment stands firms with regards to the XUAR.

Source: [Xinjiang Uyghur Autonomous Region Statement | Gildan \(gildancorp.com\)](#)