

KnowTheChain 2023 Apparel & Footwear Benchmark

Additional Disclosure

Company Name: Gildan Activewear

Date: 25/09/23

Guidance:

- Please add any additional information you wish to provide under the relevant indicator elements below.
- 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.
- 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.

INDICATOR 1: SUPPLIER CODE OF CONDUCT AND CAPACITY BUILDING

1.1 has a supplier code of conduct that requires suppliers to respect the ILO core labour standards, which include the elimination of forced labour; and requires suppliers to cascade/implement standards that are in line with the company's supplier code of conduct; and

1) Gildan discloses a code of conduct commitment that applies to business partners, which covers the five ILO core labour rights. It requires suppliers to implement standards that are in line with the company's supply code of conduct.

The policy does not appear to require suppliers to implement the standards within their own supply chains. [The company states it requires its suppliers to "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" but does not disclose this requirement as part of its supply chain policy.]

GILDAN ADDED

In accordance with the Due Diligence Guidelines, prior to initiating the commercial relationship with a contractor or when a renewal is required, the contractor must sign written agreements* or certifications where they commit to comply with Gildan policies and standards and commit to be audited as part of the process of ensuring that they remain in compliance to its declarations and commitments. When applicable, Gildan can terminate any commercial relationship as a result of violations to laws or regulations related to its operation and/or the standards agreed with Gildan. [Responsible Production and Sourcing Policy - Gildan \(gildancorp.com\)](#) p.5

**The contractor agreement includes a clause requiring that the contractor, as well as its suppliers and agents, must adhere to our Code of Conduct.*

1.2 engages in capacity building to enable its suppliers to cascade its supply chain policies that address forced labour to their own supply chains and/or trains suppliers below the first tier on such policies and measures the effectiveness of capacity building.

2) Gildan discloses that in 2021, it provided suppliers worldwide with a virtual refresher training session on the Code of Conduct. Furthermore, it discloses that the following trainings are provided to third-party contractors, at least once a year: Responsible Purchasing Practices, Code of Conduct, Social & Sustainable Compliance Guidebook, Facility Rating Program. It discloses that a "number of employee and contractor trainings including annual mandatory training, as well as with respect to current human and labour rights for our different teams (sourcing, capacity planning, operations, procurement, due diligence, and senior management) is required throughout our supply chain". It is unclear whether this training is designed for suppliers.

GILDAN ADDED

At Gildan, 90% of our sales are generated from products that are manufactured within the Gildan's owned facilities in Tier 1, Tier 2, and Tier 3 as defined by the Sustainable Apparel Coalition:

- Tier 1: where finished products are manufactured.
- Tier 2: where textiles that will be used in finished products are manufactured.
- Tier 3: where yarns that will be used to make textiles are manufactured.

Our vertically integrated business model means that we classify our significant Tier 1 suppliers as third-party finished goods contracted facilities. These facilities receive the same training as our own facilities on an annual basis.

gildancorp.com/media/uploads/sustainability_reports/bgildans_2022_esg_report.pdf p.112

NOTE: When referring to suppliers, we mean third-party contracted facilities.

Furthermore, it states that to prevent and mitigate child and forced labour, Gildan states that it implements capacity-building programs (training and ongoing communication with facility management) to ensure that sustainable practices are carried out throughout its supply chain. It states that it requires its contractor facilities to comply with the Gildan Code of Conduct and disclose the extent to which they provide training to their employees and management on human trafficking and forced labour.

It does not disclose training of suppliers below the first tier or capacity building efforts to allow suppliers to cascade policies throughout their own supply chain.

GILDAN ADDED:

Training for our contractor facilities is provided for Tier 1. The textile materials that they use in their operations are made by and supplied by Gildan-operated facilities (which have been covered by our own extensive social compliance program,) rendering Gildan the below first tier supplier.

A clause in our Contractor Agreement requires that the contractor must ensure its employees are familiarized with the Code of Conduct, as well as other Gildan policies.

INDICATOR 2: MANAGEMENT AND ACCOUNTABILITY

2.1 has a committee, team, program, or officer responsible for the implementation of its supply chain policies that address forced labour; and discloses how incentives for staff (e.g., bonuses, part of employee performance reviews) are tied to improvements in working conditions in supply chains;

1) The company discloses the VP, Supply Chain has accountability for ensuring that suppliers meet human rights standards and the Vice President of Global Social Compliance and Environmental Affairs has oversight of implementation of its Global Social Compliance Program. (The social compliance programme is the company's means of monitoring human rights risks and compliance with the code of conduct for its own facilities and for its suppliers.) The company states "Gildan's social compliance team assesses the proposed mitigation plans for Gildan owned facilities and contractors and determines whether the plans are acceptable." It states the Social Compliance team works with its Supply Chain Departments to monitor contractor performance.

Gildan discloses that in 2021, it formed a new ESG Steering Committee comprising executive and senior management to develop and oversee its "Next Generation ESG strategy". The ESG Steering Committee is responsible for quarterly reporting on progress towards ESG targets directly to the Board of Directors Corporate Governance and Social Responsibility Committee (Governance Committee). Human rights and ethical labour practices in its supply chain, which fall under Human Capital Management, are listed as focus areas "Gildan will continue ensuring human rights are respected in its supply chain".

It does not disclose incentives for staff tied to improvements in supply chain working conditions.

GILDAN ADDED:

Incentives for staff tied to improvements in supply chain working conditions are not disclosed.

2.2 discloses how it trains relevant decision-makers within the company on risks and policies that address forced labour; and

2) Gildan discloses that annual mandatory training on its responsible production and sourcing policy, as well as with respect to current human and labour rights, is required for its different teams (sourcing, capacity planning, operations, procurement, due diligence, and senior management) throughout its supply chain.

It discloses providing a virtual refresher training session on its Responsible Sourcing Practices to employees in Asia. The training involved sharing the Code of Conduct, Social & Sustainable Compliance Guidebook, and audit rating system, and providing information on zero-tolerance issues, wages, due diligence processes, and the impact that purchasing and production practices have on workplace conditions and worker wellbeing.

Gildan discloses that annual mandated (virtual and in person) training on Gildan's Code of Ethics and Code of Conduct is required. Furthermore, Gildan offers regular specific training to its internal monitoring teams who work closely with the management teams of third-party contractors, to ensure they are knowledgeable on Gildan's requirements and understand the issues related to human rights.

2.3 has tasked a board member or board committee with oversight of its supply chain policies that address forced labour, and describes how the experiences of affected workers or relevant stakeholders (such as civil society, unions, and workers or their representatives) informed board discussions.

3) The company discloses an organisational diagram which includes the structure and oversight of ESG issues within the company and the board's oversight. Human capital management (which includes

supply chain human rights) is listed under board oversight, but the company does not disclose further detail.

Gildan discloses that the Corporate Governance and Social Responsibility Committee (Governance Committee) assumes overall responsibility for monitoring and reviewing the Company's ESG practices, performance, risks and opportunities, and public reporting. The Committee is composed entirely of independent Directors.

It does not provide further detail of the practical working of the committee.

It is not clear whether oversight of supply chain forced labour policies is within the committee's mandate.

The company does not disclose details on who at board-level is responsible for forced labour supply chain policies, how often the board is updated, topics that have been discussed, or outcomes (what changed based on feedback from the board).

Furthermore, it does not disclose whether/how the experiences of affected workers or relevant stakeholders (such as civil society, unions, and workers or their representatives) informed board discussions.

GILDAN ADDED:

The Board's Corporate Governance and Social Responsibility committee (Governance Committee) monitors Gildan's corporate governance and practices, including the composition and performance of the board and its committees. The Governance Committee also monitors compliance with Gildan's policies and practices relating to business ethics, bribery, and corruption, and environmental and social responsibility matters, including climate change, labour, human rights, health and safety, and other sustainability issues.

[printmgr file \(gildancorp.com\)](#) 2022 Management Information Circular > p.40

Gildan's Senior Vice President, Taxation, Sustainability, and Governmental Affairs and Vice President Global Social Compliance and Environmental Affairs update the Board's Corporate Governance and Social Responsibility committee on forced labour issues pertaining own facility and selected contractor facility audit findings and corrective action plans and discuss any developments, issues and/or risks that may have emerged over the quarter.

INDICATOR 3: TRACEABILITY AND SUPPLY CHAIN TRANSPARENCY

3.1 the names and addresses of first-tier suppliers;

1) Not disclosed. In its 2021 additional disclosure, Gildan states that "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 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".

On its website, Gildan provides a map of its operations and factories. Most of these are indicated as wholly owned by the company, but there are 'contractors' and 'dedicated contractors' listed. It also provides a downloadable excel document with the names of first, second and third Tier Gildan owned factories with names, addresses, and % of male, female, contract and migrant workers and union representation. This does not relate to its supply chain.

GILDAN ADDED:

We provide the addresses for some of our Tier 1 dedicated third-party contracted facilities and Tier 1 (first-tier) third-party contractor facilities (17 third party contractor facilities out of 43) on our website: [Factory and Office Locations | Gildan \(gildancorp.com\)](#). We also submit names and addresses of our suppliers to the publicly available Open Supply Hub: [Open Supply Hub](#).

As per the FLA Charter regarding de minimis facilities, we publish full details of those third party contracted facilities where we have a contract relationship for more than 6 months in a given 24 month period as well as those facilities who are dedicated suppliers or whose production volumes for Gildan represent more than 10% of their total annual production volume.

Gildan discloses that it works with 2,216 local suppliers across its operations. On its website it breaks these suppliers down by country: Bangladesh 392, Canada 222, Dominican Republic 317, Honduras 555, Nicaragua 274, United States 456 and states that in 2021, its total expenditures for materials and services with local suppliers exceeded \$850 million.

It is unclear to which Tier these suppliers pertain.

GILDAN ADDED:

The approximately 2,200 local suppliers referenced in Gildan's ESG report provide goods and services (e.g., logistics, raw materials, contractor and/or consulting services, office supplies, cleaning supplies, furniture, etc.) to cover our daily needs. We include raw material suppliers in the above number (in the US as we currently define local in the countries where we source the goods) US cotton supplied to the US yarns facilities.

The company does not disclose a list of suppliers including names and addresses.

3.2 the names and locations of below-first-tier suppliers (this does not include raw material suppliers); and

2) Not disclosed. Gildan states that it uses third-party yarn-spinning and sewing suppliers and contractor in the U.S., Central America, and Haiti to satisfy excess yarn and sewing needs.

In its GRI report, Gildan outlines the number of Tier1 and Tier2 suppliers/ contractors:

Number of Tier 1 suppliers (finished goods contractors): 46 (43 in 2022)

Number of Tier 2 suppliers (yarns, raw materials, and logistics): 188 (258 in 2022)

Number of Tier 3 suppliers: Not applicable

It is unclear whether this is an exhaustive list or how these relate to the 2,216 (2,858 in 2022) local suppliers listed. It does not disclose the names and addresses of Tier 2 suppliers.

GILDAN ADDED:

This list does not include our 2,216 (2,858 in 2022) local suppliers who provide logistics, raw materials, furniture, equipment, office supplies, cleaning products, maintenance, dyes, and chemicals, etc. for our facilities. We only disclose the details on our Tier 1 contracted facilities.

3.3 the sourcing countries of at least three raw materials at high risk of forced labour.

3) Gildan discloses that it sources more than 90% of its cotton from the United States, with 7% certified by the 'Better Cotton Initiative'. It states that "while we do not source product from the XUAR region and have taken increased actions to ensure our entire supply chain is free of any forced labour, there is nonetheless a risk, given the presence of XUAR origin cotton in global supply chains, that our business could be affected by these restrictions". We conduct isotopic testing on our raw cotton purchases to prevent this cotton from entering our supply chain.

It does not disclose additional sourcing countries of high risk raw materials.

GILDAN ADDED:

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

INDICATOR 4: RISK ASSESSMENT

4.1 details on how it conducts human rights supply chain risk or impact assessments that include forced labour risks or assessments that focus specifically on forced labour risks, including through engaging with relevant stakeholders (such as civil society, unions, and workers or their representatives) in countries in which its suppliers operate;

1) Not disclosed. Gildan states that it takes measures to identify, prevent and mitigate the risks of human rights violations in its own operations and the operations of its third-party contractors, suppliers, and business partners. It states it identifies general industry risks as well as those specific to its business, assess and evaluate each human rights risk.

The company does not however disclose a comprehensive human rights risk assessment across its supply chains including detail on sources used and stakeholders engaged.

GILDAN ADDED:

Through our Social Compliance Program, we monitor human rights-related risks as defined in the Organisation for Economic Co-operation and Development's (OECD's) due diligence guidance for responsible supply chains in the garment and footwear sector. The program is designed to ensure that our Tier 1 third-party contracted facilities comply with our own Code of Conduct, local and international laws, and best-practice industry codes to which we adhere, including those of SEDEX Members Ethical Trade Audit (SMETA), FLA, and WRAP. gildancorp.com/media/uploads/sustainability_reports/b2021_esg_report-07.21.2022_1_ow1ooaw.pdf p.31

We consider that all the countries where our Tier 1 third-party contractor facilities are countries of high human-rights related risk.

It regularly conducts a due diligence assessment prior to engaging third-party contracted facilities to manufacture its products and that they are subject to a rigorous verification process that includes a thorough background check inherent business, political, reputational, and geographic risks, and, as appropriate, additional questionnaires and on-site verifications - sometimes conducted by third parties. It is unclear whether this process applies to suppliers.

GILDAN ADDED:

NOTE: when referring to suppliers, we mean third-party contracted facilities (Tier 1) manufacturing our finished goods.

[Gildan discloses that it periodically conducts materiality assessments to identify and address actual or potential human rights risks inherent in its operations and in the industry at large. In 2021, it disclosed collaborating with a third-party sustainability consulting agency to determine areas of key concern to its stakeholders that could have the greatest impact on its business. Its materiality assessment followed established best practices, referenced key topics from SASB standards, and adhered to the GRI's broader stakeholder impact principles. Assessments generally include the involvement of and/or consultation with relevant stakeholders throughout its entire supply chain. As part of this process, the company aims to maintain an open dialogue with non-governmental organizations (NGOs), members of labour movements, and other interested parties.]

It is unclear whether the materiality assessment covers the supply chain. It does not disclose details including countries, raw materials, supply chain tiers, or types of workers identified to be at risk.

4.2 details on forced labour risks identified in different tiers of its supply chains; and

2) Not disclosed. Gildan discloses that it has identified the following "potential" labour risks in its supply chain including "risks related to human rights and excessive working hours" and freedom of association. It also lists forced labour as a general industry risk.

[Gildan discloses an instance of excessive overtime by workers in a contracted facility in Asia, where the Social Compliance team identified that overtime hours exceeded the legal requirements for 28 workers who had been randomly selected for audit.]

The company does not disclose detail on where forced labour risks were identified across supply chain tiers and contexts.

GILDAN ADDED:

Forced labour is considered a human rights risk in most of the countries where we operate. In 2022, we found some forced labour indicators in Nicaragua.

In addition, we are working to remediate a non-compliance in a contractor facility in El Salvador related to involuntary overtime hours to meet production targets.

https://gildancorp.com/media/uploads/sustainability_reports/bgildans_2022_esg_report.pdf Report p.27

4.3 how it has consulted with relevant stakeholders (such as civil society, unions, and workers or their representatives) in steps taken to address the risks identified.

3) Not disclosed. Gildan states that to mitigate risk to freedom of association, 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.

It is unclear whether this process pertains to its supply chain and it does not disclose addressing forced labour risks through such engagements.

The company further states that it is a partner of Better Work [Haiti and Nicaragua], a collaboration between ILO, IFC, companies, factories, and national stakeholders (unions, governments, etc) to improve working conditions.

However it does not disclose specific examples of addressing forced labour risks in collaboration with relevant stakeholders.

GILDAN ADDED:

Stakeholder consultation with relevant stakeholders is not disclosed.

INDICATOR 5: DATA ON SUPPLY CHAIN RISKS

5.1 the percentage or number of supply chain workers who are women;

1) Not disclosed. Gildan discloses women represent almost 50% of its global workforce. It is unclear whether this pertains to its supply chain workforce. The company discloses a list of its operations by Tier broken down by the percentage of male/ female and migrant workers. However this pertains to its own operations and not its supply chain.

GILDAN ADDED:

We disclose our Tier 1 selected contractor facilities by name, address, gender, etc. on our website. Across the 17 contractor facilities we publicly disclose, 60% of workers are female.

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

5.2 the percentage or number of supply chain workers who are migrant workers' and

2) Not disclosed. See above.

GILDAN ADDED:

We disclose our Tier 1 selected contractor facilities by name, address, gender, migrant worker status etc. In 2022, there were no migrant workers identified through our migrant worker survey in our Tier 1 supplier selected contractor facilities.

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

5.3 the percentage or number of supply chain workers that are being paid a living wage.

3) Not disclosed. Gildan discloses that it complies with and expects its third-party contracted facilities to comply with all laws and collective bargaining agreements, where applicable, that govern employee wages and fringe benefits.

It is unclear whether this covers suppliers and their workers.

GILDAN ADDED:

Gildan operates under a code of business conduct, which sets forth the key principles under which the Company and its worldwide business partners are required to operate. The Gildan Code of Conduct states that the conduct of business with employees, customers, consumers, suppliers, and all others shall be on an honest, fair, and equitable basis. It has been and will continue to be Gildan's policy to obey the laws of each country and to honour its obligations to society by being an economic and social asset to each community and nation in which we operate.

Employers shall comply with all national laws, regulations, and procedures concerning the payment of compensation to workers. In any case where there are differences or conflicts between the national law and the Gildan Code of Conduct, employers are expected to apply the higher standard. [Social and Sustainable Compliance Guidebook – Gildan \(gildancorp.com\)](#) p.3, 28

Gildan states that as an accredited member of the FLA, it has been using the FLA's wage data collection tool to collect wage information. This tool calculates the average worker wage within a factory by recording information about specific components – base wages, incentive pay, in-kind benefits, and other elements of worker pay – across several different job descriptions on a factory floor. It separates overtime pay from regular wages to avoid skewing the overall compensation figures. The tool enables Gildan to see a factory's average wage mapped to a wage ladder and compare it against existing living wage benchmarks and local wage.

GILDAN ADDED:

In 2020, 100% of Gildan-owned manufacturing facilities were evaluated using the FLA data collection tool. Since 2020, selected contracted facilities in the Americas and Asia use the tool to collect data on workers' wages. [2020 Environmental, Social, and Governance \(ESG\) Report – Gildan \(gildancorp.com\)](#) p.17

We continue this practice every year.

INDICATOR 6: PURCHASING PRACTICES

6.1 commits to responsible buying practices in its contracts with suppliers;

1) Not disclosed. Gildan discloses that 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. It states that it incorporates a clause requiring suppliers to agree that they understand and acknowledge its Code of Conduct which addresses forced labor into "all... commercial agreements."

It does not disclose incorporating responsible purchasing practices into contracts with suppliers.

GILDAN ADDED:

Gildan requires all suppliers (contracted facilities) 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

third party contracted facilities. The vendor agreement also includes Gildan's Code of Conduct and Code of Ethics, expectations on assessments and remediation, other assessments suppliers may be subject to, like Fair Labour Association assessments, and additional policies on unauthorized subcontracting, bribery, counterfeiting, anti-corruption, anti-fraud, among others. Contract facilities for newly acquired brands sign the agreement in accordance with the timelines established through Gildan's onboarding process, during which brands integrate into Gildan standards, procedures, and operations. [Responsible Production and Sourcing Policy - Gildan \(gildancorp.com\)](#)p.4

6.2 describes how it has adopted responsible purchasing practices in the first tier of its supply chains, which includes planning and forecasting, and how it ring-fences labour costs; and

2) Gildan's responsible sourcing policy, which applies to all Gildan manufacturing facilities, Tier 1 contractors, and their suppliers globally, "when applicable" is reviewed at least every two years. It discloses that sourcing teams are encouraged to promote long-term relations with contractors who adhere to Gildan's Code of Conduct. It states that capacity and production planning play a strategic role in the implementation of the policy, the aim being to "provide adequate timing for the operations to comply with customer requirements in quality, quantity, on time delivery and cost, while at the same time, guaranteeing respect for workplace standards established in Gildan's Code of Conduct, as well as local and international regulations".

It states that while the initial production plan is generated on an annual basis during Gildan's budget process, there are subsequent quarterly demand forecasts and monthly operating plans to reflect smaller variations needed in sales or manufacturing activities. This plan is then executed on a weekly cycle and completed with the evaluation and feedback of the respective factories. If the conditions for completing the production plan with internal capacity are not viable, the operations and manufacturing team will contract external capacity from contractor facilities.

It states that "the possible impact on workdays and/or staff reductions is always considered to properly balance the plan. In addition, when force majeure events occur (i.e. pandemics, natural disasters), we work on mitigating actual / potential negative impacts on our employees' lives and working conditions".

The company discloses that it takes part in the Better Work [Haiti and Nicaragua] program and as such is required to refrain from terminating or reducing orders at non-compliant factories found (provided factories make sufficient progress) and to review internal buying practices that may impact compliance at supplier facilities.

Gildan is an accredited company of the Fair Labor Association (FLA) and as such is required to work with suppliers to reduce negative impacts on working conditions, and to hold accountable relevant staff and any contracted agent/intermediary for the implementation of planning and purchasing practices that help avoid negative impacts on workers and working conditions.

It does not disclose whether it ringfences labour costs within its purchasing practices. It is unclear whether this capacity planning process relates to its supply chain procurement, and/ or what proportion of the supply chain is covered under this process.

GILDAN ADDED:

Our responsible production and sourcing policy outlines the process which covers the development and management of annual capacity plans, quarterly reviews and monthly operating plans to align

production capacity with our sales volume. Further, it provides adequate timing for operations to comply with customer requirements regarding quality, quantity, on time delivery and cost, while adhering to workplace standards as per Gildan's Code of Conduct, as well as local and international regulations. Responsible Production and Sourcing Policy - Gildan (gildancorp.com) [p.3](#)

6.3 discloses two quantitative data points demonstrating that it has responsible purchasing practices in place that address the risk of forced labour.

3) Not disclosed. The company does not disclose forecast timelines or payment terms or length of supplier relations.

Data points not disclosed.

INDICATOR 7: RECRUITMENT-RELATED FEES

7.1 requires that no worker in its supply chains should pay for a job—the costs of recruitment-related fees should be borne not by the worker but by the employer ("Employer Pays Principle");

1) In the company's "Social & Sustainable Compliance Guidebook" which applies to suppliers and against which it monitors suppliers, it prohibits recruitment fees stating: "[f]ees associated with the employment of workers shall be the sole responsibility of employers." However, the company does not disclose detail as to how this policy is implemented (see 7.2).

GILDAN ADDED:

We are also signatories to the Industry Commitment to Responsible Recruitment with the American Apparel and Footwear Association, a proactive industry effort to address potential forced labour risks for migrant workers in the global supply chain. Signatories of the commitment must work to ensure that no workers pay for their jobs and that they retain control of their travel documents and have full freedom of movement. In addition, all workers must be informed of the basic terms of their employment before leaving their home country. This commitment applies to all Gildan-owned and contracted manufacturing facilities.

We continue to implement efforts to monitor and validate that no recruitment fees are paid by workers employed by our manufacturing contractors, which is part of our commitment to the American Apparel and Footwear Association related to responsible recruitment. gildancorp.com/media/uploads/sustainability_reports/b2020_esg_report_final_en.pdf p.44

Gildan also states that it is a signatory to 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."

It does not incorporate this into its code of conduct.

GILDAN ADDED:

Our Social & Sustainable Compliance Guidebook is an extension of our Code of Conduct.

[Social and Sustainable Compliance Guidebook - Gildan \(gildancorp.com\) p. 13,27,79](#)

7.2 provides detail on the implementation of the Employer Pays Principle in its supply chains by demonstrating how it works to prevent the charging of fees to supply chain workers in different supply chain contexts; and

2) Not disclosed. Gildan discloses that 100% of its contractor facilities in Asia completed a migrant worker survey, which was launched in 2019 to ensure that contractor hiring practices align with its Code of Conduct and with FLA and ILO guidelines. It states that two migrant workers were identified in one of its sourcing countries, and it was confirmed that these workers received the same benefits as any local worker hired in that facility.

It does not disclose this involved an assessment of recruitment risks, processes, or fees.

It does not provide further detail on how it works to prevent the charging of fees to supply chain workers in different supply chain contexts.

GILDAN ADDED:

Our Social Compliance program covers migrant workers, as well as responsible recruitment practices. Within this program, we verify that recruitment fees are the responsibility of the employer, as well as detailed requirements for the inbound travel and repatriation of migrant workers, as well as the provision of their labour contract before they leave their home. This is detailed on p. 13 of our [Social and Sustainable Compliance Guidebook - Gildan \(gildancorp.com\)](#) In 2022, there were no reported cases of migrant workers amongst our Tier 1 contracted facilities. [bgildans_2022_esg_report.pdf \(gildancorp.com\) p.27](#)

Continue to implement efforts to monitor and validate that no recruitment fees are paid by workers employed by our manufacturing contractors, which is part of our commitment to the American Apparel and Footwear Association related to responsible recruitment.

Implement additional training with our Tier 1 manufacturing contractors on human rights practices and issues related to migrant workers to re-enforce understanding of and compliance with our practices and procedures.

We have grievance mechanisms in place for our employees, suppliers, and external stakeholders to confidentially report violations related to human rights. [bgildans_2022_esg_report.pdf \(gildancorp.com\) p. 41, 44, 45](#)

7.3 in the event that it discovers that fees have been paid by workers in its supply chains, provides evidence of re-payment of recruitment-related fees to workers. The company describes how it engages with affected workers in the remediation process.

3) Not disclosed.

GILDAN ADDED:

We did not have findings related to the payment of fees. However, if this were to happen, we would follow the guidelines as per the following commitment:

Commitment:

As an industry and as individual companies, we are committed to the fair treatment of workers in the apparel, footwear, and travel goods supply chains. One important part of this ongoing effort is

working together to eliminate conditions that can lead to forced labour in the countries from which we source products. We commit to work with our global supply chain partners to create conditions so that:

- No workers pay for their job;
- Workers receive a timely refund of fees and costs paid to obtain or maintain their job;
- Workers retain control of their travel documents and have full freedom of movement; and
- All workers are informed, in a language they understand, of the basic terms of their employment before leaving their country of origin. https://www.aafaglobal.org/AAFA/Solutions_Pages/Commitment_to_Responsible_Recruitment

INDICATOR 8: RESPONSIBLE RECRUITMENT

8.1 discloses information on the recruitment agencies used by its suppliers; and

1) Not disclosed

GILDAN ADDED:

The use of recruitment agencies is topic covered in our social compliance program. In addition, we ask Tier 1 third-party contracted facilities to confirm with us in writing whether or not they are using recruitment agencies.

In 2022, none of our Tier 1 third-party contracted facilities reported using recruitment agencies.

8.2 provides details of how it supports responsible recruitment in its supply chains (e.g. by collaborating with relevant stakeholders to engage policy makers to strengthen recruitment standards).

2) Not disclosed. The company discloses that in 2022 it will work with an international NGO to implement a program at its contractor facilities in Asia that supports parent workers and their families; the program will directly contribute to its objectives related to preventing child labour, promoting worker empowerment (focused on women), preventing harassment and abuse, and improving recruitment practices to prevent forced labour. No further detail is provided, and it is not clear what the outcome of this program was.

GILDAN ADDED:

In 2022, we partnered with the ILO to launch its Sustaining Competitive and Responsible Enterprises (SCORE) program in nine of our Tier 1 contractor facilities in China, Vietnam, Pakistan, Turkey, and Bangladesh. SCORE aims to improve productivity, working conditions, and gender empowerment in small and medium enterprises. It combines classroom training with in-factory consulting to share best international practices in the manufacturing sector with both front-line and administrative workers. Approximately 10,000 employees at the nine facilities participated – including 60% who identified as women. Topics included voice equality, inclusive hiring, equal pay for work of equal value, workplace environment, and work-life harmony.

Key impacts included:

• Increased hiring of women into front-line roles and strengthened commitment to promote women into leadership roles • 36 gender equality policies were reviewed to promote work-life harmony • Increased frequency of direct communication between management and employees • Greater adoption by management of worker suggestions 2022 ESG Report (p.25)
[bgildans_2022_esg_report.pdf \(gildancorp.com\)](#)

INDICATOR 9: FREEDOM OF ASSOCIATION

9.1 works with independent local or global trade unions and/or other legitimate worker representatives to improve freedom of association in its supply chains;

1) Not disclosed. Gildan discloses that it "recognizes and respects the right to freedom of association and collective bargaining and that it engages in a constructive and open dialogue process with union representatives as well as with all employees through its established grievance mechanisms and monitor this engagement through its Social Compliance Program".

Furthermore, its third-party contractors, as part of their obligation to comply with Gildan's Code of Conduct, are also required to respect freedom of association and collective bargaining.

Gildan provides examples of training provided to FoA and collective bargaining at its facilities in Honduras and renewed three collective bargaining agreements at sewing facilities in Nicaragua and Honduras respectively. As these examples relate to the companies own operations they fall out of scope.

The company does not provide examples of how it works with local or global trade unions to improve freedom of association throughout its supply chain.

GILDAN ADDED:

Gildan worked closely with local management teams, governments, NGOs, and union representatives across our supply chain to support all employees, ensure their rights remained protected, and that their health and safety remained a priority. See 2022 ESG Report (pg.53)
[bgildans_2022_esg_report.pdf \(gildancorp.com\)](#).

We also engage regularly with the following organisations on a variety of labour topics:

- Americas Group
- Maquila Solidarity Network
- Worker Rights Consortium

9.2 discloses that it is party to a global framework agreement that covers its supply chains and/or an enforceable supply chain labour rights agreement with trade unions or worker organisations; and

2) Not disclosed

GILDAN ADDED:

Gildan is not party to a global framework agreement.

9.3 discloses the percentage of supply chains covered by collective bargaining agreements.

3) Not disclosed. Gildan states that approximately 46% of its employees globally are covered by a collective bargaining agreement established between unions and corresponding facilities.

It is unclear whether this relates to its supply chain workers.

GILDAN ADDED:

Of the 17 third party contracted facilities disclosed on our website, 8 have trade unions, giving 47% of the employees of these facilities access to a trade union [Factory and Office Locations | Gildan \(gildancorp.com\) > Detailed Factory Information](#)

INDICATOR 10: GRIEVANCE MECHANISM

10.1 takes steps to ensure a formal mechanism to report a grievance to an impartial entity regarding labour conditions in the company's supply chains is available to its suppliers' workers and their legitimate representatives across supply chain tiers; and

1) Gildan discloses a publicly available grievance mechanisms/ channels that are open to "all stakeholders" to report labour and human rights grievances throughout all levels of the supply chain. The whistleblowing policy also outlines direct channels to report a grievance and/ or via the ethics hotline (operated by a third party). This policy covers external stakeholders; "any person, group, or organization directly or indirectly affected by an issue related to or caused by any of Gildan's operations or practices worldwide. This may include, but is not limited to, suppliers, contractors or customers (or any of their respective employees), non-governmental organizations (NGOs), and/or members of the communities where Gildan operates", to report violations of human rights.

As an accredited company of the Fair Labor Association (FLA), the company is required to have functioning grievance systems at contract facilities. In addition, and intended as a tool of last resort, the FLA also has a Third Party Complaint procedure to provide a means for any stakeholder to report serious violations of workers' rights in facilities used by the company.

It appears but does not stipulate or specify how it would be communicated, that the grievance mechanism is available to supply chain workers below the first tier.

GILDAN ADDED:

Gildan's Global Whistleblowing Policy for Employees and External Stakeholders details our procedures for, and response to, complaints and concerns about improper practices or questionable acts by Gildan or its employees, officers, Board members, consultants, contractors, agents, or suppliers. The policy provides our employees and external stakeholders with communication channels that allow them to raise concerns in confidence, and anonymously if desired, without fear of reprisal or retaliation. Concerns can also be directed to:

- Chair of the Board of Directors
- Chair of the Ethics and Fraud Compliance Committee
- Chair of the Audit and Finance Committee

Other options to report concerns, grievances, or complaints include:

• Ethics and Compliance Hotline, a confidential, 24/7 service managed by an independent third-party provider. Local, toll-free hotline numbers are posted in each office and plant location and published on the Gildan website. The service is available in the local languages of each country in which we operate

In addition, our third-party contracted facilities must train their suppliers to abide by the Gildan Code of Conduct, although the obligation to publish the Gildan Code of Conduct and Ethics and Compliance hotline relates to our own third-party contractor facilities only. See 2022 ESG Report (bgildans_2022_esg_report.pdf (gildancorp.com))

10.2 discloses data about the practical operation of the mechanism, such as the number of grievances filed, addressed, and resolved; and

2) Not disclosed. Gildan discloses the number and categories of calls to the ethics hotline, which numbered 30 in 2021 and related to minor human resources issues, specifically labour and workplace conduct concerns.

It does not specify whether these relate to the supply chain.

10.3 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.

3) Not disclosed

INDICATOR 11: MONITORING

11.1 its methodology for monitoring the implementation of its supply chain policies addressing forced labour.

1) Gildan discloses that it performs, or arranges through a third party, audits of working conditions at each owned and contracted manufacturing facility which produces products for Gildan. The majority of audits are conducted by trained internal auditors, while third party auditors are employed in certain instances. In its 2021 additional disclosure, Gildan discloses that its social compliance team are certified and experienced auditors and are trained on topics including labour issues. It states that in 2019, this team participated in training sessions that addressed issues including forced labor and fair compensation. Gildan's owned and contracted manufacturing facilities are also independently audited by the FLA, SEDEX, WRAP, in addition to audits performed by certain of Gildan's larger customers –it is not clear what proportion of contractor facilities are audited according to each methodology.

All Gildan-owned and contracted facilities are further subject to a complete internal audit based on a risk assessment process which evaluates country risk, order volume, external ratings and prior audit performance at least once every two (2) years.

However, the company does not disclose the audit methodology used.

GILDAN ADDED:

Facilities producing for Gildan will be audited to monitor the working conditions compliance with the Gildan Code of Conduct and the Benchmarks outlined in this Guidebook. Our Social Compliance audits

combine a variety of different audit methodologies - including FLA and ILO benchmarks or requirements – as well as local requirements or regulations. Once the facility has been inspected and audited for compliance, a rating shall be assigned based on the number of findings and their severity. We have included the suggested rating for both the Gildan Code of Conduct and Benchmark Issues. These ratings will help the users of this Guidebook understand how seriously Gildan views compliance to a particular issue.

Worker accommodation – where applicable – does form part of our audit scope and worker interviews are conducted onsite.

Issues from assessments, both pre-sourcing and at existing contractor facilities, shall affect sourcing decisions as well as determine the frequency and scope of future assessments. Note about Country Specific Issues: Based on regional or country specific conditions related to political, economic, and social situations, Gildan reserves the right to assign a higher risk level commensurate with risk presented by the local conditions. [Social and Sustainable Compliance Guidebook - Gildan \(gildancorp.com\)](#) p.6

Furthermore, several of Gildan’s manufacturing contractors participate in the ILO’s Better Work programme – it is unclear what proportion.

The Better Work programme includes assessments of facilities against indicators including forced labour. The process includes a review of relevant documentation. The company does not disclose further details on the assessment process.

The company states that announced, semi-announced and unannounced audits are conducted at facilities although the frequency of each is not clear. The auditor must be granted access to all areas. Not granting access is a zero-tolerance issue.

GILDAN ADDED:

Our Haitian Tier 1 third-party contracted facilities (n. 5) and our Nicaraguan Tier 1 third-party facilities contracted facilities (n.2) participate in the Better Work program. Issues from assessments, both pre-sourcing and at existing contractor facilities, shall affect sourcing decisions as well as determine the frequency and scope of future assessments as outlined in the chart below. Note about Country Specific Issues: Based on regional or country specific conditions related to political, economic, and social situations, Gildan reserves the right to assign a higher risk level commensurate with risk presented by the local conditions. In 2022, 100% of suppliers were audited to a Labour Code of Conduct – 86% of which through a third-party auditor with the remaining 14% audited by our own Social Compliance department. ([bgildans 2022 esg report.pdf \(gildancorp.com\)](#)) p. 112

For new contractors, in order to verify workplace policies and standards, Gildan states that it requires a profile and self-assessment from every new facility, and then conducts a full audit of the facility.

GILDAN ADDED:

The audit process relates to Tier 1 third-party contracted facilities.

Facilities producing for Gildan will be audited to monitor the working conditions in compliance with the Gildan Code of Conduct and the benchmarks outlined in our Guidebook. Each facility is inspected and audited for compliance. Auditors must be granted access to all areas of the facility. Not granting access is a zero-tolerance issue, leading to an “access denied” status, preventing the supplier from doing business with Gildan.

All non-compliances, including breaches of our Code of Conduct and/or human rights issues, are recorded and tracked in our Social Compliance platform. We also have our Monitoring Guidelines, which serve as a reference for internal auditors to use when conducting audits. The categories below describe thresholds related to non-conformance and contractor expectations related to remedial efforts.

- Minor non-conformity: Low-risk issue where improvement towards best practices is necessary. Remediation time frame: six months.

- Moderate non-conformity: Negative impact on workers' rights and safety (non-critical). Remediation time frame: up to two months, depending on type of violation.

- Major non-conformity: Serious violation of the Gildan Code of Conduct, other codes supplier adheres to, and/or the law, resulting in a severe impact on individual rights and/or physical safety. Remediation time frame: immediately [bgildans_2022_esg_report.pdf \(gildancorp.com\) p.113](#)

11.2 the findings of monitoring reports, including details regarding any violations revealed in relation to forced labour and indicators of forced labour, across supply chain tiers; and

2) Gildan discloses that in 2021, 108 social compliance audits were performed on Gildan owned facilities and those of third-party contractors. Of those, 63 (58%) were performed by Gildan and/or third-party auditors and 45 (42%) by the Company's customers or by social compliance certifiers such as WRAP, SMETA, or SLCP at Gildan owned facilities. It states these audits identified a total of 378 findings in its company-owned and contractor facilities, of which 51 were related to human rights – three in its own facilities, and 48 in contractor facilities; it states one of these findings were classified as a major human rights violation. Gildan discloses the categories of the 276 non-compliance audit findings for third-party contractor facilities in 2021.

As part of Gildan's GRI report, it discloses that in 2021, 50 suppliers were assessed for social impacts, as part of Gildan's Social Compliance Program; this resulted in 22 major non-compliances being identified across 10 different facilities (15 findings in the Americas and seven findings in Asia), and one zero-tolerance non-compliance in one of its contractor facilities located in Central America. the 22 non-compliances include: mandatory legal documentation (2), Hours of work (1), Compensation and benefits (3), Environmental, health, and safety (13), Record keeping (1), Grievance system (1), Discipline (1), third-party subcontracting (1).

GILDAN ADDED:

In 2022, we reported that 422 non-conformances were found across our third-party contracted facilities (n. 43.) Of these, 24 were classified as major, 183 were classed as moderate and 215 were classed as minor. Gildan reviewed and approved 100% of the corrective action plans provided by third-party contracted facilities whose non-conformances were sufficient in severity to require the generation of a CAP. ([bgildans_2022_esg_report.pdf \(gildancorp.com\) p. 25, 83](#))

Gildan discloses an instance of excessive overtime by workers in a contractors' facility in a contractors' facility in Asia, where the Social Compliance team identified that overtime hours exceeded the legal requirements for 28 workers who had been randomly selected for audit. Gildan's Social Compliance team and the third-party contractor's Human Resources Departments worked collaboratively to understand the cause of this problem and concluded that the facility was lacking production positions due to the impact of COVID-19. the remediation plan involved, arranging the facility's production

target reasonably and enforcing more strict control of working hours. It also involved hiring additional production positions and provide job skills training for employees to improve their production efficiency.

It is unclear whether contractor audits include suppliers, or whether the 50 suppliers assessed on social issues are part of the wider number of non-compliance found. It is unclear whether these findings relate to suppliers below the first tier. ***Note – we classify third-party contracted facilities as Tier 1 suppliers.**

11.3 the use of worker-driven monitoring (i.e., monitoring undertaken by independent organisations that includes worker participation and is guided by workers' rights and priorities).

3) Not disclosed

INDICATOR 12: REMEDY AND RESPONSE TO ALLEGATIONS

A (1) a process for responding to potential complaints and/or reported violations of policies that address forced labour and how it engages affected stakeholders as part of this process; and

1) Gildan discloses that all complaints received through the Hotline and all complaints received through any other channels of communication that relate to an improper practice or questionable act will be reported to the Legal, Human Resources and Internal Audit representatives designated by the Ethics Committee (the "Ethics Committee Representatives"). The Ethics Committee Representatives will review each complaint received and will determine which person(s) within the company will have the responsibility for investigating, resolving and concluding on each reported complaint based on the nature, severity and subject matter of the complaint. Complaints will be investigated with 'reasonable promptness' depending on the severity and subject matter and findings and conclusions of each investigation will be presented to the Ethics Committee. The ethics committee will "generally" report the findings and conclusions reached at the end of the investigation to the employee or external stakeholder who reported the complaint (if known). The Ethics Committee will present a quarterly status report to the Company's executive-level Compliance Steering Committee on the complaints received and, where applicable, investigation results and remedial actions

Gildan states that where legitimate concerns are identified, including concerns relating to adverse human rights impacts, it engages and cooperates with affected stakeholders and/or their representatives in remediation efforts through legitimate processes (including judicial and non-judicial mechanisms, as appropriate).

It does not disclose further details on how the engagement and cooperation is carried out.

It does not provide further details on the timelines involved.

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

GILDAN ADDED:

We monitor our practices and those of our suppliers and are committed to swift remediation when incidents related to compensation occur. For example, during an audit of a contractor in 2022 in Asia,

we identified that the third-party contractor had not implemented a recent government increase to the local minimum wage nor notified workers of the increase.

In response to our finding, the contractor took the following steps to remediate this non-compliance:

- Paid all adjustments to workers in compliance with updated minimum wages
- Posted notification of the increase in the factory and announced the increase to workers during a meeting
- Prepared a process to monitor updates to laws and regulations
- Created a system to notify all workers of future updates in compensation and benefits in a timely matter.

[bgildans_2022_esg_report.pdf \(gildancorp.com\)](#) 2022 p.48

While conducting a documentation review of one of our contractor facility's payroll in Asia in 2021, our Social Compliance team identified that overtime hours exceeded the legal requirements for 28 workers who had been randomly selected for audit. Gildan's Social Compliance team and the third-party contractor's Human Resources Departments worked collaboratively to understand the cause of this problem and concluded that the facility was lacking production positions due to the impact of COVID-19.

To remediate this action, the third-party contractor and the Social Compliance team worked collaboratively to conduct the following actions:

- Arrange the facility's production target reasonably and enforce more strict control of working hours.
- Hire additional production positions and provide job skills training for employees to improve their production efficiency

[2021 Environmental, Social, and Governance \(ESG\) Report – Gildan \(gildancorp.com\)](#) pp.105-106

2) Not disclosed

In addition, where an allegation is identified in a company's supply chains:

B.1.1 that it engages in a dialogue with the stakeholders reportedly affected in the allegation(s)

B.1.2 outcomes of the remedy process in the case of the allegation(s); and

B.1.3 evidence that remedy(ies) is satisfactory to the victims or groups representing the victims.

Where an allegation is identified in the company's supply chains, but is denied by the company:

B.2.1 a description of what actions it would take to prevent and remediate the alleged impacts; and

B.2.2 as part of this process, it would engage with affected stakeholders and their representatives.

NON-SCORED RESEARCH

Reporting Legislations

UK Modern Slavery Act: Where applicable, the company discloses at least one statement under the UK Modern Slavery Act.

Yes/No. Please provide link to a publicly available statement. [Modern Slavery Act Transparency Statement | Gildan \(gildancorp.com\)](#)

California Transparency in Supply Chains Act: Where applicable, the company has a disclosure under the California Transparency in Supply Chains Act.

Yes/No. Please provide link to a publicly available statement. [Modern Slavery Act Transparency Statement | Gildan \(gildancorp.com\)](#)

Australia Modern Slavery Act: Where applicable, the company discloses at least one statement under the Australia Modern Slavery Act.

Yes/No. Please provide link to a publicly available statement. [Modern Slavery Act Transparency Statement | Gildan \(gildancorp.com\)](#)

High Risk Sourcing

Please indicate whether your company sources any of the below high-risk raw materials. Note where a company does not provide this information, KnowTheChain will review the company's website as well as third party sources to identify relevant information.

- Bamboo
- Cashmere
- Cotton
- Leather (cattle)
- Rubber (natural)
- Silk
- Viscose
- Wool

Please indicate whether your company sources from any of the below high-risk locations.

- Argentina
- Bangladesh
- Brazil
- China
- Ethiopia
- India
- Malaysia
- Nepal
- North Korea
- Thailand
- Vietnam