Supply Chain Transparency

2017 Statement on Modern Slavery and Human Trafficking

Introduction

The California Transparency in Supply Chain Act of 2010, and the UK Modern Slavery Act of 2015 require certain manufacturers and retailers of goods to be transparent about efforts undertaken to identify and eradicate modern slavery and human trafficking from their supply chains or their own operations.

Gildan is committed to maintaining high ethical standards in all of our operations and business practices worldwide, and as such, does not tolerate modern slavery or human trafficking in any form. We adhere to the codes set forth by the Fair Labour Association (“FLA”) and the Worldwide Responsible Accredited Production (“WRAP”), which include strict provisions with regards to forced and child labour such as human trafficking and slavery.

This commitment is further demonstrated by the fact that, in 2007, Gildan became the first vertically-integrated apparel manufacturer to have its social compliance program accredited by the FLA, since 2013, Gildan has been included in the Dow Jones Sustainability World Index (“DJSI World”) where it currently remains the only North American company to be named under the Textiles, Apparel and Luxury Goods sector, and since 2016, Gildan has been included for the first time in the DJSI North American Index. The annual DJSI review is based on a thorough analysis which covers, among others, issues such as supply chain standards and labour practices.

In 2016, World Vision Canada issued a report regarding child and forced labour in the supply chain of Canadian consumer products. The report assessed Canadian companies over a number of categories including public commitment, supplier code of conduct, training, auditing, audit results, grievance and remedy, and standalone disclosure. Gildan was highlighted as a best practice Company in the textile and apparel sector and in fact received the best rating amongst all the Canadian companies in the various industries assessed by World Vision Canada. The report identifies Gildan as one of the few companies leading the way towards comprehensive and transparent reporting. This statement provides an overview of the actions Gildan has taken to prevent modern slavery and human trafficking in its supply chain and its own operations.

Our business and supply chain

Gildan owns and operates vertically-integrated, large-scale manufacturing facilities which are primarily located in Central America, the Caribbean Basin, North America, and Bangladesh. These facilities are strategically located to efficiently service the quick replenishment needs of Gildan’s customers. With over 50,000 employees worldwide, Gildan operates with a strong commitment to industry-leading labour and environmental practices throughout its supply chain in accordance with its comprehensive corporate social responsibility program embedded in the Company’s long-term business strategy.

The vast majority of our products are manufactured in our own facilities. While we produce internally the majority of the products we sell, we also have sourcing capabilities which represent less than [20%][TBC] of our total production in terms of volume. We also use third party sewing contractors, although to a lesser extent, to satisfy some of our sewing requirements.

Our policies addressing slavery and human trafficking

Our comprehensive group-wide Code of Ethics, which is applicable to all Gildan directors, officers and employees worldwide, sets out the Company’s standards of integrity and expectations for ethical behaviour. It serves as an affirmation of our strong commitment to fair labour practices in the workplace, as a framework in guiding the Company's operations and business practices throughout the world, and as a guide to help employees make decisions that are consistent with Gildan's core values and principles.

In addition to our Code of Ethics, Gildan has also implemented a Code of Conduct, which affirms in further details our position on a wide range of labour practices and directs activities at each of our operating locations. Our Code of Conduct is based on the International Labour Organization Conventions and encompasses elements set forth by the FLA, as well as best practices commonly
agreed upon in the area of corporate social responsibility. Our Code of Conduct explicitly states that “Gildan and its business partners will not use forced labour, including prison labour, indentured labour, bonded labour or any other form of forced labour.”

Furthermore, the labour standards set forth in our Code of Conduct are complemented by specific procedures and practical requirements explained in **Gildan’s Sustainable Social and Environmental Compliance Guidebook**, which is provided to all our manufacturing contractors.

Finally, our whistleblowing policy encourages our employees to report any real or suspected misconduct, which extends to concerns relating to human rights violations like slavery and human trafficking. All reports received through the various reporting channels available to our employees – including our Ethics and Integrity Hotline – are fully investigated and appropriate remedial actions taken.

**Verification of product supply chain to evaluate and address risks of human trafficking and slavery**

Gildan is committed to sourcing products and raw materials from suppliers that engage in responsible practices. The Company identifies and assesses potential risks in its supply chain by conducting a due diligence review of potential business partners prior to entering into sourcing or major supply agreements. Such evaluation starts by a consideration of inherent and potential risks based on geographical location and industry type and includes, when appropriate, questionnaires and local verifications. In some instances, Gildan will mandate a third party audit service provider to conduct these verifications on its behalf.

Our due diligence helps guide our business decisions and ensures that all facilities manufacturing our products comply with our Code of Conduct, as well as local and international laws. Where there is a concern of potential human rights infringements such as slavery or human trafficking, Gildan will not engage in a particular business relationship. As an example, Gildan has undertaken to ban cotton originating from Uzbekistan due to concerns of forced labour in the Uzbek cotton industry, or to avoid the use in our products of certain minerals originating from the Democratic Republic of Congo and adjoining countries (the so-called “conflict minerals”). For more information on these two commitments, please visit [http://www.genuinegildan.com/en/product/raw-material/](http://www.genuinegildan.com/en/product/raw-material/).


**Audits to evaluate supplier compliance with company standards for human trafficking and slavery in supply chains**

To ensure compliance with our Code of Conduct, we perform independent internal and third party working conditions audits at each of our owned and contracted facilities manufacturing our products. The majority of the audits are conducted by our trained internal auditors, while third party auditors are employed in some instances. Some of our manufacturing contractors have been participating in the ILO Better Work Programme. Gildan’s manufacturing facilities, as well as its contractors, are also independently audited by the FLA, WRAP and some of our customers. Gildan’s goal is to visit 100% of its manufacturing facilities annually, including our third-party contractors. Each manufacturing contractor is assessed based on risk and audited at least once in an 18-month period.

Gildan’s Code of Conduct is the foundation for all audits conducted at our manufacturing contractors’ facilities. Assessments are also based on the standards found in **Gildan’s Sustainable Social and Environmental Compliance Guidebook**.

In addition, as part of the continuous improvement of our social compliance program, and as a leading best practice, in the second half of fiscal 2014, we commenced the process of auditing key raw material suppliers.


**Certification that materials used in production comply with slavery and human trafficking laws**

To ensure that Gildan’s manufacturing contractors and major suppliers respect and adhere to Gildan’s commitment against slavery and human trafficking, we require them to undertake in writing that they will adhere to Gildan’s Code of Conduct, as well as all applicable laws. Such written undertaking is included in the contracts signed by the manufacturing contractors and major suppliers, or as part of their annual certification process (when applicable). In addition, in cases where applicable, we also require manufacturing contractors or suppliers to provide written undertakings of compliance with our ban on Uzbek cotton or “conflict minerals”. For more information on these initiatives, please visit [http://www.genuinegildan.com/en/product/raw-material/](http://www.genuinegildan.com/en/product/raw-material/).

**Internal accountability and procedures for employees or contractors failing to meet company standards regarding slavery and trafficking**

Non-compliance with Gildan’s Code of Conduct on slavery and human trafficking is taken very seriously by Gildan. If such non-compliance occurs, we take remedial action to contain, address and resolve the situation with the shortest possible delays. Moreover, such non-compliance leads to termination of employment at Gildan, or termination of a commercial agreement with Gildan.

For more information about our internal accountability mechanisms, please visit [http://www.genuinegildan.com/en/people/working-conditions/grievance-mechanisms/](http://www.genuinegildan.com/en/people/working-conditions/grievance-mechanisms/).

**Training on human trafficking and slavery**
Gildan requires all of its employees to read, understand and certify their compliance with our Code of Ethics upon hire. All employees have participated in an interactive on-line course on our Code of Ethics, during 2016, and an interactive on-line course on our Code of Conduct during 2017. 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. Employees working in our manufacturing facilities are also trained on our Code of Conduct. We also provide training directly to our major contractors and suppliers.

Conclusion

Our various policies and practices comprised in our CSR social compliance program are fundamental parts of our efforts to ensure that slavery and human trafficking are not taking place in our supply chain and our operations. We understand that the risk associated with slavery and human trafficking is not static, and we will continue our approach to mitigating this risk in the years ahead. These efforts, as well as this disclosure, are reviewed by our Board of Directors and updated annually.

This statement was approved by the Board of Directors of Gildan Activewear Inc. on May 2, 2018.