Modern slavery act transparency statement

Supply Chain Transparency

2020 Statement on Modern Slavery and Human Trafficking

Introduction

*The California Transparency in Supply Chains 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 our own Code of Conduct, which is based on the International Labour Organization (ILO) Conventions, as well as to the codes set forth by the Fair Labor Association ("FLA") and the Worldwide Responsible Accredited Production ("WRAP"), all of 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. In 2019, Gildan’s Social Compliance Program was reaccredited after the Company demonstrated that it maintained the policies and
practices required to comply with fair labour practices in its global supply chain. Moreover, since 2013, Gildan has been included in the Dow Jones Sustainability Index (DJSI). The annual DJSI review is based on a thorough analysis which covers, among others, issues such as supply chain standards, human rights and labour practices.

In October of 2018, Gildan joined the Industry Commitment to Responsible Recruitment developed in conjunction with the American Apparel & Footwear Association and the FLA. The Commitment is a proactive industry effort to address potential forced labour risks for migrant workers in the global supply chain. Signatories of the Commitment must ensure that no workers pay for their job, that workers retain control of their travel documents and that they have full freedom of movement. In addition, all workers must be informed of the basic terms of their employment before leaving their home country.

**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 46,000 direct employees worldwide, Gildan operates with a strong commitment to industry-leading labour and environmental practices throughout its supply chain in accordance with its comprehensive Environmental, Social and Governance (ESG) program embedded in the Company’s long-term business strategy.

The vast majority of our products are manufactured in our own facilities. While we internally produce the majority of the products we sell, we also have sourcing capabilities which represent less than 10% of our total production in terms of revenues.

**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 our position on a wide range of labour practices and directs activities at each of our operating locations. Our Code of Conduct, which is based on the ILO Conventions, 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 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.

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 Compliance Hotline** – are fully investigated and appropriate remedial actions are 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 over 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 our contractor due diligence process, please refer to page 67 in our 2019 Genuine Responsibility® ESG report.

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 that manufacture 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. All
Gildan-owned and third-party contractor facilities are subject to a complete internal audit based on a risk assessment that evaluates country risk, order volume, the facility’s rating and previous audit performance.

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 Social and Sustainable Compliance Guidebook.

For more information on our auditing practices, please refer to page 70 in our 2019 Genuine Responsibility® ESG report.

**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 their written undertaking to adhere to Gildan’s Code of Conduct, as well as all applicable laws. Such 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, when applicable, we also require manufacturing contractors and suppliers to provide written undertakings of their compliance with our ban on Uzbek cotton or “conflict minerals”.

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

Gildan does not tolerate non-compliance with the prohibition against slavery and human trafficking contained in its Code of Conduct. If such non-compliance occurs, we take remedial action to contain, address and resolve the situation within the shortest possible delays. Moreover, such non-compliance will lead to termination of employment at Gildan and/or termination of a commercial agreement with Gildan.
For more information about our internal accountability mechanisms, please refer to page 59 in our 2019 Genuine Responsibility® ESG report.

Training on human trafficking and slavery

Gildan requires all of its employees to read, understand and certify their compliance with our Code of Ethics and Code of Conduct. Employees receive Code of Ethics and Code of Conduct training as part of the onboarding process and regularly through Gildan's online training portal or through in-person training sessions. During the past year, we provided in-person training to teams in the United States, China, Japan, Honduras and Barbados. Due to the current global COVID-19 pandemic and related travel restrictions, we will be providing the training program virtually in 2020. 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.

Conclusion

Our various policies and practices comprised in our 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 July 29, 2020.