Gildan Activewear Inc.

TICKER:
TSE:GIL

MARKET CAPITALIZATION:
US$ 10 billion

HEADQUARTERS:
Canada

9 OUT OF 20
Company's Overall Ranking

51 OUT OF 100
Company's Overall Score

Gildan Activewear Inc. (Gildan Activewear) ranks ninth in the benchmark, with an above-average overall disclosure of 51 out of 100 points, which is driven by its performance on the themes of commitment and governance, monitoring, and remedy. Notably, Gildan Activewear is one of only two companies which achieve 100 out of 100 points on monitoring. The company has an opportunity to improve on the themes of commitment and governance, traceability and risk assessment, and recruitment.

THEME LEVEL SCORE

Commitment and Governance	72 out of 100
Traceability and Risk Assessment	25 out of 100
Purchasing Practices	44 out of 100
Recruitment	17 out of 100
Worker Voice	35 out of 100
Monitoring	100 out of 100
Remedy	63 out of 100

LEADING PRACTICES

None.

NOTABLE FINDINGS

Training

Gildan Activewear discloses that all new employees "are familiarized" with Gildan's code of conduct through a formal onboarding process. The company discloses that, in 2014, 700 employees were trained on its code, and, in 2015, it conducted a refresher course on the code of conduct, for all employees in its sewing, textile and screen printing facilities in Honduras, Nicaragua, and the Dominican Republic. The company plans to conduct similar training programs for its remaining hosiery facility in Honduras and integrated facility in Bangladesh going forward.

With regards to training of suppliers, Gildan discloses that, during 2014, it provided training on the company's code of conduct to three major third-party contractors in Mexico. In 2015, it provided Code of Conduct refresher training to one of company's contractors, and close to 1,500 employees

participated. Moreover, as part of the Better Work Haiti program, managers at its contractor facilities in Haiti have received training on various labor issues since 2011.

Audit Disclosure

Gildan Activewear discloses that, in 2015, 80% of its manufacturing facilities were audited. About 60% of social compliance audits were unannounced audits undertaken internally. The remainder were undertaken by external auditors for the Fair Labor Association, the International Labour Organization (ILO) Better Work Program, Worldwide Responsible Apparel Production, or by its customers (the company discloses which auditing firms this may include). Gildan Activewear discloses that, in 2015, a total of 236 labor-related non-compliances were found. The majority of breaches identified against the company's code (approximately 78%) were related to health and safety; the most severe breaches were related to verbal harassment and record keeping on remuneration.

Communication of Policies to Supply Chain Workers

Gildan Activewear discloses that its code of conduct, which addresses forced labor, is available in 11 languages. The company states that its training programs are the primary vehicle for communicating policies and standards to workers in its supply chain. In 2015, the company provided code of conduct training for its long-term suppliers based in Haiti. It discloses that 1,500 employees received training.

OPPORTUNITIES FOR IMPROVEMENT

Commitment and Governance

Gildan Activewear discloses that the oversight of human trafficking and forced labor standards falls to the board of directors, which delegate this responsibility to a corporate governance and social responsibility committee. The Company is encouraged to disclose further details on how this committee works across the company to address forced labor and human trafficking risks in its supply chain.

Gildan Activewear discloses a list of stakeholders it engages with, which includes initiatives that in part focus on forced labor and human trafficking, such as the Fair Labor Association, the ILO Better Work initiative, the Maquila Solidarity Network, or the Worker Rights Consortium (the company collaborates with the latter two initiatives on labor practices, freedom of association, and remediation in its supply chain). The company is encouraged to disclose details on how it engages with these initiatives specifically on forced labor and human trafficking. Further, the company may consider engaging with trade unions, local NGOs, and/or policy makers in countries in which its suppliers operate on forced labor and human trafficking.

Traceability and Risk Assessment

Gildan Activewear is encouraged to develop and disclose a process to trace its supply chain, including the approximately 10% of its supply chain which is not vertically integrated, and disclose the names and locations of its first-tier suppliers, as well as some information on its on suppliers beyond its first tier (e.g., name, location, source country). While the company discloses that it has identified Uzbekistan as a potential risk with regard to forced labor, the company is encouraged to disclose a process by which it identifies forced labor risks throughout its supply chain (e.g., by conducting forced labor risk assessment(s) focused on specific commodities, regions and/or groups).

Recruitment

To avoid exploitation through recruitment agencies, the company is encouraged to encourage direct hiring and—where this is not feasible—adopt a policy that requires recruitment agencies in its supply chain to uphold workers' rights and requires suppliers to suppliers to disclose to them the recruiters that they use. Further, the company may consider auditing the recruitment agencies used in any parts

of its supply chain.

Gildan Activewear discloses that it does not charge any fees as part of any of its recruitment activities in its owned facilities and encourages suppliers to adopt a policy that states that workers will not be required to pay such fees. While the company states that any cases of non-compliances require corrective remediation, Gildan Activewear is encouraged to disclose, in the event that it discovers that fees have been paid, how it ensures that such fees are reimbursed.

COMPANY PROVIDED ADDITIONAL DISCLOSURE

Yes.