



Company Engagement Questions:

KnowTheChain Apparel & Footwear benchmark

Name of company: Gildan Activewear Inc.
Name of respondent: Julie Cournoyer
Position of respondent: Director, Corporate Social Responsibility
Respondent's contact information (email): jcournoyer@gildan.com

Note: For companies with vertically integrated supply chains, any reference to 'suppliers' in the following questions includes manufacturing and production sites owned by the company.

Documents

1. Please share links to any policy statements, reports, or other documents that you would like to be taken into account in a review of your company's approach to managing forced labor risks in the supply chain.

Note: You may be aware that the [Corporate Human Rights Benchmark \(CHRB\)](#) is analyzing companies' broader human rights policies and performance. Where the KnowTheChain benchmark indicators are related to [indicators of the CHRB](#), this is indicated under each engagement question.

We welcome that some companies have disclosed information on their human rights policies and practices for the [Corporate Human Rights Benchmark \(CHRB\)](#). Where companies have disclosed information on specific CHRB indicators, as well as any links available from the company website, these will be considered in the KnowTheChain analysis. Third party information and links to third parties websites will not be considered.

Answer:

- a) Relevant link to Gildan's dedicated Corporate Social Responsibility web site:
<http://www.genuinegildan.com/en/>
- b) Relevant links pertaining to Gildan's Code of Conduct (ie. supply chain standards):
<http://www.genuinegildan.com/en/people/code-conduct/>
http://www.genuinegildan.com/media/multiuploader_images/Gildan_Code_conduite-EN.pdf
- c) Relevant link pertaining to the California Transparency in Supply Chains Act:
<http://www.genuinegildan.com/en/people/code-conduct/california-transparency-supply-chains-act/>
- d) Relevant link to Gildan's Code of Ethics:
<http://www.genuinegildan.com/en/company/governance/code-ethics/>

e) Relevant links pertaining to Gildan's Position on Uzbekistan Cotton:

<http://www.genuinegildan.com/en/product/raw-material/>

<http://www.genuinegildan.com/en/product/goals-targets/>

Commitment and governance

Awareness and commitment

2. Has your company made a formal commitment (e.g. adopted a policy) to address human trafficking and forced labor? Please include a link to the commitment.

Related to indicator A.1.2 of the CHRB

Answer:

- a) Gildan has made a formal commitment to address forced labour through the adoption and application of a strict Code of Conduct. This materiality is an integral part of the company's Code of Conduct and is covered entirely by a guiding principle, which unequivocally states: "Gildan and its business partners will not use forced labour, including prison labour, indentured labour, bonded labour or any other form of forced labour."

Relevant link:

http://www.genuinegildan.com/media/multiuploader_images/Gildan_Code_conduite-EN.pdf

- b) Gildan's position on human trafficking and forced labour are further explained in Gildan's statement on the California Transparency in Supply Chains Act, which is published on the company's web site.

Relevant link:

<http://www.genuinegildan.com/en/people/code-conduct/california-transparency-supply-chains-act/>

Supply chain standards

3. Does your company have a supply chain standard that requires suppliers to uphold workers' fundamental rights and freedoms, including the elimination of forced labor? Please include a link to the standard, and provide information on how frequently the standard is updated.

Related to indicator A.1.2 of the CHRB

Answer:

Gildan's supply chain standards are expressed through the company's Code of Conduct, which addresses a range of human rights issues and includes a specific provision concerning forced labour.

The Code of Conduct was first implemented in 2005 and was last updated in 2012. It defines Gildan's values and acts as a framework in guiding our operations and business practices, as well as those of our contractors, consultants, agents and suppliers. All of Gildan's employees and business partners are required to comply. In fact, the Code of Conduct is an essential tool as it helps us to select and retain business partners who implement practices that are aligned with our policies and values. As disclosed on the company's dedicated Corporate Social Responsibility web site (www.genuinegildan.com):

"A contractual clause is included in all our commercial agreements in order to ensure that Gildan's contractors and suppliers respect our Code of Conduct. This practice encompasses the following agreements:

- Manufacturing contractors' agreements (including sewing or any third party manufacturing agreements);
- Raw material suppliers' agreements; and
- Agreements for major equipment purchases."

Relevant links are:

<http://www.genuinegildan.com/en/people/code-conduct/contractors-suppliers/>
<http://www.genuinegildan.com/en/people/code-conduct/>

Management

4. Who within your company is responsible for the implementation of your company's supply chain policies and standards relevant to human trafficking and forced labor? Please indicate the committee, team or officer, and describe the scope of their responsibility and how they interact with other internal teams, groups or departments

Related to indicator B.1.1 of the CHRB

Answer:

Gildan remains dedicated to the highest standards of integrity and ethics as well as to environmental and social performance, all of which are embodied in our Code of Ethics, Code of Conduct, Environmental Policy and Environmental Code of Practice adopted by our Board of Directors. In fact, as part of its formal mandate, overall responsibility for monitoring and reviewing the Company's environmental and social practices falls to our Board of Directors. In order to enhance this oversight role, the Board has delegated to the Corporate Governance and Social Responsibility Committee the specific responsibility to oversee Gildan's policies and practices in such areas as environment, labour, health and safety, financial reporting, accounting, tax, operations and sustainability issues, as well as community and other stakeholder relations. Oversight for human trafficking and forced labour are also the responsibility of this Committee.

Management provides a comprehensive report on corporate social responsibility and environmental matters to the Corporate Governance and Social Responsibility Committee at each of its quarterly meetings and highlights to the Committee key developments, issues and risks in these areas.

In order to ensure that Gildan implements a robust and comprehensive compliance framework for integrity and ethics and for environmental and social performance throughout the organization, the Corporate Governance and Social Responsibility Committee has established the Compliance Steering Committee. The Compliance Steering Committee is an executive-level management committee that operates under the leadership of the President and Chief Executive Officer and is responsible for overseeing the Company's global compliance programs in such areas as ethics, environment, labour, health and safety and sustainability. The Compliance Steering Committee is ultimately accountable to the Board of Directors and reports on important compliance matters to the Corporate Governance and Social Responsibility Committee on a quarterly basis.

Our Corporate Social Responsibility department operates under these auspices. The department's mission is to perpetuate social and environmental responsibility by honoring the rights of our employees as well as those of our strategic business partners, protecting natural resources by seeking to continuously reduce our environmental impact, enhancing and empowering the communities where we operate and offering sustainable products to our customers. The Corporate Social Responsibility department's role is to align Gildan's Corporate Social Responsibility strategy with its business strategy, while measuring and mitigating risks, positioning Gildan as a best-in-class leader in sustainability and contributing to brand trust.

Relevant links are:

<http://www.genuinegildan.com/en/company/governance/>
<http://www1.gildan.com/corporate/company/boardOfDirectors.cfm>
http://www1.gildan.com/corporate/downloads/FINAL%20PROXY%20CIRCULAR%202015_ENGLISH.pdf (See "Corporate Governance" on page 52, "Corporate Governance and Social Responsibility Committee" on page 57 and "Mandate of the Board of Directors" on page 68)

Training

5. Does your company conduct training programs for internal decision-makers and suppliers' management teams on risks, policies and standards related to human trafficking and forced labor (this may include training on elements such as passport retention, payment of wages, and vulnerable groups such as migrant workers)? Please describe.

Related to indicator B.1.5 (internal training) and B.1.7 (training of suppliers) of the CHRB

Answer:

As explained on our dedicated site, all new employees and contractors are familiarized with Gildan's Code of Conduct through formal onboarding processes administered by the Human Resources and Corporate Social Responsibility departments. Employees and contractors are required to certify in writing that they have read and understood all aspects of the Code of Conduct.

In addition, new employees are informed on topics relating to corporate citizenship, as well as their rights and obligations in that regard. This training provides new employees with a thorough knowledge of Gildan's Code of Conduct and raises awareness on the concept of Corporate Citizenship and its role within our Company. Human trafficking and forced labour are addressed as an integral part of the training provided on our Code of Conduct.

Ad hoc refresher courses on Gildan's Code of Conduct and on other topics relating to corporate citizenship are also periodically provided to prevent and address potential workplace-related issues.

Relevant links:

<http://www.genuinegildan.com/en/people/code-conduct/>

<http://www.genuinegildan.com/en/people/code-conduct/contractors-suppliers/>

<http://www.genuinegildan.com/en/people/working-conditions/training-development/>

Stakeholder engagement

6. In the last three years, has your company engaged on human trafficking and forced labor, especially as it relates to the supply chain a) with local stakeholders such as NGOs, trade unions or policy makers or b) in multi-stakeholder initiatives? Please describe with whom your company has engaged, the purpose of the engagement and how it relates to forced labor and human trafficking in the supply chain, and your company's role and level of engagement.

Related to indicator A.1.4 of the CHRB

Answer:

As detailed on our dedicated corporate social responsibility site, in 2014 Gildan conducted its first formal, company-wide external stakeholder assessment and materiality analysis to identify topics most relevant to the Gildan business and to better inform its sustainability strategy.

The purpose of this exercise was to assess the importance our various stakeholders put on a vast array of CSR and business-related topics. In the course of this study, human trafficking and forced labour were not identified as subjects that our stakeholders considered to be of paramount interest. Moreover, there has never been a case of human trafficking or forced labour within our supply chain. Consequently, while Gildan is committed to maintaining industry-leading working conditions and labour practices in all of its geographical hubs.

Results of our materiality assessment and information relevant to how Gildan engages stakeholders are available on our site.

Relevant links:

<http://www.genuinegildan.com/en/company/reporting/>

<http://www.genuinegildan.com/en/company/reporting/gri-index/>

<http://www.genuinegildan.com/en/company/stakeholders-partners/>

Traceability and risk assessment

Traceability

7. Please describe your company's supply chain tracing processes.

Does your company publicly disclose a) the names and locations of first-tier suppliers, and b) some information on suppliers beyond the first tier? If yes, please provide a URL.

Related to indicator D.2.3 of the CHRB

Answer:

Gildan manufactures the majority (90%) of our products in our vertically-integrated manufacturing facilities, while outsourced production represents approximately 10% of total production in terms of volume. While we do not disclose the names of our first tier suppliers and/or contractors in the interest of maintaining competitiveness in the area of sourcing (products and materials), we are transparent regarding the numbers and locations of owned facilities as well as our first tier partners' geographic region. Details are available on our dedicated Corporate Social Responsibility site.

Relevant links:

<http://www.genuinegildan.com/en/company/company-overview/>

<http://www.genuinegildan.com/en/people/code-conduct/contractors-suppliers/>

Risk assessment

8. Please describe your companies' risk assessment processes. Please include specific examples of when your company has conducted forced labor risk or impact assessments focused on a particular commodity, region or group (e.g. migrant workers in a specific context), as well as the forced labor risks identified through these risk assessment processes (e.g. high risk commodities or high risk sourcing countries).

For examples of commodities where forced labor risks have been identified - such as cotton from Brazil, silk from Uzbekistan or leather from the Bangladesh - see Verite (2016) – "[Strengthening protections Against Trafficking in Persons in Federal and Corporate Supply Chains Research on Risk in 43 Commodities Worldwide](#)".

Related to indicator B.2.1 of the CHRB

Answer:

Gildan evaluates the potential risks associated in its supply chain by conducting an evaluation of potential contractors prior to any sourcing agreements through the use of its pre-sourcing assessment. This assessment helps guide our business decisions and relationships with the manufacturing contractors we use.

These assessments are designed to ensure that, at a minimum, all facilities manufacturing our products comply with our strict Code of Conduct, local and international laws, and the codes which we adhere to, including those set forth by the Worldwide Responsible Accredited Production (WRAP) and the Fair Labor Association (FLA). All the aforementioned codes and standards include strict provisions with regards to forced and child labour such as human trafficking and slavery. When external suppliers are used, they must also adhere to these codes. This is a requirement for conducting business with Gildan.

To ensure that we meet or exceed our strict Code of Conduct requirements, we conduct a series of independent internal and third party unannounced audits each year, ensuring our commitment to responsibility for our employees, customers and other stakeholders. In 2015, 337 monitoring audits were performed; 202 were conducted by Gildan's internal auditors or by external auditors working on our behalf and 135 were conducted by external auditors under the direction of the FLA, ILO Better Work Programme, WRAP or by our own customers. These audits include thorough worker interviews to screen for any instances of forced labour and document reviews to detect any employees under Gildan's minimum working age of 18 years old.

Since over 90% of Gildan's operations are vertically integrated, the company is able to maintain control over its production and planning. Outside of its owned facilities, Gildan conducts due diligence and social compliance assessments of current and potential suppliers. This approach and related mechanisms allow Gildan to assess and mitigate risk. The most significant issue that we have identified as a potential risk to our supply chain, with regards to forced and child labour specifically, pertains to cotton originating in Uzbekistan.

In an effort to safeguard our supply chain against the use of Uzbek cotton in our products, all external suppliers are required to confirm, by means of a signed statement, that they do not use or procure any cotton fibre originating from Uzbekistan. Additionally, we continue to work on further improving the cotton traceability process related to cotton used in yarns purchased externally for our products. In 2013, Gildan established an annual cotton traceability assessment for a group of its cotton yarn suppliers in order to ensure that the cotton, yarn or products they supplied did not contain cotton originating from Uzbekistan. The suppliers included in the assessment were selected according to several risk factors, including supplier proximity to Uzbekistan, quantities of yarn purchased by Gildan or third-party contractors manufacturing our products. These assessments have been conducted by a third party since 2014.

It is important to note that the vast majority of cotton used by Gildan is produced in the United States and that the company also manufactures most of its own yarn in the United States as well – supplementing additional requirements largely from third-party US yarn spinners. More information about the use of cotton and other raw materials are available in the Raw Material section of our web site.

Moreover, Gildan has investigated the source of any conflict minerals in our products. We conducted a reasonable country of origin inquiry for the year ended December 31, 2015 by surveying the three suppliers who provide us with certain metallic components contained in our products. Gildan's disclosure on this topic can be found in the Raw Material section of our web site.

Relevant links:

<http://www.genuinegildan.com/en/people/code-conduct/california-transparency-supply-chains-act/>
<http://www.genuinegildan.com/en/product/raw-material/>
<http://www.genuinegildan.com/en/product/goals-targets/>
http://www.genuinegildan.com/media/multiuploader_images/Gildan_Form_SD_2015.pdf

Purchasing practices

Purchasing practices

9. Does your company make an effort to avoid purchasing practices that increase the risk of human trafficking and forced labor in the supply chain (e.g. short-term contracts, excessive downward pressure on pricing, sudden changes of workload?) Please elaborate.

Related to indicator D.2.2 of the CHRB

Answer:

Over 90% of Gildan's operations are vertically integrated; the company is able to maintain control over its manufacturing – including a balanced production planning, the management of human resources and the allocation of adequate headcount to support its processes and volume. Gildan offers an ethical and stimulating work environment. We aim to provide a positive work environment for all of our employees and favour permanent employment positions over temporary contracts. Reasons for this are detailed in the "Employment Practices" section of our site and are supported by pertinent metrics.

Relevant links are:

<http://www.genuinegildan.com/en/people/working-conditions/employment-practices/>
<http://www.genuinegildan.com/en/people/metrics/>

Supplier selection

10. Does your company assess risks of forced labor at potential suppliers prior to entering into contracts with them (this may include aspects such as passport retention and payment of wages)? Please describe.

Related to indicator B.1.7 of the CHRB

Answer:

- a) Outside of its owned facilities, Gildan conducts due diligence and social compliance assessments of current and potential suppliers to evaluate their capability and capacity as well as their propensity to comply with our Code of Conduct and adopt a culture of sustainability. This is addressed on our web site.

Relevant link:

<http://www.genuinegildan.com/en/people/code-conduct/contractors-suppliers/>
<http://www.genuinegildan.com/en/people/social-compliance/methodology/>

- b) An onsite audit, conducted as part of our assessment, is the foremost lever in our efforts to enforce our Code of Conduct at supplier level. All potential suppliers receive a Corporate Social Responsibility package that includes details of Gildan's social compliance program, our Code of Conduct and Vendor Guidebook. The Vendor Guidebook provides an in-depth look at each of the principles set forth in the Code of Conduct and provides detailed explanations as well as guidance on compliance management systems and best practices needed to uphold the standards. In the case of forced labour, this certainly includes direction on a wide spectrum of situations – yet however complicated the issue, the Vendor Guidebook helps to define and simplify it, by rationalizing it into one question for suppliers: “Can a worker quit when he/she wants?” Gildan's indicator, as explained in the Vendor Guidebook, defines a socially responsible factory as one that ensures that all its policies, systems and practices do not create a situation where a worker is unable, when he/she so desires, to leave the factory, and/or is penalized for doing so.

Auditors are trained on the Vendor Guidebook and assess supplier compliance with its standards during onsite audits.

11. How does your company take into consideration the capacity of suppliers to meet fluctuating demands (to reduce the risk of undeclared subcontracting)?

Answer:

Again, over 90% of Gildan's operations are vertically integrated; the company is able to maintain control over its production and planning – including the management of human resources and allocation of adequate headcount to support its processes and volume. As part of our social compliance program, we communicate to all suppliers the importance for Gildan to be informed of all the locations where its products are made. Consequently, at any time, we request that our contractors inform us of any change in their own supply chain, such as the addition of a new facility or business partner, in a timely manner, so we can evaluate and audit them prior to the commencement of production. Gildan audits are conducted on an unannounced basis.

Integration into supplier contracts

12. Does your company integrate its supply chain standards addressing forced labor and human trafficking into supplier contracts?

Related to indicator B.1.4.b of the CHRB

Answer:

Yes. A contractual clause is included in all our commercial agreements in order to ensure that Gildan's contractors and suppliers respect our Code of Conduct. This practice encompasses the following agreements:

- Manufacturing contractors' agreements (including sewing or any third party manufacturing agreements);
- Raw material suppliers' agreements; and
- Agreements for major equipment purchases.

Relevant links:

<http://www.genuinegildan.com/en/people/code-conduct/contractors-suppliers/>

<http://www.genuinegildan.com/en/people/code-conduct/california-transparency-supply-chains-act/>

Cascading standards

13. Does your company have a process to cascade standards on forced labor down the supply chain (e.g. requiring first-tier suppliers to ensure that their own suppliers implement standards that are in line with the company's standards)? Please describe.

Related to indicator A.1.2 of the CHRB

Answer:

Our Code of Conduct is attached to our standard Vendor Agreement and each first-tier supplier is required to comply with it. These requirements cascade down to suppliers and subcontractors. Gildan also has a process for subcontractors to sign an agreement. In case of violations, Gildan has the right to issue fines/penalties, as well as cancel orders and/or terminate the agreement.

Recruitment

Recruitment approach

14. Please describe your company's recruitment approach, including a) whether your company requires recruitment agencies in its supply chain to uphold workers' rights (this may include aspects such as written contracts, access to passports, and regular payment of wages), b) whether it has a policy on direct employment (i.e. a policy prohibiting suppliers in its supply chain from using recruitment agencies), and c) whether it requires suppliers to disclose to the company the recruiters that they use.

Related to indicator D.2.5.b of the CHRB

Answer:

- a) As explained in our Vendor Guidebook, Gildan encourages its suppliers to have a policy statement that expresses their commitment to avoid all forms of forced labour.
- b) At this time, Gildan does not have a direct employment policy which prohibits suppliers from employing recruitment firms. However, our Vendor Guidebook provides guidance on appropriate compliance management systems – including the policies and procedures needed to ensure that recruitment activities are conducted such that situations of forced labour are avoided, such as:
 - A policy that states that workers who are under any debt, bond or other obligation such that workers do not receive their pay directly from the company, will not be hired.
 - A policy that states that workers will not be required to pay recruitment fees or post bonds or deposits for their employment.
 - Procedures that eliminate or preclude hiring of domestic workers through a third party or middleman who holds the contract with or is responsible for paying workers' salaries and benefits.

- Procedures to ensure that employment documents required from new hires and contract workers are not original copies of the following: birth certificates, national identity cards, passports, or any personal documents.

c) Gildan does not require suppliers to disclose the recruiters that they use.

Recruitment fees

15. Please describe your company's approach to recruitment fees in the supply chain, including whether your company requires that no fees be charged to supply chain workers during recruitment processes, and whether and how your company ensures that fees paid by workers are reimbursed.

Related to indicator D.2.5.b of the CHRB

Answer:

Gildan does not charge any fees as part of any of its recruitment activities with a view to staffing in its owned facilities. While this item is not an issue within our vertical operations, we do not tolerate this practice among our contractors. As outlined in item No. 14 of this questionnaire, we encourage suppliers to adopt a policy that states that workers will not be required to pay recruitment fees or post bonds or deposits for their employment. Any evidence of non-compliances revealed in the course of social compliance assessments, audits or other would require corrective remediation.

Relevant link:

<http://www.genuinegildan.com/en/people/code-conduct/>

Recruitment audits:

16. Does your company audit recruiters used in its supply chain, to assess risks of forced labor and human trafficking, and/or require suppliers to audit their recruiters?

For further information, see Verité – [Fair Hiring Toolkit. Conducting Interviews with Labor Recruiters](#).

Answer:

Over 90% of Gildan's operations are vertically integrated; the company is able to maintain control over human resources management activities and can ensure fair and ethical recruitment and hiring practices. Since the risk in this specific area of our supply chain is relatively low, Gildan does not audit recruiters used in its supply chain.

Worker voice

Communication of policies to workers

17. Please describe how your company communicates its human trafficking and forced labor related policies and standards to workers in its supply chain, and whether your company makes its policies and standards available in the languages of suppliers' workers (including migrant workers).

Related to indicator B.1.4.b of the CHRB

Answer:

Our training programs are the primary vehicle for communicating policies and standards to workers in our owned facilities and along our supply chain. Policies are also shared via the company's Intranet and through internal communication campaigns that include targeted emails, memorandums and posters/signage and activities geared towards employees to raise awareness, foster involvement and engagement.

As mentioned in Item No. 5 of this questionnaire, all new employees are familiarized with Gildan's Code of Conduct through a formal onboarding process administered by the Human Resources and Corporate Social Responsibility departments and are required to certify in writing that they have read and understood all aspects of the Code of Conduct. In addition, new employees are informed on topics relating to corporate citizenship, as well as their rights and obligations in that regard. This training provides new employees with a thorough knowledge of Gildan's Code of Conduct and raises awareness on the concept of Corporate Citizenship and its role within our Company.

Ad hoc refresher courses on Gildan's Code of Conduct and on other topics relating to corporate citizenship are also periodically provided to prevent and address potential workplace-related issues. In 2015, refresher courses on the Code of Conduct were provided to all employees in our sewing, textile and screen printing facilities in Honduras, Nicaragua and the Dominican Republic. A refresher training course will be administered in our remaining hosiery facility in Honduras and integrated facility in Bangladesh by the end of the third quarter of 2016.

In 2015, training on the Code of Conduct was provided to the employees of the recently acquired Comfort Colors facilities.

We have been providing training for employees at each of our long-term Haitian sewing contractors on an ongoing basis. In 2014, more than 700 employees were trained on Gildan's Code of Conduct.

As part of the Better Work Haiti program, managers at our contractor facilities in Haiti have received training on various labour issues since 2011. The training provided included Human Resources planning, Mastering recruitment efforts for key positions, and Establishing remuneration and motivation systems and policies.

During 2014, training on Gildan's Code of Conduct was also provided to three major third party contractors in Mexico. Training sessions were provided to a total of 11 mid-management employees in all facilities.

A refresher course on Gildan's Code of Conduct was also provided to a total of 240 security personnel (all of whom are employed by sub-contractors) across Gildan-owned operations. Designed specifically for security employees hired by third party contractors, the training course offered focuses on common situations that security personnel, employed by sub-contractors, might face while performing their duties on behalf of Gildan.

Finally, we would like to highlight a principle in our Code of Conduct that requires all business partners to implement this code and applicable laws, and this subject to verification. It also stipulates that the Code of Conduct must be posted in the language(s) of the employees and communicated to employees.

The Code of Conduct is currently available in 11 languages.

Relevant links:

<http://www.genuinegildan.com/en/people/code-conduct/>

<http://www.genuinegildan.com/en/people/code-conduct/contractors-suppliers/>

<http://www.genuinegildan.com/en/people/working-conditions/training-development/>

Worker voice

18. Please describe how your company engages with workers in its supply chain on labor related issues and rights outside of the context of the factories/farms in which they work? (whether directly or in partnership with stakeholders).

[Example available here](#)

Related to indicator B.1.8 of the CHRB

Answer:

Gildan is in constant dialogue with its various stakeholders and has identified a local Company representative, in each region, responsible for receiving and addressing stakeholders' grievances as well as proactively engaging with local NGOs and the communities in the regions where we operate. Local

Company representatives provide their telephone numbers and email addresses to stakeholders to maintain more direct communications.

In addition, if stakeholders are not satisfied with the Company's response to their concerns, as Gildan is a member of the Fair Labor Association (FLA), they can use this organization's third party complaint process. When a complaint is made, the FLA first verifies whether the factory in question produces for any participating companies or university licensees, and whether the complaint contains specific and verifiable allegations of noncompliance with the FLA Code of Conduct. For more detail on the FLA third party complaint process, please refer to <http://www.fairlabor.org/>.

In 2013 Gildan rolled out a global engagement survey that measured employees' emotional satisfaction and intellectual commitment to Gildan. During the course of carrying out this engagement survey, employees from the majority of our locations were invited to participate by filing out a questionnaire which typically measures 3 key behaviors: saying positive things about Gildan, staying within the organization and striving to achieve above and beyond what's expected in their day-to-day role. Extensive analyses of the results of this survey highlighted the main strengths, as well as main areas for opportunities in terms of employee engagement within Gildan. The 2013 survey results showed high global scores relating to corporate social responsibility (CSR), employer reputation, sense of accomplishment, work/life balance and work tasks. Areas for improvement were also identified and have been addressed with concrete action plans that include regular follow-ups.

A second employee engagement survey was conducted in 2015. The goals of this survey were to gather information about the current level of engagement of our employees and measure the results of the aforementioned initiatives taken by the Company. With a high 2015 response rate, we surpassed our engagement level objective and remarkably increased our results.

A Toll-free Integrity and Social Responsibility Hotline and website link is a valuable line of communication that has been made available. Details are explained in the Grievance Mechanisms portion of this questionnaire.

More information about employee engagement is available on our web site.

Relevant links:

<http://www.genuinegildan.com/en/company/stakeholders-partners/>
<http://www.genuinegildan.com/en/people/employee-engagement-programs/>
<http://www.genuinegildan.com/en/people/goals-targets/>

Worker empowerment

19. Please explain how your company encourages its suppliers to ensure workplace environments where workers are able to organize, including through alternative forms of organizing, where there are regulatory constraints on freedom of association.

[For additional information on worker empowerment, see context in "Responding to Challenges of Freedom of Association" chapter of Ethical Trading Initiative's practical guide on "Freedom of Association in Company Supply Chains", and related company example on page 35](#)

Related to indicator D.2.6.b of the CHRB

Answer:

Gildan's Code of Conduct and management team respect the rights of workers to freedom of association. Gildan is currently working on a collaborative basis with various unions. The Company fully recognizes an employee's right to form or join any organization or association of their choosing, including a union, and their right to engage in collective bargaining with the Company. Approximately 22,800 of our employees are currently represented by unions worldwide from which 40% are governed by a collective bargaining agreement in place between the union and the corresponding facilities. In 2015, three of our sewing facilities in Honduras became unionized.

Our Code of Conduct requires Gildan and its business partners to recognize and respect the rights of employees to Freedom of Association and Collective Bargaining. Worker/Management Committees have been set up at all of our owned facilities, irrespective of the existence of a union. As described in the Grievance Mechanism section of our site, several worker-management committees have been created at our various locations in order to share opinions and help manage a variety of issues in the workplace. In addition to the health and safety and ergonomics committees, other committees have been established and meet monthly to discuss subjects including transportation, cafeteria and environmental initiatives, or to address specific issues in a particular facility or office. The following are examples of committees that were created, and of some of the excellent initiatives that have been developed as a result.

- In Honduras, an environmental committee has been created to oversee all environmental activities at our textile complex, such as recycling, reforestation, and circulation of educational bulletins.
- In the Dominican Republic, various committees were formed for employees from various shifts to work on opinion survey results and establish an action plan to work on identified areas of improvement.
- In Barbados, a staff committee is responsible for planning staff activities. This committee along with the Green and Wellness committee also acts as an information conduit for employees to address their concerns or as a mechanism through which they can submit their suggestions.
- In Bangladesh, a Worker's Participation Committee and Environmental Health and Safety Committee comprised of workers and management representatives is in place. The Workers Participation Committee meets once every two months to discuss subjects presented by workers' representatives. The Environmental, Health and Safety Committee meets once a month to discuss safety issues and make action plans to work on the identified areas of improvement.

Please read more about union activities in the Working Conditions section of our site.

Relevant link:

<http://www.genuinegildan.com/en/people/working-conditions/unions/>

Information about Worker/Management Committees and details about our Grievance Mechanisms are published on our site.

Relevant link:

<http://www.genuinegildan.com/en/people/working-conditions/grievance-mechanisms/>

Grievance mechanism

20. Please describe your company's grievance mechanism, and clearly indicate whether it is available to workers in the supply chain, and how it is communicated to workers in the supply chain. Please also note whether you require your suppliers to establish a grievance mechanism, and to convey the same expectation to their suppliers.

Related to indicator C.1 and C.5 of the CHRB

Answer:

Gildan's grievance mechanism is available to all workers in the supply chain – details of which are available on our web site.

Relevant link:

<http://www.genuinegildan.com/en/people/working-conditions/grievance-mechanisms/>

Monitoring

Auditing process

21. Please describe your company’s supplier auditing process including whether the process includes a) scheduled and non-scheduled visits, b) a review of relevant documents (documents may include wage slips, information on labor recruiters, contracts, etc.)¹, and c) interviews with workers.

For further details on document reviews see Verite – [Fair Hiring Toolkit. Conducting a Review of Documentation](#).

Related to indicator B.1.6 of the CHRB

Answer

As outlined in the [Auditing Methodology](#) section of our site, facilities have been audited for more than ten years through independent internal and external audits.

All Gildan owned and third party contractor facilities are subject to a complete internal audit at least once in an 18-month base period. As part of the continuous improvement process of our Social Compliance Program, we started a pilot-project in 2014 in order to audit some of our raw material suppliers. For more details, please refer to our [Audit section](#).

Internal audits are conducted on an unannounced basis.

In addition to taking into account our own labour compliance requirements and best practices, our auditing and monitoring tools encompass best practices from our major retail customers.

Gildan's monitoring tools include:

- Facility self-assessment questionnaire
- Audit guidelines and management action plan
- Management interview form
- Monitoring guidelines
- Worker interview guidelines

Gildan uses the following sampling methodology to determine the number of documents to be reviewed and the number of individuals to be interviewed. Gildan's Monitoring Guidelines are as follows:

NUMBER OF WORKERS (EXCLUDING MANAGERS)	LENGHT OF AUDIT	INDIVIDUAL INTERVIEWS	TOTAL EMPLOYEES INTERVIEWE D	WORKERS FILES ANALYZED (WORKING HOURS AND WAGE COMPLIANCE)	TIME SPENT ON INTERVIEWS
1-100	1 DAY	6 (OR TOTAL NUMBER OF WORKERS IF LESS THAN 5)	10	10	2.5 HOURS
101-500	2 DAYS	6	26	26	6 HOURS
501-1000	3 DAYS	12	42	42	8.5 HOURS
1001-2000	4 DAYS	20	52	52	12.5 HOURS
Over 2000	4 DAYS	30	70	70	HOURS

Relevant section:

Audit disclosure

22. Does your company disclose

a) the percentage of suppliers audited annually

Answer:

Yes. As explained in the [Audit](#) section of our dedicated web site, Gildan's goal is to visit 100% of its manufacturing facilities. This includes manufacturing facilities for third-party contractors at least once in an 18-month period.

Audits are prioritized based on the evaluation of risk. In 2015, 80% of our manufacturing facilities were audited at least once by our internal auditors or by third party auditors on Gildan's behalf. The facilities that have not yet been audited will be visited before the end of the second quarter of fiscal year 2016. This will ensure that all facilities have been visited at least once in an 18-month period. In addition, all new sourcing facilities have been audited prior to the start of any production for Gildan. For more information, please refer to our [Methodology](#) section.

In 2015, 337 monitoring audits were performed. This number also includes audits performed at third party contractor facilities that were not retained for production.

A total of 201 complete social compliance audits were conducted at Gildan and third party contractor facilities in the United States, Asia, Central America, and the Caribbean Basin. Of these, 120 audits were conducted by our internal auditors or by third-party auditors on Gildan's behalf. Eighty-one audits were conducted by external auditors for the FLA, ILO Better Work Programme, WRAP or by customers.

Furthermore, 136 follow-up audits were conducted at Gildan and contractor facilities. Of these, 82 audits were conducted by our internal auditors or by third party auditors on Gildan's behalf, and 54 were conducted by external auditors for the ILO Better Work Programme.

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. During 2014 overall, we audited five key raw material suppliers. The audits identified weaknesses in the areas of documentation of employee contracts and files, excessive overtime, as well as health and safety and environment issues.

We are currently working with these suppliers in order to develop a remediation plan to address the findings. All facilities collaborated in remediating the issues found and they made positive progress over the course of 2015. In addition, four additional audits were conducted at raw material suppliers in 2015.

Based on the positive results of this pilot project, we are currently developing a procedure utilizing a risk-based approach in order to select raw material suppliers to be audited on a go forward basis.

Relevant Link:

<http://www.genuinegildan.com/en/people/social-compliance/audits/>

b) the percentage of unannounced audits

Answer:

All internal audits are conducted on the premise of an unannounced visit.

c) information on who carried out the audits (this may include further information on the expertise of auditors such as relevant certifications, in cases where third-party audits are used,

the names of the auditors, and in cases where internal auditors are used, details on department/team/group within which the auditor(s) sits), and

Answer:

For confidentiality reasons, Gildan does not disclose details such as auditor name. Internal audits are conducted on an unannounced basis through the Corporate Social Responsibility department. Internal regional monitors who are thoroughly trained on our guidelines and social compliance programs. Internal compliance auditors are selected and hired based on the job description, which includes a list of required competencies established for the position. Candidates for these positions are recruited and selected based on the identified competencies. New hires follow a series of orientation and training sessions to ensure they develop the capabilities needed to fulfill their responsibilities. Yearly performance evaluations are conducted to identify training gaps and to develop a personalized training plan designed to enhance each employee's capabilities and continuously develop their skills.

Third-party audit service providers can also be mandated by Gildan to conduct internal audits in some regions. Basic training required for all compliance staff and/or third party monitors includes:

- Understanding of the Gildan's Code of Conduct
- Ability to speak the local language of their region, with the exception of Haiti where we work with an interpreter in Creole
- Knowledge of the local laws of their particular area and country
- Third party monitors work with trained staff and use either their own tools, or those of SMETA or the FLA, to conduct external monitoring
- Understanding of Gildan Corporate Citizenship Program and internal monitoring system and tools such as the Gildan Corporate Social Responsibility Database
- Involvement in FLA, WRAP or customers' monitoring audits
- Some internal audits are also conducted by third-party auditors on our behalf.

External audits are also conducted on an ongoing basis at Gildan owned and contractor facilities. These audits are performed by third party monitoring organizations, mandated by the Fair Labor Association (FLA), Worldwide Responsible Apparel Production (WRAP), Better Work and by several of our customers.

Remediation follow-ups are also conducted. These are performed by our internal monitors who are working with the facilities towards proper remediation. All evidence of remediation is verified by our auditors on an on-going basis to ensure that corrective measures have been implemented to address initial findings. The results are then updated in our internal Corporate Citizenship database. On-site follow-up audits may also be conducted if necessary.

External audits are also conducted on an ongoing basis at Gildan owned and contractor facilities. These audits are performed by third party monitoring organizations, mandated by the Fair Labor Association (FLA), Worldwide Responsible Apparel Production (WRAP), Better Work and by several of our customers whose designated auditing firms may include renowned labs such as BV, SGS, Intertek, UL, Accordia, Elevate, TUV SUD and ALGI.

d) a summary of findings, including details of any violations revealed?

Please provide a URL with the relevant information.

Related to indicator B.1.6 of the CHRB

Answer:

Yes. Relevant link is:

<http://www.genuinegildan.com/en/people/social-compliance/findings/>

Remedy

Corrective action plans

23. Does your company have a process for creating corrective action plans when violations are discovered through an auditing process? Please describe this process and the elements of a corrective action plan.

Related to indicator B.1.6 of the CHRB

Answer:

Yes. Relevant link is:

<http://www.genuinegildan.com/en/people/social-compliance/remediation/>

Remedy

24. Does your company have a process to provide remedy to workers in its supply chain in cases where violations are discovered, including for responding to instances of forced labor and human trafficking? If yes, please provide examples of outcomes.

Related to indicator C.7 of the CHRB

Answer:

Gildan prohibits the use of forced or compulsory labour at its facilities. No non-compliances were found in this category at Gildan owned or third-party contractor facilities in 2015.

Non-compliance with Gildan's Code of Conduct can result in corrective action or even termination of a commercial agreement, depending on the number of non-compliances found as well and their severity. Gildan will always first seek a viable remediation strategy with suppliers who have not achieved full compliance with our Code of Conduct. Our team of internal auditors work with contractors to develop action plans to resolve any instances of non-compliance. However, we may terminate a business relationship with a contractor if deemed necessary.

Corrective actions are verified through follow-up audits and through the use of our internal Corporate Citizenship database. Facilities can provide details on their corrective actions, as well as provide evidence to support their remedial efforts. The status of all non-compliances is reviewed and their corrective actions are reported to the Board of Directors on a quarterly basis.

Persistent or recurrent findings are given special attention in order to ensure proper remediation is implemented for these concerns as well as assess whether a persistent pattern is developing in several facilities.

In order to address recurrent issues identified in our 2015 audits, key members of the management team from each facility were trained in Gildan's root cause analysis process. Our root cause analysis procedure was revamped in 2014. Management teams in our facilities are now required to systematically identify the root causes of each of the non-compliances raised during the audit process. The main objective is to help prevent similar non-compliance issues from happening in the future. This is done by having a system in place that helps with the implementation and review of adequate preventive and corrective actions using this methodology.
