

2019

# ESG REPORT EXECUTIVE SUMMARY



GENUINE  
RESPONSIBILITY®



# OUR APPROACH TO CORPORATE RESPONSIBILITY

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Genuine Responsibility® is the overarching framework of programs, policies, and practices that governs Gildan's operations and business in all areas related to environmental stewardship, social impacts, and governance practices. Developed over the last 15+ years, this comprehensive framework serves to guide the decisions we make, the actions we take, and the future we envision for our Company across three central pillars:

## CARING FOR OUR PEOPLE



## CONSERVING THE ENVIRONMENT



## CREATING STRONGER COMMUNITIES



In 2019, we focused on making progress towards fulfilling our 2020 targets towards these three pillars, as set in 2015, which included the reduction of our environmental impacts in the areas of **energy**, **landfill waste**, **water**, and **GHG emissions intensity**. We also aimed to build more cohesion across our supply-chain by enhancing health and safety, human and labour rights, and compliance with our Company standards through further advancing our global programs and deploying various trainings for both our Company-owned and third-party facilities.

Our program's governance and strategy, as well as our three pillars, are summarized in the following pages and detailed in our complete [2019 Genuine Responsibility® ESG Report](#).





# GOVERNANCE & STRATEGY

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## Governance

We believe that high standards of corporate governance are an important factor in the overall success of our Company. We strive to foster a culture of integrity, accountability, and transparency throughout our organization – with a tone from the top.

Our governance program focuses on the following key elements:

## ETHICS

We are dedicated to maintaining high ethical standards throughout all our operations and business practices worldwide.

## ANTI-CORRUPTION & COMPLIANCE

Our Anti-Corruption Policy and Compliance Program encompasses the anti-corruption laws of the countries in which Gildan conducts business.

## CODE OF CONDUCT

The Gildan Code of Conduct guides our activities wherever we operate and is aligned with internationally recognized standards such as the International Labour Organization (ILO) and the Fair Labor Association (FLA).

## RISK MANAGEMENT

Effective risk oversight is an important priority for our Board of Directors. Our risk governance framework helps us understand critical risks in the Company's business and strategy in order to oversee the systems in place for identifying and managing business risks and opportunities while fostering an appropriate culture of risk awareness across the Company.

## DATA PROTECTION

Data protection and cybersecurity are topics that we take very seriously at our Company. All Gildan administrative and office employees receive mandatory training on data privacy and protection as well as cyber security including elements from our Information Security Policy and Information Assets Protection Policy.

## Genuine Responsibility® Strategy

Our Genuine Responsibility® strategy has been developed by focusing on the most material issues to our Company, with consideration to leveraging our strengths in support of the United Nation's (UN) Sustainable Development Goals, as well as to upholding and respecting human rights as established in the UN International Bill of Human Rights<sup>1</sup>, and the UN Guiding Principles on Business and Human Rights.

### Alignment with UN Sustainable Development Goals

The 17 UN Sustainable Development Goals (SDGs) serve as a shared blueprint to build economic growth while addressing the most pertinent global challenges we face, including those related to poverty, inequality, climate change, environmental degradation, peace, and justice for all by 2030. Our Genuine Responsibility® programs aim to leverage our core strengths, enabled by our underlying vertically-integrated business model, to positively influence outcomes in areas that are material to our business and operations. As such, we have aligned our program to the following four specific SDGs to help support these goals as we make progress towards creating a better world for all.



<sup>1</sup>Consists of the Universal Declaration of Human Rights, the International Covenant on Civil and Political Rights and the International Covenant on Economic, Social and Cultural Rights



## MATERIAL ISSUES

We have identified the subject matters below through a formal materiality assessment (executed in late 2017), which encompasses the most important areas of concern to our stakeholders while considering the biggest potential for having an impact on our business. The top five material issues have been identified as follows:

### HUMAN & LABOUR RIGHTS



### CHEMICAL MANAGEMENT



### OCCUPATIONAL HEALTH & SAFETY



### OPERATIONAL WATER & WASTEWATER MANAGEMENT



### ENERGY & EMISSIONS MANAGEMENT



Initiatives and progress related to these top material issues are further presented in the complete [Genuine Responsibility® 2019 Report](#).

## HUMAN RIGHTS

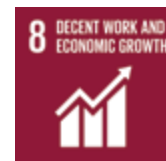
As a responsible corporate citizen, we adhere to the fair and ethical treatment of our stakeholders throughout the Company's supply chain. We are committed to adopting the best labour practices and working conditions to ensure that the human rights and dignity of all our employees and those of our business partners are respected. As such, Gildan has updated its Human Rights Policy to include the Company's most important social and environmental issues and identify, understand, and address actual or potential adverse human rights risks in connection with our operations and extended supply chain. A list of the Company's salient human rights risks can be found in Gildan's [Human Rights Policy](#). Additional details on how the Company addresses human rights risks can be found in the complete report.

# CARING FOR OUR PEOPLE



As one of the world's largest apparel manufacturers, we embrace our responsibility to treat our more than 52,000 employees with respect and provide them with rewarding, safe, and healthy work environments. We strive to foster a company culture where employees are valued and empowered to share in our success.

## United Nations Sustainable Development Goals:



## Our Workplace & Workforce Highlights

Launch of a new  
Company-wide  
ergonomics program

**94%**

of our textile and sewing  
facilities tested the FLA's **living  
wage** methodology

**38%** of management  
positions and **18%** of  
top leadership position  
are held by women

**52%**  
of employees are covered by  
**collective bargaining agreements**

**7%**  
reduction in our work-Related  
Injury Rate from 2018

**96%**  
of Gildan employees globally  
are represented by formal  
Health & Safety Committees

Provided **2.5M hours**  
of training to employees

**195,603** medical consultations provided,  
and **15,351** vaccines administered free of  
charge at on-site clinics

Invested **\$13.9M** in  
supplemental benefits,  
including free onsite  
medical health care  
at all our non-U.S.  
locations, vaccination  
and medicine programs,  
parental leave, financial  
assistance, subsidized  
meals, and free  
transportation



# Our Supply Chain Highlights

78%

of third-party manufacturing contractors audited following our risk-based approach

13

terminated due to inability to comply with our standards

Migrant Worker Survey deployed to **all contractor facilities in Asia**; **6** facilities reported employing migrant workers; **100%** were compliant

Hosted a Code of Ethics and Code of Conduct Summit in Shanghai, China to provide training to our contractors located in this region, where we trained more than 40 contractors on topics pertaining to our Codes and our updated **Social & Sustainable Compliance Guidebook**

151

**audits** conducted and completed at company-owned and contractor facilities



# CONSERVING THE ENVIRONMENT

We have always looked to minimize waste, optimize resources and pursue continuous improvements in every aspect of our operations. Initially driven as cost saving initiatives, we now see the direct connection between sustainable practices and superior financial results, wherein investments in sustainable solutions and innovative technologies are not only driving reductions of our impacts but also delivering long-term financial success.

In 2015, we set environmental targets to be achieved by 2020, which are based on 10% reductions in the areas of energy intensity, greenhouse gas (GHG) emissions, water intensity, and landfill waste intensity. While we have already achieved our targets in energy and water intensity, we continue to remain committed to pursuing continuous improvements and integrating sustainable solutions throughout each level of our operations.

## United Nations Sustainable Development Goals:



## Progress on Environmental 2020 targets

2020 TARGETS	PROGRESS FROM 2018	PROGRESS FROM 2015
GHG Emissions: 10% reduction	10.5% reduction	13% reduction
Energy Intensity: 10% reduction	3.1% reduction	0.5% increase
Water Intensity: 10% reduction	11.2% reduction	11.2% reduction
Landfill Waste Intensity: 10% reduction	6.2% reduction	3.6% reduction

**Note:** We have faced challenges to achieve our goals in energy intensity (0.5% increase) and landfill waste (3.6% decrease), which can be attributed to both our further vertical integration from the establishment of our own state-of-the-art yarn-spinning operations and the uptake of new product mix offerings since we set our five-year goals in 2015.



# Other 2019 Environmental Highlights

Gildan was included in the leadership band in CDP's 2019 scores for corporate transparency and action on climate change with an A- score

**94%**

of our raw material suppliers completed all updated requirements, confirming their full compliance with Gildan's Restricted Substances Code of Practice (RSCP)



**89%**

of non-hazardous waste recycled or repurposed in 2019



Gildan®, Comfort Colors®, Alstyle® and Anvil® by Gildan® branded products manufactured in our Company-owned facilities are certified by the internationally-recognized Oeko-Tex® Standard 100

**44%**

of the energy consumed in all our facilities comes from renewable sources



**21%**

reduction in quantity of boxes purchased per kg of production for one of our brands resulting from the implementation of a packaging reduction program in 2019



## COTTON

Gildan is one of the largest purchasers of US cotton, which is preferred due to its high quality and the industry's strong environmental sustainability and social responsibility practices.

We are a supporter and contributor of the U.S. Cotton Trust Protocol, a new sustainability initiative with a focus on U.S. grown cotton.



# CREATING STRONGER COMMUNITIES



We believe we have a responsibility to be an active participant in the communities where we operate, extending well beyond the employment opportunities we create. Our large scale, global reach, and commitment to operating responsibly position us well to deliver positive and sustainable impacts for creating stronger and healthier communities. Through our community engagement program, our investments are focused on enriching people's quality of life by advancing access to education, promoting healthy and active lifestyles, protecting local environments, and fostering entrepreneurship. We partner with community organizations to target and respond to the most pressing needs in the regions where we operate.

## United Nations Sustainable Development Goals:



## Community Engagement Highlights

Close to **\$100,000** in teaching materials donated and Company provided support with infrastructural repairs in schools in the Dominican Republic and Honduras

Over **\$1.5M** in community investments through cash donations or in-kind giving (product, service, or other non-financial donations)



Over **26,300** school kits and supplies donated to children in the Dominican Republic, Haiti, Nicaragua, and Honduras



**371**  
schools supported by Gildan in Central America, Mexico, the Dominican Republic, and Haiti

**12,717**  
Gildan employees volunteered across the various regions where we operate



# Local Development Highlights

In 2019, we conducted a Social Return on Investment (SROI) study to identify the impact of our community investment in Central America, which included the following key findings:

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In Honduras, where our main manufacturing hub is located, our SROI ratio is \$1:\$13

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In Nicaragua, our SROI ratio is \$1:\$19

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Gildan returned a value of **\$41** for each **\$1** invested towards child cancer prevention in Nicaragua

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Our Gildan Glow Run has had a significant impact in maternal health in Honduras where the funds raised by the Company have helped reduced newborn mortality rates (**48%** at Hospital Mario Catarino and **100%** at Hospital Leonardo Martinez)

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Over **\$260M** in total expenditures for materials and services with local suppliers in Bangladesh, Central America and the Caribbean basin

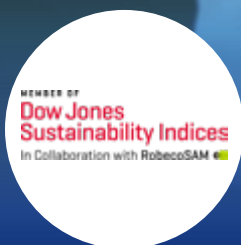
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**83%**  
of all managers globally are local talent

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# RECOGNITIONS



Included in the DJSI for a seventh consecutive year



2020 SAM Sustainability Yearbook: Bronze Class Distinction

Included for the eighth consecutive year



CDP 2019 Scores for Corporate Transparency and Action on Climate Change: A- (Leadership Band)





Distintivo ESR® Award. For the fourth year, we received this award at the Latin American Conference of Socially Responsible Companies for our CSR activities in Honduras

FUNDAHRSE CSR Seal awarded to Gildan for the 12th consecutive year by the Foundation for Corporate Social Responsibility for demonstrating leading practices related to corporate social responsibility in Honduras

In 2019, Gildan received a rating of AAA (on a scale of AAA-CCC) in the MSCI ESG Ratings assessment

Fashion Transparency Index. Gildan was listed as the 25th highest ranked brand within the 250 global brands on the 2020 Fashion Transparency Index (FTI)



# LOOKING FORWARD

We remain devoted to continuing our diligent pursuit of achieving our 2020 goals as we move forward. We have also started establishing our next set of goals and working on a plan to continue improving our environment, social and governance programs globally.





**Over the next year, we will focus on the following initiatives:**

### **People**

- Strengthen our Diversity and Inclusion strategy
- Development of new Global Ergonomic Guidelines and a Health and Safety database
- Complete global Leadership Training Program for supervisors at other Company-owned sewing and textiles facilities, as well as the deployment of our Social and Sustainable Compliance Guidebook
  - The initial target for completion was 2020 but progress was interrupted by the COVID-19 pandemic

### **Environment**

- Continue progress towards our energy intensity reduction goal through continued investments into new technologies and renewable energy sources
- Continue progress towards reducing landfill waste to achieve 2020 target by further enhancing our recyclable waste management procedures
- Expand Scope 3 emissions reporting
- Finalize our water assessment for our Central America and Caribbean basin operations

During the next year, we will also set new environmental targets, and in doing so, we will carefully consider the Science-Based Targets Initiative Framework.

### **Community**

- Continue strengthening local economies through the use of local suppliers and community investment programs
  - Further enhance our environment programs in the communities where we operate to provide them with the training and tools they need to conserve the environment
  - Review our community investment program to ensure continuous alignment with community needs and business strategy
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# ABOUT GILDAN

Gildan is one of the world's largest vertically-integrated manufacturers of everyday basic apparel, including activewear, underwear, socks, hosiery, and legwear. Our founding business model, of owning and operating the manufacturing facilities that produce the vast majority of the products we sell, sets us apart from most major global apparel companies. 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.

Gildan's vision statement of Making Apparel Better® perfectly captures the essence of our Company and the culture we have built over the last 35 years. Across the full spectrum of our business, our founding entrepreneurial spirit drives us to pursue continuous improvements, constantly looking for better ways to operate and to create value for all our stakeholders.

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**More information about Gildan:** [www.gildancorp.com](http://www.gildancorp.com)

**More information about Genuine Responsibility:** [www.guineresponsibility.com](http://www.guineresponsibility.com)