

Gildan Feedback to 2020 Appeals Process

Thank you for taking part in the CHRB Appeals Process.

Of the 7 appeals submitted to CHRB, 2 were accepted by the CHRB and research team and 5 were rejected on a technical basis, or on the basis that the evidence provided by the Company did not meet the indicators' requirements. None were submitted for a third review to the appeals committee panel made up of six members (Margaret Wachenfeld, Peter Webster, Daniel Neale, Lise Smit, Nadia Bernaz, Tara Van Ho).

Engagement Status: Formally engaged

A summary of the appeal verdicts is set out below:

Company	Indicator code	Indicator title	CHRB Score (pre-appeal)	Final Score (Post-appeal)	Appeal Committee involved? (Yes or No)	Change in Score (Yes or No)
Gildan	A.1.4	Commitment to engage with stakeholders	1	1	N	N
Gildan	A.1.5	Commitment to Remedy	0.5	0.5	N	N
Gildan	B.2.1	Identifying: Processes and triggers for identifying human rights risks and impacts	0	2	N	Y
Gildan	B.2.3	Integrating and Acting: Integrating assessment findings internally and taking appropriate action	0	0	N	N
Gildan	B.2.4	Tracking: Monitoring and evaluating the effectiveness of actions to respond to human rights risks and impacts	0	0	N	N

Gildan	C.7	Remedying adverse impacts and incorporating lessons learned	0	1	N	Y
Gildan	E.3	The Company has taken appropriate action	0.5*	0.5*	N	N

* While allegations of severe human rights impacts (measurement theme E) were assessed in the 2020 benchmark in order to allow companies to provide further information and for the CHRB to track progress, they did not impact overall final scores.

A summary is included below for the appeals that were rejected:

APPEAL NUMBER: 001	COMPANY: Gildan
Indicator: A.1.4	Indicator Title: Commitment to engage with stakeholders
Excerpt from Methodology	
<p>Score 1: The Company has a publicly available statement of policy committing it to engage with its potentially and actually affected stakeholders, including in local communities where relevant OR there is evidence that the company regularly engages with potentially and actually affected stakeholders and/or their legitimate representatives.</p> <p>Score 2: The Company's publicly available statement of policy also commits it to engaging with affected stakeholders and/or their legitimate representatives in the development or monitoring of its human rights approach OR there is evidence that the Company regularly engages with potentially and actually affected stakeholders and/or their legitimate representatives in the development or monitoring of its human rights approach.</p>	
<p>Scorecard Text:</p> <p>Score 1</p> <p>Met: Commits to stakeholder engagement: The Company is committed to, among other actions, 'identify our stakeholders and communicate in a timely and responsive manner to ensure successful engagement', 'assess our social performance through direct consultation with our neighbours and social partners' and 'manage external risks by understanding the impacts our operations can have on our stakeholders and promote effective working relationships'. [Stakeholders and Partners Policy Statement, 05/2017: genuineresponsibility.com]</p> <p>Met: Regular stakeholder engagement: The company lists a series of engagements with different stakeholders including the type of activity, the frequency of the engagement, the concerns and the material topic. [CSR Report 2018, 2019: genuineresponsibility.com]</p> <p>Score 2</p>	<p>2020 Scorecard Score:</p> <p>1</p>

	<p>Not met: Commits to engage stakeholders in design: The company indicates that 'one of the key areas we believe our stakeholders can help provide insight for us is in improving the lives of the people involved in manufacturing our products, ensuring an ethical and stimulating work environment and respecting and enhancing the local communities in which we operate. We invite groups representing workers, students, colleges, trade unions, academia, governments, local communities and consumers to communicate, share ideas and build consensus on these issues with us'. However, no publicly available statement of policy which also commits to engaging with affected stakeholders and/or their legitimate representatives in the development or monitoring of its human rights approach found. In its 'Stakeholder Engagement', the Company lists several commitments to its stakeholders, but there is no mention to engagement in order to develop or monitor human rights performance. [CSR Report 2018, 2019: genuineresponsibility.com & Stakeholder Engagement Policy, N/A: genuineresponsibility.com]</p> <p>Not met: Regular stakeholder design engagement: The company lists a series of engagements with different stakeholders including the type of activity, the frequency of the engagement, the concerns and the material topic. However, although human rights appear to be part of its material topic, it is not clear that the company regularly engages with affected stakeholders and their legitimate representatives in the development or monitoring of its human rights approach. Additionally, it states: 'Gildan periodically (every two or three years) conducts a global materiality assessment which helps us to look at 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. The assessment includes involvement and/or consultations with relevant human rights stakeholders, such as labour advocates, customers, union representatives, internal Human Resources experts, and local representatives in manufacturing countries throughout our entire supply chain, reinforcing our commitment to internationally-recognized labour and human rights principles'. However, there is no evidence of actual engagement with stakeholder in order to develop or monitor human rights performance. [CSR Report 2018, 2019: genuineresponsibility.com & Genuine Responsibility ESG Report, N/A: genuineresponsibility.com]</p>	
<p>Requested Score: 2</p>	<p>Justification from Company:</p> <p>SUPPORTING STATEMENT 1:</p> <p>As a result of our continued effort to improve our policies, we updated our Stakeholder Engagement Policy to include the following specific commitments strengthening our approach to human rights actions:</p> <ul style="list-style-type: none"> • Establishing a process of continuous dialogue to ensure timely and responsive communication with all stakeholder groups and to develop enduring relationships that demonstrate mutual respect, proactive engagement, honesty and transparency. • Creating appropriate platforms for open and participative engagement and assessing our social performance through focus groups, our Whistleblowing Policy 	

for Employees and External Stakeholders, community and union meetings, amongst others.

- Measuring and reporting the outcome of our stakeholder engagement activities and including feedback into business processes.
- Continuously improving and updating our engagement activities through process review.

SUPPORTING STATEMENT 2:

Our Stakeholder Engagement Policy commits to not only engaging, but also cooperating with affected stakeholders and/or their legitimate representatives in the development or monitoring of our human rights approach, as described on p.29 of our 2019 ESG Report: “One of the key areas we believe our stakeholders can help provide insight for us is in improving the lives of the people involved in the manufacturing of our products, ensuring an ethical and stimulating work environment, and respecting and enhancing the local communities in which we operate. We invite groups who represent workers, students, colleges, trade unions, academia, governments, local communities, and consumers to share their ideas and build consensus on these issues with us. This is accomplished through a variety of methods, including face-to-face meetings, focus groups or roundtables facilitated by external independent facilitators, workshops and seminars, confidential questionnaires, and anonymous feedback. Our belief is that engagement should be mutually beneficial and transparent, that it should focus on finding common ground and creative solutions to issues that affect us all, and that the outcome should lead to real value for both the Company and its stakeholders.”

In addition, on p. 118 of our 2019 ESG Report, you can find evidence of the frequency of meetings we have with both internal and external stakeholders on different topics, including human and labor rights issues. We consider this interaction as critical in operating responsibly. In addition, since we meet frequently with most of them, we are able to anticipate risks and work together to find the best possible solutions. These group of stakeholders include those who are directly or indirectly impacted by our operations.

Valid:
Yes

Sources from Company:
[Source 1: Stakeholder Engagement Policy](#)
[Source 2: 2019 ESG Report](#)

Decision	Accepted	<input type="checkbox"/>	Partially Accepted	<input type="checkbox"/>	Rejected	<input checked="" type="checkbox"/>
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Justification:

When considering the company’s request and the requirements of the indicator, the following determination was made:

In order to meet the requirements for Score 2 of A.1.4, the company should have a publicly available statement of policy that commits it to engaging with affected stakeholders and/or their legitimate representatives **in the development or monitoring of its human rights approach**, or there provide evidence it regularly engages with potentially and actually affected stakeholders

and/or their legitimate representatives **in the development or monitoring of its human rights approach.**

While there is evidence of engagement and the language suggests openness “inviting groups to share ideas” is different from a commitment to engage those groups in the design of monitoring mechanisms. Similarly, it is clear the company has conducted engagement, but the outcome of these is unclear. In order to meet Score 2, the company should provide a description of the concrete outcomes of those meetings and show how the engagement contributed to the development or monitoring of its human rights approach.

The appeal was therefore rejected on the grounds that the CHRB did not identify a commitment to to engaging with affected stakeholders and/or their legitimate representatives in the development or monitoring of its human rights approach, nor evidence that the Gildan regularly engages with potentially and actually affected stakeholders and/or their legitimate representatives in the development or monitoring of its human rights approach.

Indicator: A.1.4	Final Score: 1	Date: 26/04/2021
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APPEAL NUMBER: 002	COMPANY: Gildan
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Indicator: A.1.5	Commitment to Remedy
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Excerpt from Methodology

Score 1: The Company has a publicly available statement of policy committing it to remedy the adverse impacts on individuals, workers and communities that it has caused or contributed to.

Score 2: The commitment also recognises this should not obstruct access to other remedies or includes collaborating in initiatives that provide access to remedy AND the commitment also includes working with business relationships to remedy adverse impacts which are directly linked to its operations, products or services through the business relationship’s own mechanisms or through collaborating with those business relationships on the development of third party non-judicial remedies.

Scorecard Text:	2020 Scorecard Score:
Score 1	0.5
Not met: Commits to remedy: The company indicates: 'Gildan is committed to 'where legitimate concerns are identified, including concerns relating to adverse human rights impacts, engaging and cooperating with affected stakeholders and/or their representatives in remediation efforts through legitimate processes (including judicial and non-judicial mechanisms, as appropriate)'. However, not clear if the Company has a commitment to remedy adverse human rights impact. [Stakeholder Engagement Policy, N/A: genuineresponsibility.com]	
Score 2	
Not met: Not obstructing access to other remedies	

	<p>Met: Collaborating with other remedy initiatives: The Company states that engaging and cooperating with affected stakeholders and/or their representatives in remediation efforts through legitimate processes (including judicial and nonjudicial mechanisms, as appropriate) [Stakeholder Engagement Policy, N/A: genuineresponsibility.com]</p> <p>Not met: Work with AP suppliers to remedy impacts: The company indicates: 'Gildan follows a remediation process for its global corrective and preventative actions system, aligned with international quality and operational standards, which includes the remediation of labor violations and root cause analysis. This system is implemented with the support of Gildan's HR, Health & Safety, and Planning & Production Departments. Following the internal audit, the facility works with a coordinator from Gildan's corporate office to define and execute the remediation and preventative actions according to the system. The objective of this system is to ensure any changes to Gildan procedures are documented appropriately and executed in alignment with Gildan's internal quality and operational standards.' However, the statement is not included in a formal document of the Company and also does not seem to apply to remediation of adverse impacts to its suppliers. [Assessment for reaccreditation, 06/2019: fairlabor.org]</p>	
<p>Requested Score:</p> <p>2</p>	<p>Justification from Company</p> <p>SUPPORTING STATEMENT 1:</p> <p>Our Stakeholder Engagement Policy clearly states our commitment to remedy any complaint or concern received related to human rights by:</p> <p>Establishing a process of continuous dialogue to ensure timely and responsive communication with all stakeholder groups and to develop enduring relationships that demonstrate mutual respect, proactive engagement, honesty and transparency. Including concerns (where legitimate concerns are identified) relating to adverse human rights impacts, engaging and cooperating with affected stakeholders and/or their representatives in remediation efforts through legitimate processes (including judicial and non-judicial mechanisms, as appropriate).</p> <p>We have also stated a clear commitment to remedy in our updated Human Rights Policy - Grievance Procedures, as mentioned on p.4: "All grievances are addressed in a systematic and confidential manner to ensure employees' privacy and protect them from reprisals. We take steps to ensure timely and effective remediation wherever human rights impacts occur."</p> <p>SUPPORTING STATEMENT 2:</p> <p>All our grievance mechanisms are independent from each other. If applicable, a stakeholder may use more than one grievance mechanism to report a human rights violation, as described on p.3-4 of our Whistleblowing Policy: "Any supervisor or manager who receives a complaint of improper practices or questionable acts that cannot be adequately addressed through normal management channels must immediately report the complaint through one of the additional channels of communication outlined above."</p>	

“Where an external stakeholder believes that an improper practice or questionable act (or any other issue or concern the stakeholder wishes to raise) cannot be appropriately resolved through the direct communication channels described above, or that such reporting would not provide the necessary level of confidentiality, the following additional channels of communication are always available...”

SUPPORTING STATEMENT 3:

We also work with our suppliers to remedy adverse impacts, as mentioned in the 2019 FLA Re-Accreditation Report:

To ensure supplier awareness of and commitment to workplace standards, Gildan requires all suppliers (contractors) to sign its legally binding vendor agreement prior to receiving orders. The agreement is an extensive document that outlines all terms and conditions when producing Gildan products and includes expectations, processes, procedures, and helpful guidance for contractors. The vendor agreement also includes the Gildan code (this includes human rights aspects), expectations on assessments and remediation, other assessments suppliers may be subject to, like FLA assessments, and additional policies on unauthorized subcontracting, bribery, counterfeiting, anti-corruption, among others.”

“Gildan’s vendor agreement includes a policy that allows Gildan to terminate a contractor business relationship if there is a breach of contract, insufficient remediation, or if certain findings of noncompliance are uncovered during an audit. After every social compliance audit, a facility receives a color rating; some ratings require facilities to improve performance to keep a relationship with Gildan...”

“When labor, health & safety, HR, or production planning violations are found at an owned facility, they trigger Gildan’s global corrective and preventative actions system which includes a more intensive root cause analysis process. Owned facilities will use the “5 Whys” and the Ishikawa (fishbone) root cause analysis methodologies to identify further sustainable and preventable actions to mitigate reoccurrence. The FLA reviewed root cause analysis triggered by excessive overtime violations in an owned facility. The remediation process included revisions to the operations procedures and training to ensure workers stay under hourly limits according to local law and Gildan’s Code of Conduct.”

We have a zero-tolerance approach on the following non-compliances, as described on p.7 of our Social and Sustainable Compliance Guidebook:

- Child Labor
- Health and Safety
- Sub-Contracting
- Forced Labor & Human Trafficking
- Harassment

Also, as mentioned in our Social and Sustainable Compliance Guidebook, this is an example of a statement on remediation that we require that our suppliers and contractors meet: “Employers shall establish, document, maintain, and effectively communicate to personnel and other interested parties, policies and written

	<p>procedures for remediation of children found to be working in situations which fit the definition of child labor...”</p> <p>After we evaluated our areas of improvement in our human rights approach, we believe that our revised policies (i.e. Human Rights, Stakeholder Engagement), as well as the new ones that we included (i.e. Whistleblowing Policy, FAQs), clearly and directly communicate our commitment to remediating human rights impacts with all our stakeholders (i.e. suppliers)</p>					
Valid: Yes	<p>Sources from Company:</p> <p>Source 1: Stakeholder Engagement Policy</p> <p>Source 2: Human Rights Policy</p> <p>Source 3: Whistleblowing Policy</p> <p>Source 4 : 2019 FLA Re-accreditation Report</p> <p>Source 5 : Social and Sustainable Compliance Guidebook</p> <p>Source 6 : FAQs</p>					
Decision	Accepted	<input type="checkbox"/>	Partially Accepted	<input type="checkbox"/>	Rejected	<input checked="" type="checkbox"/>
<p>Justification:</p> <p>When considering the company’s request and the requirements of the indicator, the following determination was made:</p> <p>Theme A looks at policy commitments, within this section the researchers are also instructed to look for specific language that conveys a clear and unambiguous commitment to doing something, rather than aspirational language which may not trigger the necessary internal actions within a company required to ensure the specific commitment is ‘achieved’.</p> <p>In indicator A.1.5 the CHRB is requiring that companies have a publicly available statement of policy committing it to remedy adverse impacts.</p> <p>While Gildan indicates in its Human Rights Policy that “all grievances are addressed in a systematic and confidential manner to ensure employees’ privacy and protect them from reprisals,” and that it takes “steps to ensure timely and effective remediation wherever human rights impacts occur.” It is unclear if the company specifically refers to adverse impacts that were identified in the context of a grievance mechanism or to a commitment to remedy <i>all</i> adverse impacts. In order to meet the requirement under A.1.5, the company needs to have a clear and unambiguous commitment to remedy, irrespective of how the adverse impact was identified.</p> <p>In addition, in the evidence provided on how the company works with suppliers to remedy impacts, the company describes supplier requirements and grievance procedures rather than how they provide remedy or work with suppliers to provide remedy.</p> <p>The appeal was therefore rejected on the grounds that the CHRB did not identify a clear and unambiguous commitment to remedy in a formal policy document nor evidence that the company works with suppliers to remedy impacts.</p>						
Indicator: A.1.5	Final Score: 0.5		Date: 26/04/2021			

APPEAL NUMBER: 003	COMPANY: Gildan
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Indicator: B.2.3	Integrating and Acting: Integrating assessment findings internally and taking appropriate action	
<p>Excerpt from Methodology</p> <p>Score 1: The Company describes its global system to take action to prevent, mitigate or remediate its salient human rights issues, AND this includes a description of how its global system applies to its supply chain OR The Company provides an example of the specific conclusions reached and actions taken or to be taken on at least one of its salient human rights issues as a result of assessment processes in at least one of its activities/ operations.</p> <p>Score 2: The Company meets both of the requirements under Score 1.</p>		
<p>Scorecard Text: Score 1</p> <p>Not met: Action Plans to mitigate risks: The company indicates: 'Our Social Compliance team tracks, monitors, and remediates non-compliances, including human rights issues raised in our own operations as well as in those of our third-party manufacturing contractors.' Furthermore, it discloses examples of audits completed in facilities and the results. Additionally, it states: 'Gildan holds facilities accountable to remediate violations through its CSR Platform and follow-up audit process. Gildan reviews remediation trends year-by-year to identify facilities that have made progress in remediation or facilities that show a lack of commitment and progress to improve working conditions. Where there are systemic challenges to remediate labor violations, Gildan provides guidance, expertise, and resources to owned and contract facilities, often gleaned from other owned facilities that have made successfully remediated similar violations.' However, it is not clear if the Company has an actual global system to take action to prevent, mitigate or remediate its salient human rights issues. [Genuine Responsibility ESG Report, N/A: genuineresponsibility.com]</p> <p>Not met: Including in AP supply chain</p> <p>Not met: Example of Actions decided</p> <p>Score 2</p> <p>Not met: Both requirements under score 1 met</p>	<p>2020 Scorecard Score:</p> <p>0</p>	
<p>Requested Score:</p> <p>2</p>	<p>Justification from Company:</p> <p>SUPPORTING STATEMENT 1</p> <p>We have detailed in our 2019 ESG Report how Gildan prevents and remediates adverse human rights impacts. We mention this specifically on p. 67, where we state the following: One way to prevent salient human rights risks is through implementation of proper management systems, including clear procedures, ongoing training, and accountable personnel to ensure adequate day to day application. For example, while we have a Freedom of Association Policy at each one of our Company-owned facilities, our assessments have indicated that ongoing training on the subject was</p>	

also needed, as described in our FLA's reaccreditation report. Company-owned and third-party manufacturing contractors are provided with compliance guidelines detailed in our Social and Sustainable Compliance Guidebook, which includes principles related to workers' fundamental rights and zero-tolerance issues such as freedom of association, non-discrimination, prohibition of forced labour, and child labour. Additionally, we have grievance mechanisms in place to ensure employees have confidential channels to report violations related to human rights.

SUPPORTING STATEMENT 2

Our Global Social Compliance Program utilizes a software to keep track of our internal audits (findings, corrective action plans, and monitoring) throughout our global supply chain. As described in our 2019 ESG Report, it allows us to conduct an in-depth analysis process to systematically identify the root cause of every major (i.e. harassment, abuse, and other human rights violations) and moderate non-compliance raised during the audit process, allowing us to prevent, mitigate, and/or remediate issues, including those related to human rights. Recurrent findings are given special attention to ensure that proper remediation is implemented. We also monitor for the development of trends throughout specific facilities or regions so that any issues of particular concern can be identified and addressed at an early stage. A remediation example that took place in one of our facilities in Mexico regarding working hours, one of our salient human rights risks, can be found on p.4 of a 2019 FLA Independent External Assessment Report.

CONTEXT: At the end of October 2019, Gildan decided to move forward with plans for the closure of textile and sewing operations in Mexico and the relocation of the equipment at these facilities to operations in Central America and the Caribbean Basin. In October 2019, the facility Management team informed union members that this facility would be closing operations by the end of March 2020. In line with this communication, facility management team informed all facility workers, stakeholders and interested parties. However, throughout the process, a series of issues were found. One of them was that the facility was utilizing two work schedules which did not comply with Mexican Labor Code. The first work schedule is the 4x4 (four days of 12-hour daily shifts followed by four days off) and the second work schedule is 4x3 (four days of 12 hours per day followed by three days off). Neither of these work schedules comply with the current Mexican labor law. The Mexican labor law establishes a 48-hour work week (8 hours per day shift, or 7 hours per night shift, or 6 hours per mixed shift). Per Mexican labor code, the maximum number of daily overtime hours is three hours and the maximum number of weekly overtime hours is nine hours. These work schedules affect workers in the sewing and weaving departments. The other finding was that neither the 4x4 nor the 4x3 work schedules are documented in workers' current contracts. The root cause of this finding was that this facility had implemented a work schedule to meet production requirements but did not meet legal requirements. Both findings were resolved through the following Corrective Action Plans: The 4X3 schedule was cancelled on January 31st, 2019. For the 4x4 schedule the factory signed a labor agreement with the union for the schedule modification on February 28th, 2019 which was sent to local government office on March 14th, 2019. The final approval of the 4X4 work schedule modification in the Collective Bargaining Agreement was received from the Government office of Sonora state at the end of June 2019.

A summary of our remediation progress on different topics, including those related to our salient human rights risks, can be found in the 2019 FLA Report (p.30).

Valid: Yes	Sources from Company: Source 1: 2019 ESG Report Source 2: 2019 FLA Report Source 3: 2019 FLA Independent External Assessment Report (Factory Reference: FA0000140-0743)					
Decision	Accepted	<input type="checkbox"/>	Partially Accepted	<input type="checkbox"/>	Rejected	<input checked="" type="checkbox"/>
Justification: When considering the company request and the requirements of the indicator, the following determination was made: Indicator B.2.3 looks at whether the company has a global system to take action to prevent, mitigate or remediate its salient human rights issues. When examining the evidence provided by the company, no description of such action plan was identified. The evidence provided describe remediation following a compliance issue which does not describe how the company integrated findings and took appropriate action to prevent adverse impacts from recurring. In the example provided, we recognise the effort put into identifying the root cause. However, to meet the requirements in this indicator we would like to see corrective actions taken to prevent recurrence following the conclusion that the root cause was that the business was driven by production requirements rather than legal ones. The appeal was therefore rejected on the grounds that the company did not provide sufficient information regarding how it integrates and assesses findings internally and takes appropriate action.						
Indicator: B.2.3	Final Score: 0		Date: 26/04/2021			

APPEAL NUMBER: 004	COMPANY: Gildan	
Indicator: B.2.4	Tracking: Monitoring and evaluating the effectiveness of actions to respond to human rights risks and impacts	
Excerpt from Methodology Score 1: The Company describes the system(s) for tracking the actions taken in response to human rights risks and impacts assessed and for evaluating whether the actions have been effective or have missed key issues or not produced the desired results. OR it provides an example of the lessons learned while tracking the effectiveness of its actions on at least one of its salient human rights issues as a result of the due diligence process. Score 2: The Company meets both of the requirements under Score 1		
Scorecard Text: Score 1 Not met: System to check if Actions are effective: The Company indicates: 'The Company takes measures to identify, prevent and mitigate the risks of human rights		2020 Scorecard Score: 0

violations not only in our own vertically-integrated operations, but in the operations of our third-party contractors. To this end, Gildan regularly conducts a due diligence assessment prior to engaging third-party contractors to manufacture our products. Moreover, third-party contractors are subject to a rigorous verification process that includes auditing, remediation, tracking and public reporting to ensure compliance with applicable laws as well as with Gildan’s Code of Conduct and the UN Guiding Principles on Business and Human Rights.’ However, there are no further details against a system to track and check the effectiveness of the actions taken. [Human Rights Policy, N/A: genuineresponsibility.com]

Not met: Lessons learnt from checking effectiveness: The Company indicates: ‘One way to prevent salient human rights risk is through implementation of proper management systems, including clear procedures, ongoing training, and accountable personnel to ensure adequate day to day application. For example, while we have a Freedom of Association Policy at each one of our Company-owned facilities, our assessments have indicated that ongoing training on the subject was also needed, as described in our FLA’s reaccreditation report.’ Its reaccreditation report describes ongoing training to staff and suppliers workers, for example. However, not clear if lessons learned were a result of tracking the effectiveness of human rights risk system. [Genuine Responsibility ESG Report, N/A: genuineresponsibility.com & Assessment for reaccreditation, 06/2019: fairlabor.org]

Score 2

Not met: Both requirement under score 1 met

Requested Score:

1

Justification from Company:

SUPPORTING STATEMENT 1:

The Company takes measures to identify, prevent and mitigate the risks of human rights violations not only in our own vertically-integrated operations, but in the operations of our third-party contractors. To this end, Gildan regularly conducts due diligence processes prior to engaging third-party contractors to manufacture our products. Moreover, third-party contractors are subject to a rigorous verification process that includes auditing, remediation, tracking and public reporting to ensure compliance with applicable laws as well as with Gildan’s Code of Conduct and the UN Guiding Principles on Business and Human Rights.

Our 2019 ESG Report – p. 70-75 also includes detailed information on how our Social Compliance team tracks, monitors, and remediates non-compliances, including human rights issues raised in our own operations as well as in those of our third-party manufacturing contractors. Gildan has disclosed information related to audits and findings, including those considered human rights violations. In addition, as described in our FAQs document, one way in which Gildan evaluates whether the remediation actions taken have been effective is by being open to receiving suggestions from complainants on ways on how to improve the handling of cases reported in our different grievance mechanisms. Stakeholders have the opportunity to contact us on ways in which we can improve our remediation process or any other topic, allowing us to integrate these suggestions in our lessons-learned assessment to help mitigate future salient risks and impacts. Stakeholders can contact the Company through different communications mechanisms described in the Whistleblowing Policy for Employees and External Stakeholders.

	<p>EXAMPLE: As a result of the due diligence carried out on our grievance mechanisms, a health and safety complaint (one of our human rights salient risks) was received from one of our sewing facilities in Honduras. High temperatures at a storage area were causing discomfort in our employees. We learned and reinforced our belief on the importance of keeping grievance mechanisms working and in place, and at the same time ensuring a timely response to our complainants. Maintaining these mechanisms in an efficient way, allows us to establish a sense of trust amongst our employees while demonstrating that their concerns are a priority at Gildan. In addition, we learned that adequate grievance mechanisms improve communications throughout our facilities and increase productivity in employees. On the other hand, reasons / causes on why the temperatures were so high were another point of discussion and were included as part of the assessment (i.e. budget, others).</p> <p>More information on p.61 of our 2019 ESG Report.</p>					
<p>Valid: Yes</p>	<p>Sources from Company: Source 1: FAQs Source 2: 2019 ESG REPORT</p>					
Decision	Accepted	<input type="checkbox"/>	Partially Accepted	<input type="checkbox"/>	Rejected	<input checked="" type="checkbox"/>
<p>Justification:</p> <p>When considering the company request and the requirements of the indicator, the following determination was made:</p> <p>Indicator B.2.4 requires clarity over how the company assesses the effectiveness of remediation. This can be done either by describing a system for tracking the actions taken in response to an identified risk OR by providing an example that demonstrates the lessons it learned about the effectiveness of its response.</p> <p>The company’s appeal indicates that a description of its processes can be found on pages 70-75 of its ESG Report. We reviewed these pages carefully. In them, the company indicates that it does monitor compliance and requires adequate remediation and reparation but it does not indicate what it does to track or identify the effectiveness of those changes.</p> <p>There are a few statements on page 74 that come close but fail to explain the details required: - “Progress on the MAP is tracked through our Corporate Social Responsibility data platform. Facilities provide details and evidence of their corrective actions, which are subject to verification through follow-up. Facilities are expected to implement corrective actions, which are subject to verification through follow-up audits.” This quote indicates that there is a process for following up with the facilities, but it is unclear how this process works and if the follow-up audits are simply verifying the changes made or assessing the effectiveness of those changes. Based on the word “verification,” it appears that it is only the former. The latter cannot be assumed. - “Recurrent findings are given special attention to ensure that proper remediation is implemented.” This makes it clear that there is some sort of tracking but it does not clarify how that tracking results in changes or how they determine if remediation is not simply implemented but is also effective.</p>						

That only recurrent findings are given special attention suggests that the tracking is limited and does not routinely lead to the assessment of the effectiveness of remediations. - “We also monitor for the development of trends throughout specific facilities or regions so that any issues of particular concern can be identified and addressed at an early stage.” This again indicates some tracking but it does not indicate how changes are tracked so that their effectiveness can be assessed. Similarly, while the company asserts that it tracks the response of third-party contractors, it does not describe the process for this.

On page 74 of the 2019 ESG Report, Gildan indicates that the company has “implemented several initiatives to ensure migrant workers are not subject to forced labour throughout our third-party manufacturing facilities.” It does not clarify how the effectiveness of these initiatives are being assessed. The example provided on page 61 does not meet the criteria of this indicator, either. The example shows well how an assessment led to remediation but it does not explain how the effectiveness of this response is being tracked and evaluated. An example on page 75 provides the kind of detail required (requested an improvement plan; undertook weekly surveys to monitor progress; responded to those surveys; found a new facilitator; continued monitoring from the Social Compliance team) but does not focus a human rights or labour right as defined by international human rights and labour law. This appears to relate to the enjoyability of facilities rather than to their adequacy or appropriateness under international law. If the pricing or quality had meant that workers were not able to afford the food or to enjoy an adequate standard of food, this example would have been a good example that would have resulted in 1 point for this indicator.

The appeal was therefore rejected on the grounds that the company did not provide sufficient information in relation to how it monitors and evaluates the effectiveness of actions to respond to human rights risks and impacts.

Indicator: B.2.4	Final Score: 0	Date: 26/04/2021
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APPEAL NUMBER: 005	COMPANY: Gildan
Indicator: E.3	Indicator Title: The Company has taken appropriate action
Excerpt from Methodology	
Score 1	
<p>The company engages in a dialogue with the stakeholders reportedly affected in the allegation(s) (or if the Company is alleged to be directly linked, it encourages its business relationship to do so) AND the Company takes appropriate action depending on its ‘level of involvement’ (whether causing, contributing or directly linked - see ‘key concepts’ below) to address the identified impacts, including through providing remedy(ies) to the affected people OR through demonstrating an improvement in related management systems to prevent such impacts in the future. If the company denies the allegation(s), it still engages in a dialogue with the stakeholders reportedly affected in the allegation(s) (or if the Company is alleged to be directly linked, it encourages its business relationship to do so) AND it provides evidence of having reviewed its management systems to prevent such impacts from occurring in the future.</p>	
Score 2	

The Company meets all of the requirements of score 1 AND provides evidence that the remedy(ies) provided are satisfac - tory to the victims. If the company denies the allegation(s), it provides evidence of having reviewed its management systems to prevent such impacts from occurring in the future and has implemented any recommended improvements, or describes how it ensures the implementation of the relevant management systems.

<p>Scorecard Text:</p> <p>Score 1</p> <p>Met: Engages with affected stakeholders: The Company states that "Gildan has been working with the contractor and other stakeholders to address the situation." [Response to Business and Human Rights Centre, November 2018: business-humanrights.org]</p> <p>Met: Encourages linked business to engage affected stakeholders: See above. [Response to Business and Human Rights Centre, November 2018: businesshumanrights.org]</p> <p>Not met: Provides remedies to affected stakeholders: The Company describes that 'To our knowledge, at this time almost all of the workers' situations have been remediated. We will continue to ensure that all contractors align with the principles of our Code of Conduct, including the rights of all workers to form unions and collectively bargain.' However, it is not clear what kind of remedy has been provided. [Response to Business and Human Rights Centre, November 2018: business-humanrights.org]</p> <p>Not met: Has reviewed management systems to prevent recurrence: In its CSR Report, the company gives examples of how it dealt with another case where a unionist in their supply chain was fired because of their union activities and how the company remediated this situation, However, this is not a sufficient indicator of reviewing management systems. [Sustainability Report 2017, 2018: genuineresponsibility.com]</p> <p>Score 2</p> <p>Not met: Remedies are satisfactory to the victims: In its response to BHRRRC, the company says the following: 'With respect to Lino Hernandez, Board Member of Sitrastar, the union present at Star, we acknowledge that he has given us his resignation and has explained the reasons of his decision to the management team. As it is our company's policy to protect personal information related to each one of our employees, we cannot provide any details regarding the reasons of his resignation, but can assure you that he left Gildan in good terms' . However, this is not sufficient evidence for this indicator. [Response to Business and Human Rights Centre, March 2018: business-humanrights.org]</p> <p>Not met: Has improved systems and engaged affected stakeholders: CHRB did not find evidence of the Company improving the system or engaging with stakeholders followed by the case.</p>	<p>2020 Scorecard Score:</p> <p>0.5</p>
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<p>Requested Score:</p> <p>2</p>	<p>Justification from Company:</p> <p>SUPPORTING STATEMENT 1:</p>
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	<p>Although this has been an ongoing process, Gildan has been diligently working with affected stakeholders to find solutions to remediate actions promptly.</p> <p>As described in the following update provided by the FLA, On October 28, 2020, the FLA published the detailed Verification of Remediation assessment report prepared by independent third-party consultant Francisco Chicas, which sets out findings, conclusions, and recommendations concerning the remediation measures taken by Gildan in the wake of the TPC Report's recommended corrective actions. The new report assesses Gildan's actions pursuant to its commitment to implement each of the remediation measures described in that corrective action plan, as well as those made in an agreement reached in November 2019 with the SITRASTAR union.</p>					
Valid: No	Sources from Company: SOURCE 1: FLA					
Decision	Accepted	<input type="checkbox"/>	Partially Accepted	<input type="checkbox"/>	Rejected	<input checked="" type="checkbox"/>
Justification: <p>When considering the company request and the requirements of the indicator, the following determination was made:</p> <p>The source provided by the company (FLA report from October 2020) falls outside of the scope of the 2020 benchmark. The CHRB only reviewed information up until June 2020. While the company did formally engage with the CHRB during the engagement and feedback phases of the assessment, the FLA Report was not included in the feedback received and was only cited in appeals evidence.</p> <p>Therefore, the claim did not meet the threshold test and the CHRB could not assess its validity. The appeal was therefore rejected on technical grounds. Please see the CHRB scoring appeal process for the 2020 benchmark results.</p> <p>In addition, for the 2020 benchmark the CHRB only assessed the Core UNGP Indicators. These are 13 non-industry specific indicators, that focus on three key areas of the UNGPs: high level commitments, human rights due diligence and access to remedy.</p> <p>While allegations of severe human rights impacts (measurement theme E) were assessed in the 2020 benchmark in order to allow companies to provide further information and for the CHRB to track progress, they did not impact overall final scores. Therefore, even if the evidence were to be reviewed and deemed relevant by the CHRB, this would not have resulted in a change in the company's overall score.</p>						
Indicator: E.3	Final Score: 0.5		Date: 26/04/2021			

As a result of the accepted appeals, Gildan’s overall score has increased by 3 points, giving the Company an overall score of 16/26:

Gildan	Governance and policy commitments (8 points)	Embedding respect and human rights due diligence (12 points)	Remedies and grievance mechanisms (6 points)	Total (26 points)
2020 Core UNGP Score	5.5/8	4/12	3.5/6	13/26
After Appeal	5.5/8	6/12	4.5/6	16/26
Change	No	Yes	Yes	Yes

Once CHRB has replied in detail to all companies we will update the table online as well as the downloadable data sheets.

Company Name Gildan Activewear
Industry Apparel (Supply Chain and Own Operations)
UNGP Core Score (*) 13.0 out of 26

Score	Out of	For indicators
Governance and Policy Commitments		
2	2	A.1.1 Commitment to respect human rights
2	2	A.1.2 Commitment to respect the human rights of workers
1	2	A.1.4 Commitment to engage with stakeholders
0.5	2	A.1.5 Commitment to remedy
Embedding respect and Human Rights Due Diligence		
Embedding respect		
1.5	2	B.1.1 Embedding - Responsibility and resources for day-to-day human rights functions
Human Rights Due Diligence (HRDD)		
0	2	B.2.1 HRDD - Identifying: Processes and triggers for identifying human rights risks and impacts
2	2	B.2.2 HRDD - Assessing: Assessment of risks and impacts identified (salient risks and key industry risks)
0	2	B.2.3 HRDD - Integrating and Acting: Integrating assessment findings internally and taking appropriate action
0	2	B.2.4 HRDD - Tracking: Monitoring and evaluating the effectiveness of actions to respond to human rights risks and impacts
0.5	2	B.2.5 HRDD - Reporting: Accounting for how human rights impacts are addressed
Remedies and Grievance Mechanisms		
1.5	2	C.1 Grievance channels/mechanisms to receive complaints or concerns from workers
2	2	C.2 Grievance channels/mechanisms to receive complaints or concerns from external individuals and communities
0	2	C.7 Remedying adverse impacts and incorporating lessons learned
13.0	26	

(*) Instead of the full list of indicators in the 2020 CHRB Methodology, this year's assessment uses the CHRB Core UNGP Indicators. These are 13 non-industry specific indicators that focus on three key areas of the UNGPs: high level commitments, human rights due diligence and access to remedy.

The 13 indicators selected from the full CHRB Methodology are scored on a simple unweighted basis, with a maximum of 2 points for each indicator for a maximum total of 26 points.

In addition, allegations of severe human rights impacts (Measurement Theme E) were also assessed but do not impact overall final scores

Please note that the "Not met" labels in the Explanation boxes below do not necessarily mean that the company does not meet the requirements as they are described in the bullet point short text. Rather, it means that the analysts could not find information *in public sources* that met the requirements *as described in full* in the CHRB 2020 Methodology document. For example, a "Not met" under "General HRs Commitment", which is the first bullet point for indicator A.1.1, does not necessarily mean that the company does not have a general commitment to human rights. Rather, it means that the CHRB could not identify a public statement of policy in which the company commits to respecting human rights.

Detailed assessment

Governance and Policies

Indicator Code	Indicator name	Score (out of 2)	Explanation
A.1.1	Commitment to respect human rights	2	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> Met: UDHR: The Company states that 'we adhere to the Universal Declaration of Human Rights and support the fair, equal treatment of all individuals'. [Code of Ethics: genuineresponsibility.com] <p>Score 2</p> <ul style="list-style-type: none"> Met: UNGPs: The Company states: 'Gildan is committed to upholding and respecting human rights as established in the United Nation's (UN) International Bill of Human Rights (consisting 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) as well as the UN Guiding Principles on Business and Human Rights'. [Human Rights Policy, N/A: genuineresponsibility.com]
A.1.2	Commitment to respect the human rights of workers	2	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> Met: ILO Core: The Code of Conduct requires both employees and business partners to adhere to it. It includes the following issues: child labour, forced labour, compensation, hours of work/overtime, health and safety, environment, freedom of association, collective bargaining, harassment or abuse, grievance procedures as well as non-discrimination. [Code of conduct: genuineresponsibility.com] Met: Explicitly list ALL four ILO for AP suppliers: The Gildan's code of conduct covers both Gildan's operations and business partners, and explicitly covers each ILO core area: Child Labour, Forced Labour, Freedom of Association and Collective Bargaining, Discrimination. The code states that 'Gildan and its business partners will recognize and respect the right of employees to Freedom of Association and Collective Bargaining'. [Code of conduct: genuineresponsibility.com] <p>Score 2</p> <ul style="list-style-type: none"> Met: Explicit commitment to All four ILO Core: As indicated above, the Code of conduct explicitly covers each ILO core area. In relation to freedom of association and collective bargaining, the code states that 'Gildan and its business partners will recognize and respect the right of employees to Freedom of Association and Collective Bargaining'. [Code of conduct: genuineresponsibility.com] Met: Respect H&S of workers: In the Code of Conduct, it is stated that "Gildan and its business partners will take all necessary measure to provide a safe and healthy workplace setting to prevent accidents and illnesses arising out of, linked with, or occurring in the course of work or as a result of the operation of employers' facilities and other locations" [Code of conduct: genuineresponsibility.com] Met: H&S applies to AP suppliers: See above the commitment on health and safety contained in the code of conduct. The code of conduct applies to both Company's employees and suppliers. [Code of conduct: genuineresponsibility.com] Met: working hours for workers: The Code of conduct contains requirements on 'employees must not be required to work more than a total of 60 hours per week or the regular and overtime hours allowed by the law of the country, whichever is less. The regular work week shall not exceed 48 hours. In addition, 'all overtime work shall be consensual. Employees shall not request overtime on a regular basis and shall compensate all overtime work at a premium rate'. [Code of conduct: genuineresponsibility.com] Met: Working hours for AP suppliers: See above the commitment on working hours contained in the code of conduct. The code of conduct applies to both Company's employees and suppliers. [Code of conduct: genuineresponsibility.com]

Indicator Code	Indicator name	Score (out of 2)	Explanation
A.1.4	Commitment to engage with stakeholders	1	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> • Met: Commits to stakeholder engagement: The Company is committed to, among other actions, 'identify our stakeholders and communicate in a timely and responsive manner to ensure successful engagement', 'assess our social performance through direct consultation with our neighbours and social partners' and 'manage external risks by understanding the impacts our operations can have on our stakeholders and promote effective working relationships'. [Stakeholders and Partners Policy Statement, 05/2017: genuineresponsibility.com] • Met: Regular stakeholder engagement: The company lists a series of engagements with different stakeholders including the type of activity, the frequency of the engagement, the concerns and the material topic. [CSR Report 2018, 2019: genuineresponsibility.com] <p>Score 2</p> <ul style="list-style-type: none"> • Not met: Commits to engage stakeholders in design: The company indicates that 'one of the key areas we believe our stakeholders can help provide insight for us is in improving the lives of the people involved in manufacturing our products, ensuring an ethical and stimulating work environment and respecting and enhancing the local communities in which we operate. We invite groups representing workers, students, colleges, trade unions, academia, governments, local communities and consumers to communicate, share ideas and build consensus on these issues with us'. However, no publicly available statement of policy which also commits to engaging with affected stakeholders and/or their legitimate representatives in the development or monitoring of its human rights approach found. In its 'Stakeholder Engagement', the Company lists several commitments to its stakeholders, but there is no mention to engagement in order to develop or monitor human rights performance. [CSR Report 2018, 2019: genuineresponsibility.com & Stakeholder Engagement Policy, N/A: genuineresponsibility.com] • Not met: Regular stakeholder design engagement: The company lists a series of engagements with different stakeholders including the type of activity, the frequency of the engagement, the concerns and the material topic. However, although human rights appear to be part of its material topic, it is not clear that the company regularly engages with affected stakeholders and their legitimate representatives in the development or monitoring of its human rights approach. Additionally, it states: 'Gildan periodically (every two or three years) conducts a global materiality assessment which helps us to look at 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. The assessment includes involvement and/or consultations with relevant human rights stakeholders, such as labour advocates, customers, union representatives, internal Human Resources experts, and local representatives in manufacturing countries throughout our entire supply chain, reinforcing our commitment to internationally-recognized labour and human rights principles'. However, there is no evidence of actual engagement with stakeholder in order to develop or monitor human rights performance. [CSR Report 2018, 2019: genuineresponsibility.com & Genuine Responsibility ESG Report, N/A: genuineresponsibility.com]
A.1.5	Commitment to remedy	0.5	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> • Not met: Commits to remedy: The company indicates: 'Gildan is committed to 'where legitimate concerns are identified, including concerns relating to adverse human rights impacts, engaging and cooperating with affected stakeholders and/or their representatives in remediation efforts through legitimate processes (including judicial and non-judicial mechanisms, as appropriate)'. However, not clear if the Company has a commitment to remedy adverse human rights impact. [Stakeholder Engagement Policy, N/A: genuineresponsibility.com] <p>Score 2</p> <ul style="list-style-type: none"> • Not met: Not obstructing access to other remedies • Met: Collaborating with other remedy initiatives: The Company states that engaging and cooperating with affected stakeholders and/or their representatives in remediation efforts through legitimate processes (including judicial and non-judicial mechanisms, as appropriate) [Stakeholder Engagement Policy, N/A: genuineresponsibility.com] • Not met: Work with AP suppliers to remedy impacts: The company indicates: 'Gildan follows a remediation process for its global corrective and preventative actions system, aligned with international quality and operational standards, which includes the remediation of labor violations and root cause analysis. This system is

Indicator Code	Indicator name	Score (out of 2)	Explanation
			implemented with the support of Gildan’s HR, Health & Safety, and Planning & Production Departments. Following the internal audit, the facility works with a coordinator from Gildan’s corporate office to define and execute the remediation and preventative actions according to the system. The objective of this system is to ensure any changes to Gildan procedures are documented appropriately and executed in alignment with Gildan’s internal quality and operational standards.’ However, the statement is not included in a formal document of the Company and also does not seem to apply to remediation of adverse impacts to its suppliers. [Assessment for reaccreditation, 06/2019: fairlabor.org]

Embedding Respect and Human Rights Due Diligence

Indicator Code	Indicator name	Score (out of 2)	Explanation
B.1.1	Responsibility and resources for day-to-day human rights functions	1.5	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> • Met: Commits to ILO core conventions: See indicator A.1.2. The Company is committed to each ILO Core • Met: Senior responsibility for HR: The company indicates that ‘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, among others. The Compliance Steering Committee is ultimately accountable to the Board of Directors and reports on important compliance matters to the Board’s Corporate Governance and Social Responsibility Committee on a quarterly basis’. [CSR Report 2018, 2019: genuineresponsibility.com & Genuine Responsibility ESG Report, N/A: genuineresponsibility.com] <p>Score 2</p> <ul style="list-style-type: none"> • Met: Day-to-day responsibility: The company indicates that ‘Respect to human rights is supervised by our Corporate Citizenship department, validating compliance through our Social Compliance audit program and reporting any violation to human rights on a quarterly basis to our Board of Directors (...). The Human Resources team plays a key role in ensuring respect to human rights on a day-to-day basis’. Moreover, ‘Our Social Compliance team is composed of experienced, certified auditors of labour, health and safety, and environmental considerations. Employees in these positions undergo a series of training sessions when they are first hired, and receive regular training in emerging labour risks, personalized training plans, and annual performance evaluations to ensure they continue to have all the capabilities needed to fulfil their responsibilities and develop their skills. They monitor compliance at Company-owned and contractor facilities through various tools including regular audits’. [CSR Report 2018, 2019: genuineresponsibility.com & Genuine Responsibility ESG Report, N/A: genuineresponsibility.com] • Not met: Day-to-day responsibility for AP in supply chain
B.2.1	Identifying: Processes and triggers for identifying human rights risks and impacts	0	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> • Not met: Identifying risks in own operations: The Company states: ‘Gildan periodically (every two or three years) conducts a global materiality assessment which helps us to look at 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. The assessment includes involvement and/or consultations with relevant human rights stakeholders, such as labour advocates, customers, union representatives, internal Human Resources experts, and local representatives in manufacturing countries throughout our entire supply chain, reinforcing our commitment to internationally-recognized labour and human rights principles. Our materiality assessment, ongoing stakeholder consultation and annual in-country reports on human rights issues, as well as our internal independent monitoring system on human rights issues, all allow us to identify our human rights risks either in countries where we have Company-owned manufacturing facilities, or in those with third-party contractors. We also look at new evolving circumstances such as recent reports connected with forced labour in China’s Xinjian region’. However, the statement is not enough to indicate a description of the process to identify human rights risks and impacts and it is also not clear what are the risks identified if any. [Genuine Responsibility ESG Report, N/A: genuineresponsibility.com] • Not met: Identifying risks in AP suppliers [Genuine Responsibility ESG Report, N/A: genuineresponsibility.com]

Indicator Code	Indicator name	Score (out of 2)	Explanation
			<p>Score 2</p> <ul style="list-style-type: none"> • Not met: Ongoing global risk identification: The Company discloses: 'Gildan is aware of the key human rights risks in our industry, which we monitor across our entire supply chain through our Code of Conduct Compliance program. These risks are also described on the Organisation for Economic Co-operation and Development's (OECD) due diligence guidance for responsible supply chains in the garment and footwear sector. However, we cannot consider all of these risks as our salient human rights risks. Gildan identifies the countries where its Company owned operations and third-party manufacturing contractors are located, and it evaluates human rights concerns for each one. The Company also implements ongoing audits at its Company-owned facilities and throughout its supply chain to identify human rights noncompliance's, and it has also identified its zero tolerance issues as detailed in the Company's Social & Sustainable Compliance Guidebook following FLA benchmarks and ILO conventions, which include principles related to workers' fundamental rights such as freedom of association, non-discrimination, prohibition of forced labour, and child labour.' However, there no further evidences indicating how the system is triggered by new circumstances. [Genuine Responsibility ESG Report, N/A: genuineresponsibility.com] • Not met: In consultation with stakeholders • Not met: In consultation with HR experts • Not met: Triggered by new circumstances
B.2.2	Assessing: Assessment of risks and impacts identified (salient risks and key industry risks)	2	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> • Met: Salient risk assessment (and context): The Company states: Gildan is aware of the key human rights risks in our industry, which we monitor across our entire supply chain through our Code of Conduct Compliance program. These risks are also described on the Organisation for Economic Co-operation and Development's (OECD) due diligence guidance for responsible supply chains in the garment and footwear sector. However, we cannot consider all of these risks as our salient human rights risks. Gildan identifies the countries where its Company owned operations and third-party manufacturing contractors are located, and it evaluates human rights concerns for each one. The company has identify Freedom of Association and Collective Bargaining, Health and Safety, Women's rights, working hours to list a few as their salient Human right risks'. [Genuine Responsibility ESG Report, N/A: genuineresponsibility.com] • Met: Public disclosure of salient risks: The Company states: 'As an output of our latest materiality assessment process, we have identified five salient human rights risks that are inherent in our operations and supply chain, and six human rights risks which are generally present in our industry.' The Company provides a list indicating the salient risks and its approach to each one of them. [Human Rights Policy, N/A: genuineresponsibility.com] <p>Score 2</p> <ul style="list-style-type: none"> • Met: Both requirements under score 1 met
B.2.3	Integrating and Acting: Integrating assessment findings internally and taking appropriate action	0	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> • Not met: Action Plans to mitigate risks: The company indicates: 'Our Social Compliance team tracks, monitors, and remediates non-compliances, including human rights issues raised in our own operations as well as in those of our third-party manufacturing contractors.' Furthermore, it discloses examples of audits completed in facilities and the results. Additionally, it states: 'Gildan holds facilities accountable to remediate violations through its CSR Platform and follow-up audit process. Gildan reviews remediation trends year-by-year to identify facilities that have made progress in remediation or facilities that show a lack of commitment and progress to improve working conditions. Where there are systemic challenges to remediate labor violations, Gildan provides guidance, expertise, and resources to owned and contract facilities, often gleaned from other owned facilities that have made successfully remediated similar violations.' However, it is not clear if the Company has an actual global system to take action to prevent, mitigate or remediate its salient human rights issues. [Genuine Responsibility ESG Report, N/A: genuineresponsibility.com] • Not met: Including in AP supply chain • Not met: Example of Actions decided <p>Score 2</p> <ul style="list-style-type: none"> • Not met: Both requirements under score 1 met

Indicator Code	Indicator name	Score (out of 2)	Explanation
B.2.4	Tracking: Monitoring and evaluating the effectiveness of actions to respond to human rights risks and impacts	0	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> • Not met: System to check if Actions are effective: The Company indicates: 'The Company takes measures to identify, prevent and mitigate the risks of human rights violations not only in our own vertically-integrated operations, but in the operations of our third-party contractors. To this end, Gildan regularly conducts a due diligence assessment prior to engaging third-party contractors to manufacture our products. Moreover, third-party contractors are subject to a rigorous verification process that includes auditing, remediation, tracking and public reporting to ensure compliance with applicable laws as well as with Gildan's Code of Conduct and the UN Guiding Principles on Business and Human Rights.' However, there are no further details against a system to track and check the effectiveness of the actions taken. [Human Rights Policy, N/A: genuineresponsibility.com] • Not met: Lessons learnt from checking effectiveness: The Company indicates: 'One way to prevent salient human rights risk is through implementation of proper management systems, including clear procedures, ongoing training, and accountable personnel to ensure adequate day to day application. For example, while we have a Freedom of Association Policy at each one of our Company-owned facilities, our assessments have indicated that ongoing training on the subject was also needed, as described in our FLA's reaccreditation report.' Its reaccreditation report describes ongoing training to staff and suppliers workers, for example. However, not clear if lessons learned were a result of tracking the effectiveness of human rights risk system. [Genuine Responsibility ESG Report, N/A: genuineresponsibility.com & Assessment for reaccreditation, 06/2019: fairlabor.org] <p>Score 2</p> <ul style="list-style-type: none"> • Not met: Both requirement under score 1 met
B.2.5	Communicating : Accounting for how human rights impacts are addressed	0.5	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> • Not met: Comms plan re identifying risks: In order to be awarded this indicator, the Company needs to achieve at least 1,5 points in B.2.1 • Met: Comms plan re assessing risks: See indicator B.2.2. • Not met: Comms plan re action plans for risks: In order to be awarded this indicator, the Company has to achieve a full score in B.2.3 • Not met: Comms plan re reviewing action plans: In order to be awarded this indicator, the Company has to achieve a full score in B.2.4 • Not met: Including AP suppliers: In order to be awarded this indicator, the Company has to achieve a full score in B.2.2/B.2.3/B.2.4 and at least 1,5 points in B.2.1 <p>Score 2</p> <ul style="list-style-type: none"> • Met: Responding to affected stakeholders concerns: The Company discloses a response to a third part complaint raised from a trade union in Honduras against plans for a facility's closure, which was owned by the Company. An investigation was established and its results are available in a report. [Independent Investigation Report, 2019: fairlabor.org & Fair Labor Association, 18/09/2019: fairlabor.org] • Not met: Ensuring affected stakeholders can access communications

Remedies and Grievance Mechanisms

Indicator Code	Indicator name	Score (out of 2)	Explanation
C.1	Grievance channel(s)/mechanism(s) to receive complaints or concerns from workers	1.5	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> • Met: Channel accessible to all workers: The Code of ethics, which applies to all employees, describes different channels to file reports, including 'through the Ethics and Integrity Hotline'. Additionally it states: 'To ensure that employees, suppliers, and other partners feel confident to speak up about any suspected misconduct, we provide a confidential Ethics and Compliance Hotline managed by a third-party service provider' [Code of Ethics: genuineresponsibility.com & Genuine Responsibility ESG Report, N/A: genuineresponsibility.com] <p>Score 2</p> <ul style="list-style-type: none"> • Not met: Number grievances filed, addressed or resolved: The Company indicates: 'During 2019, we received 35 reports through the Ethics and Compliance Hotline. Most of the calls were not related to Gildan's human rights risks, but to human resources related matters, principally around misconduct or inappropriate behaviour of individual employees'. However, the statement does not clarify the number of grievance filed, addressed or resolved which were related to human rights issues. [Genuine Responsibility ESG Report, N/A: genuineresponsibility.com]

Indicator Code	Indicator name	Score (out of 2)	Explanation
			<ul style="list-style-type: none"> • Met: Channel is available in all appropriate languages: The Company indicates, in its 2018 CSR, that 'our confidential Integrity and Social Responsibility Hotline, administered by an independent third party, is available to all employees, suppliers and others in multiple languages to report any suspected misconduct in any area'. [CSR Report 2018, 2019: genuineresponsibility.com & Genuine Responsibility ESG Report, N/A: genuineresponsibility.com] • Met: Opens own system to AP supplier workers: The company indicates that 'our confidential Integrity and Social Responsibility Hotline, administered by an independent third party, is available to all employees, suppliers and others in multiple languages to report any suspected misconduct in any area'. [CSR Report 2018, 2019: genuineresponsibility.com & Genuine Responsibility ESG Report, N/A: genuineresponsibility.com]
C.2	Grievance channel(s)/mechanism(s) to receive complaints or concerns from external individuals and communities	2	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> • Met: Grievance mechanism for community: The Company indicates: 'Gildan has also updated its Whistleblowing Policy for Employees and External Stakeholders to provide clear guidelines for communicating or presenting grievances to the Company for our external stakeholders, such as community members, third-party manufacturing contractors and their employees, suppliers, nongovernmental organizations, among others.' The Whistleblowing Policy contains contacts where stakeholders can raise complaints. Furthermore, it states: 'the Company also has set up the Hotline as the channel of communication through which employees or external stakeholders can make confidential and anonymous complaints regarding these matters if they are more comfortable doing so.' [Genuine Responsibility ESG Report, N/A: genuineresponsibility.com & Whistleblowing Policy, 07/2020: genuineresponsibility.com] <p>Score 2</p> <ul style="list-style-type: none"> • Met: Describes accessibility and local languages: The Company indicates that provides 'direct communication channels' and Hotline availability to its external stakeholders, as indicated above. Additionally, the Company state that 'Hotline operates 24 hours a day, seven days a week, and is available in the local languages of each country in which Gildan operates.' and that 'External stakeholders are informed of the existence of the Hotline through Gildan's website, through meetings held with community representatives, as well as through direct engagement with stakeholders'. [Whistleblowing Policy, 07/2020: genuineresponsibility.com] • Met: AP supplier communities use global system: The Company states: 'Gildan has established this Whistleblowing Policy for Employees and External Stakeholders for the receipt, retention and treatment of complaints and concerns received by the Company from its employees or from external stakeholders regarding improper practices or questionable acts by Gildan, its employees, officers, directors, consultants, contractors, agents or suppliers.' [Whistleblowing Policy, 07/2020: genuineresponsibility.com]
C.7	Remedying adverse impacts and incorporating lessons learned	0	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> • Not met: Describes how remedy has been provided: The Company states: 'Our industry-leading Social Compliance Program for labour practices and working conditions is designed to proactively ensure that all of our Company-owned facilities, as well as our contractors, comply with our Code of Conduct, local and international laws, and best-practice industry codes that we adhere to, including those of the Worldwide Responsible Accredited Production (WRAP) and the Fair Labor Association (FLA)'. Furthermore, the Company provides examples of remediation. However, the examples are related to cases of non-compliance, identified by audits in facilities, not an actual adverse impact which the Company had contributed to, scope of the indicator. [Genuine Responsibility ESG Report, N/A: genuineresponsibility.com] • Not met: Says how it would remedy key sector risks: The Company indicates that 'following an internal audit at a company-owned or third-party contractor facility, a management action plan (MAP) is developed and shared with the facility. Our regional social compliance teams work with facility managers to provide advice and recommendations on how best to address any issues, make changes where necessary and put in place sustainable remediation actions. Progress on the MAP is tracked through our Corporate Social Responsibility data platform. Our teams use a root-cause analysis process to systematically identify the root cause of every major and moderate non-compliance raised during the audit process in order to prevent similar issues from reoccurring'. However, this is a broad description of the corrective (management) action plan, but no evidence found on the specific remedy actions. [CSR Report 2018, 2019: genuineresponsibility.com]

Indicator Code	Indicator name	Score (out of 2)	Explanation
			Score 2 <ul style="list-style-type: none"> • Not met: Changes introduced to stop repetition • Not met: Approach to learning from incident to prevent future impacts • Not met: Evaluation of the channel/mechanism

Performance: Responses to Serious Allegations (Not included in the overall score)

Indicator Code	Indicator name	Score (out of 2)	Explanation
E(1).0	Serious allegation No 1		<ul style="list-style-type: none"> • Headline: SitraStar union treasurer renounces post following death threats at Star factory in Honduras • Area: FoA & CB • Story: Resumen Latinoamericano has claimed in February 2018 that Lino Hernandez, leader of the SitraStar union, which represents employees of the Star maquila belonging to Gildan, resigned from his job and the union over alleged death threats and intimidation to him and his family. Lino Hernández has fought for labor rights and negotiation of the collective bargaining agreement. The Company responded by not mentioning the reasons of his resignation. <p>Additionally, in November 2018, IndustriALL uncovered that a Gildan's supplier in Haiti unfairly dismissed union leaders and activists. The Company claimed that the allegations described are 'inaccurate'.</p> <ul style="list-style-type: none"> • Sources: [Business & Human Rights Resource Centre, 06/03/18: business-humanrights.org] <p>][Resumen Latinoamericano, 21/02/18: resumenlatinoamericano.org][industriAll, 07/11/18: industrialunion.org]</p>
E(1).1	The Company has responded publicly to the allegation	2	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> • Met: Public response available: The Company has publicly responded to allegations in writing, saying that "I would like to thank you for the opportunity to provide facts and further clarify the situation regarding the Facebook post and the blog article [...]. In both of the situations the allegations as presented are inaccurate. " [Response to Business and Human Rights Centre, March 2018: business-humanrights.org & Response to Business and Human Rights Centre, November 2018: business-humanrights.org] <p>Score 2</p> <ul style="list-style-type: none"> • Met: Response goes into detail: The Company describes the details of the allegations stating that "Regarding allegations pertaining to the IndustriAll article, we can state the following: The first part of the article involved a group of employees who were laid off as a result of seasonal fluctuations in production levels at our Mayan Textile facility, on Sept 29th, 2018. At the time of the dismissals, Gilda had not yet received notification of the existence of the SitraGilmas union, nor of any members thereof. The employees themselves acknowledged this failure to notify the Company prior to the Sept 29th dismissals during meetings held on September 30th and October 1st between Gilda and union representatives. During these meetings, Gilda agreed to reinstate all employees included in the union registration upon receipt of a confirmation letter from the Labor Ministry addressing the formation of the union, which was received at the end of October, nearly 30 days after the initial dismissals had occurred. The IndustriAll article also included allegations regarding dismissals in Haiti at a sewing contractor engaged by Gilda, which occurred at a time when there was wide-spread national unrest in the country. The unrest was largely related to unresolved election results that prevented the annual revision to the country's minimum wage. Gilda was notified of the dismissals after they occurred and our contractor indicated at the time that the individuals had been dismissed for attempting to disrupt production in the facility after it had reopened. Gilda has been working with the contractor and other stakeholders to address the situation. To our knowledge, at this time almost all of the workers' situations have been remediated. We will continue to ensure that all contractors align with the principles of our Code of Conduct, including the rights of all workers to form unions and collectively bargain". [Response to Business and Human Rights Centre, March 2018: business-humanrights.org & Response to Business and Human Rights Centre, November 2018: business-humanrights.org]
E(1).2	The Company has appropriate policies in place	2	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> • Met: Company policies address the general issues raised: The Code of Conduct requires both employees and business partners to adhere to it. It includes the

Indicator Code	Indicator name	Score (out of 2)	Explanation
			<p>following issues: child labour, forced labour, compensation, hours of work/overtime, health and safety, environment, freedom of association, collective bargaining, harassment or abuse, grievance procedures as well as non-discrimination. [Code of conduct: genuineresponsibility.com]</p> <ul style="list-style-type: none"> • Met: Policies apply to the type of business relationships involved: The Code of Conduct requires both employees and business partners to adhere to it. [Code of conduct: genuineresponsibility.com] <p>Score 2</p> <ul style="list-style-type: none"> • Met: Policies address the specific rights in question: In Gildan Activewear's Social and Sustainable compliance guide the company says "Employers shall not use any form of physical or psychological violence, threats, intimidation, retaliation, harassment or abuse against union representatives and workers seeking to form or join an organization of their own choosing. Such practices shall not be used against workers' organizations or workers participating or intending to participate in union activities, including strikes". [Social and Sustainable Guidebook 2019, 2019: genuineresponsibility.com]
E(1).3	The Company has taken appropriate action	0.5	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> • Met: Engages with affected stakeholders: The Company states that "Gildan has been working with the contractor and other stakeholders to address the situation." [Response to Business and Human Rights Centre, November 2018: business-humanrights.org] • Met: Encourages linked business to engage affected stakeholders: See above. [Response to Business and Human Rights Centre, November 2018: business-humanrights.org] • Not met: Provides remedies to affected stakeholders: The Company describes that 'To our knowledge, at this time almost all of the workers' situations have been remediated. We will continue to ensure that all contractors align with the principles of our Code of Conduct, including the rights of all workers to form unions and collectively bargain.' However, it is not clear what kind of remedy has been provided. [Response to Business and Human Rights Centre, November 2018: business-humanrights.org] • Not met: Has reviewed management systems to prevent recurrence: In its CSR Report, the company gives examples of how it dealt with another case where a unionist in their supply chain was fired because of their union activities and how the company remediated this situation, However, this is not a sufficient indicator of reviewing management systems. [Sustainability Report 2017, 2018: genuineresponsibility.com] <p>Score 2</p> <ul style="list-style-type: none"> • Not met: Remedies are satisfactory to the victims: In its response to BHRRC, the company says the following: 'With respect to Lino Hernandez, Board Member of Sitrastar, the union present at Star, we acknowledge that he has given us his resignation and has explained the reasons of his decision to the management team. As it is our company's policy to protect personal information related to each one of our employees, we cannot provide any details regarding the reasons of his resignation, but can assure you that he left Gildan in good terms'. However, this is not sufficient evidence for this indicator. [Response to Business and Human Rights Centre, March 2018: business-humanrights.org] • Not met: Has improved systems and engaged affected stakeholders: CHRB did not find evidence of the Company improving the system or engaging with stakeholders followed by the case.

Disclaimer

A score of zero for a particular indicator does not mean that bad practices are present. Rather it means that we have been unable to identify the required information in public documentation.

See the 2020 Key Findings report and the 2019 technical annex for more details of the research process.

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