



**Gildan Activewear Inc.
Tax Strategies Disclosure
Fiscal Year 2020 & 2021**

Gildan Activewear Inc. is a Canadian corporation incorporated under the *Canada Business Corporations Act* (the "**Company**"). Its principal business activity is the manufacture and sale of activewear, hosiery and underwear. The Company is a publicly listed entity and its shares are traded on the Toronto Stock Exchange and New York Stock Exchange.

The Company owns directly or indirectly all the issued and outstanding shares of various foreign subsidiaries mainly situated in the United States of America, Central America, Europe, Mexico, the Caribbean basin and in Asia Pacific.

The purpose of this disclosure is to outline the Company's guiding principles in relation to taxation matters in all jurisdictions in which it operates.¹

Company's business model and tax structure

The Company has put in place a unique business model that has allowed it to compete effectively and implement its growth strategy. The Company's operating profits are taxed in each jurisdiction in which it operates, abiding by all applicable fiscal regulations and laws. Its overall tax rate mirrors its operating structure. The Company does operate in certain low-tax jurisdictions. These jurisdictions offer a low tax rate under their legal statutes as a means of encouraging investment in the country, with the objective of creating employment and economic activity.

Company's risk management and governance arrangements in relation to taxation

The general guiding principles of the Company in relation to all taxation matters are as follows:

Risk management

The Company follows an internal Taxation Policy to ensure proper risk management and governance in relation to all taxation matters. It is intended to mitigate any unnecessary risk and to provide internal corporate guidelines on taxation issues.

¹ This disclosure is also considered complying with the duty of the Company to publish on behalf of a British sub-group its tax strategy pursuant to the *Finance Act 2016*, (c. 24) Part 2 (*United Kingdom*) (hereafter the "**UK**"). Any comments made in this disclosure should be read as if specific references were made to UK taxation, UK tax matters or the UK tax authorities (Her Majesty's Revenue and Customs).

The Taxation Policy is aligned with our business strategy and complies with our Code of Ethics and Code of Conduct. It is intended to protect the reputation of the Company in each of the countries and jurisdictions in which it operates.

The Taxation Policy is communicated to the relevant tax professionals as part of their onboarding process and it is internally reviewed on an annual basis. As the tax functions are centralized at the corporate head office, the Taxation Policy is applied consistently across all jurisdictions and the compliance with the Policy is monitored accordingly.

The management of the tax function is the responsibility of the taxation department of the Company comprising of tax professionals, with the Head of Tax included among the senior leadership of the Company. The tax professionals are properly qualified and trained and involved with all relevant tax matters.

The Company commits to adhere to all global tax compliance and reporting requirements, and all applicable tax laws and regulations, and to maintain cooperative relations with all tax authorities. The Tax department closely monitors the legislative developments in taxation in all relevant jurisdictions.

The Company periodically reviews and adjusts its tax positions and filings as circumstances warrant, such as changes to tax laws, administrative guidance, change in management's assessment of the technical merits of its positions, due to new information, and the resolution of uncertainties through the conclusion of tax audits.

The Company, from time to time, relies on the guidance of independent and qualified taxation advisors in each of the countries and jurisdictions in which it operates. The Company engages the services of reputable professional advisory firms and law firms to obtain expert, objective advice and opinions on tax matters, as the circumstances warrant. In general, tax advice from external counsels will be sought for potential acquisitions (mergers and acquisitions), internal reorganizations, compliance matters and legislative developments.

Governance arrangements

The Audit and Finance Committee, which is a sub-committee of the Company's Board of Directors, has been assigned with the responsibility by the Board of Directors of the Company to provide oversight of the Company's compliance with applicable tax laws worldwide. The Audit and Finance Committee of the Company is regularly updated by senior management on taxation compliance and taxation risk matters, ongoing taxation audits, and enacted and proposed legislative changes that may impact the Company.

The Compliance Steering Committee, an executive-level committee of which the Head of Tax is a member, established by the Board of Directors and chaired by the President and Chief Executive Officer, with the participation of the Chief Financial Officer, has overall responsibility for compliance matters within the Company, including tax compliance. The Compliance Steering Committee has established a management subcommittee, the Tax Compliance Committee, to oversee the Company's global tax compliance programs and regulatory filing requirements. The

Tax Compliance Committee, chaired by the Head of Tax, reviews and discusses regular updates on taxation compliance matters.

Company's acceptable level of risk in relation to taxation

The Company, via its in-house taxation department, thoroughly assesses and manages the risks relating to taxation matters on a proactive basis. The Company maintains a conservative risk tolerance with respect to all taxation risks. The Tax department generally assesses tax risks based on a variety of criteria, including the integrity of the corporate structure, commercial drivers, materiality, complexity and optics.

The Company maintains an acceptable level of risk that is considered balanced with its overall business strategy. In general, tax planning and risk assessments will be contemplated for potential acquisitions (mergers and acquisitions), internal reorganizations and compliance matters.

Company's overall approach when dealing with the taxation authorities

The Company believes in maintaining adequate relationships with all government authorities in all jurisdictions and countries in which it carries on business. The Company aims to maintain cooperative and transparent relations with the relevant tax authorities and ensures its full adherence to local and global tax laws and regulations of each country in which it carries on operations. The Company is further committed to promptly answer any queries the tax authorities may have from time to time.

Tax Reporting

The Company reports its income tax accounts (consolidated statement of financial position and, consolidated statement of earnings and comprehensive income) in accordance with International Financial Reporting Standards (IFRS). The Company also abides by all country-by-country reporting requirements in the jurisdictions in which it operates.

Company's approach to transfer pricing

The Company's approach to transfer pricing is such that it mirrors the operating model of the business. Intra-group transactions are conducted under arm's length conditions. On an annual basis, the Tax department prepares the transfer pricing documentation, including the relevant economic analysis to support the intra-group transfer pricing for all significant transactions. The Company closely monitors the evolution of the transfer pricing guidance provided by the Organization for Economic Cooperation and Development (OECD), domestic legislation and reviews how any new guidance or legislation applies to the Company.

Last updated December 2021