



**Gildan Activewear Inc.
Tax Strategy
Fiscal Year 2023**

Gildan Activewear Inc. (“Gildan” or the “Company”) is a Canadian corporation incorporated under the Canada Business Corporations Act. Gildan is a leading manufacturer of everyday basic apparel. The Company’s product offering includes activewear, underwear and socks, sold to a broad range of customers, including wholesale distributors, screenprinters or embellishers, as well as to retailers that sell to consumers through their physical stores and/or e-commerce platforms and to global lifestyle brand companies. The Company markets its products in North America, Europe, Asia Pacific, and Latin America, under a diversified portfolio of Company-owned brands including Gildan®, American Apparel®, Comfort Colors®, GOLDTOE®, Peds®.

Gildan owns and operates vertically integrated, large-scale manufacturing facilities which are primarily located in Central America, the Caribbean, the United States and Bangladesh. Gildan operates with a strong commitment to industry-leading labour, environmental and governance practices throughout its supply chain in accordance with its comprehensive ESG program embedded in the Company's long-term business strategy.

The Company is a publicly listed company, and its shares are traded on the Toronto Stock (TSX) Exchange and the New York Stock Exchange (NYSE).

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

The purpose of this policy 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 laws and regulations. Its overall effective tax rate mirrors the operating structure under the Company’s underlying business model. Some of the countries in which the Company operates offer significantly lower tax rates than other developed

¹ This policy disclosure is also considered to comply 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 policy 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).

countries as a means of encouraging investment in the country with the ultimate objective of creating employment and economic activity.

The Company is committed to complying with the spirit and the letters of the tax laws and regulations in the countries in which the Company operates.

Correlation of tax structure and ESG commitments

A significant portion of the cash savings the Company generates from its low effective tax rate is reinvested in its people, its ESG initiatives and infrastructure in the under-developed countries in which the Company operates. Gildan's investments have played an important role in the development of various emerging economies and created significant economic benefit, consisted with the intended output of the tax regimes in these countries.

The significant investment in state-of-the-art infrastructures to conduct the Company's operations has provided quality employment opportunities to approximately 43,000 people worldwide including in developing countries like Honduras, Nicaragua, Dominican Republic, Haiti, Barbados and Bangladesh. In addition, the Company sources from local suppliers whenever and wherever possible providing a further significant boost to the local economies in which it operates.

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 and tax compliance

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.

The Taxation Policy is aligned with the Company's business strategy and complies with the Company's 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 tax professionals forming the Company's in-house tax department as part of their onboarding process and it is internally reviewed on an annual basis. The tax function is centralized at the corporate head office and the Taxation Policy is applied consistently across all jurisdictions and compliance with the Taxation Policy is monitored accordingly.

The management and administration of the tax function is the responsibility of the taxation department of the Company comprising of tax professionals, with the Head of Taxation 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 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 over the Company's compliance with applicable tax laws worldwide. The Audit and Finance Committee of the Board of Directors is updated by the Head of Taxation on tax compliance and taxation risk matters, ongoing tax audits, and enacted and proposed legislative changes that may impact the Company. The Head of Taxation reports directly to the Executive Vice-President, Chief Financial and Administrative Officer of the Company.

The Compliance Steering Committee, an executive-level committee of which the Head of Taxation is a member, established by the Board of Directors and chaired by the President and Chief Executive Officer of the Company, with the participation of the Executive Vice-President, Chief Financial and Administrative 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 Taxation, reviews and discusses regular updates on all global 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), organic business and geographical expansions, internal reorganizations, and compliance matters.

Company's overall approach when dealing with taxation authorities

The Company believes in maintaining appropriate 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 tax authorities may have from time to time. Where appropriate, the Company will also seek rulings from the tax authorities in the various jurisdictions in which it operates.

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 receives independent assurance with respect to the tax numbers reported in its annual financial statements as part of the independent external audit report to the financial statements of the Company. The Company also abides by all applicable country-by-country reporting and substance 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. All intra-group transactions are conducted under the arm's length principle. 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 in the countries in which it operates and reviews how any new guidance or legislation applies to the Company.

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