



OUR APPROACH TO WAGES

BACKGROUND

Over the past 20 years, Gildan has focused its efforts in supporting the wellbeing of its employees, who are the cornerstone of the Company's success.

As a vertically integrated Company, close to 90% of Gildan's total revenues come from products manufactured at its owned and fully controlled tier 1, 2 and 3 facilities (yarn, textile, sewing). Consequently, the Company approaches wages from a holistic perspective that focuses on the payment of legally established salaries, as well as cash benefits¹, in-kind benefits², and support to the community. In addition, participation of workers in unions and local committees provides them the opportunity to ensure that collective bargaining agreements are adapted



to local needs, resulting in benefits that improve their living conditions.

We believe that to support local economies and foster sustainable and inclusive growth, our employees should earn wages that both cover basic needs and provide some level of discretionary income. Our compensation package aims to continuously support and improve our employees' living conditions. Between 2017 and 2020, we provided our employees located in countries where we have our own manufacturing operations (Honduras, Nicaragua, Dominican Republic, Bangladesh, and Mexico³), more than USD 65 million of in-kind benefits, USD 7.1 million in community investment, and, in 2020,

USD 2.3 million in additional benefits negotiated in collective bargaining agreements. These contributions totaled approximately **USD 75 million**.

¹ **Cash benefits:** refers to benefits that companies are required to provide by law in the applicable jurisdictions in which they operate, which can include, but is not limited to a Christmas Bonus (13th month of salary) and/or a mid-year bonus (14th month of salary).

² **In-kind benefits:** According to the FLA, in-kind benefits are goods and services provided by the employer to the employee. These goods and services should be free of charge or offered at a reduced cost to employees.

³ Our facilities in Mexico closed operations in 2019. However, in-kind benefits were tracked and disclosed in our previous ESG Reports.

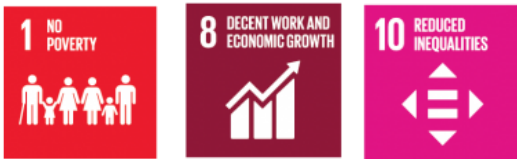


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Finally, we believe that a living wage⁴ goes beyond the salaries and benefits we provide to our employees in our facilities, and that we have a responsibility to be active members of the community. Through our contributions, our community engagement programs aim to enrich people's quality of life by advancing access to education, promoting healthy and active lifestyles, protecting local environments, and fostering entrepreneurship.

FRAMEWORK

Policies that support living wages can have a direct impact in reaching some of the United Nations (UN) Sustainable Development Goals:



At Gildan we are committed to upholding and respecting human rights, as established in the United Nation's (UN) International Bill of Human Rights, as well as the UN Guiding Principles on Business and Human Rights.

Additionally, Gildan has been a member of the Fair Labor Association (FLA) since 2003 and it was the first vertically integrated apparel manufacturing company to be accredited in 2007. Gildan's accreditation was renewed in 2019. The mission of the Fair Labor Association is to combine the efforts of business, civil society organizations, and colleges and universities to promote and protect workers' rights and to improve working conditions globally through adherence to international standards. Companies that join the FLA commit to upholding the [FLA Workplace Code of Conduct](#), which is based on International Labour Organization standards, and to establishing internal systems for monitoring workplace conditions and maintaining code standards throughout their supply chains.

As stated in our [Code of Conduct](#), Gildan provides its employees with the legal minimum wage or the prevailing industry wage in the countries where it operates, whichever is higher, complying with all legal requirements on wages, and providing all fringe benefits, required by law, contract or as established in applicable collective bargaining agreements. We believe that employees have the right to a living wage for a regular work week that covers basic needs and provides some level of discretionary income.

⁴ **Living Wage Definition:** A living wage means wages are enough to meet workers' basic needs and are sufficient to provide some discretionary income without overtime. We recognize that living wages are unique to every society and may vary by country.



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PROGRESS

The following are additional efforts that we have accomplished throughout the years:

Compensation Definition

To ensure our definition of living wages met international requirements, in 2016, we reviewed and aligned our Code of Conduct's Compensation Principle according to the FLA's standards.

Grocery & Household Staples

To support employees in reducing food expenses, we have established onsite grocery stores in selected facilities in Nicaragua and Honduras that offer products at lower costs compared to local grocery stores. We exclusively use local suppliers to source items for the store, creating further economic benefits for the community as well as reducing transportation costs and associated environmental impacts.

Bangladesh Subsidized Meals Program and Living Wage Assessment

In 2010, Gildan acquired a vertically integrated facility in Bangladesh. To maintain consistent practices across all regions where we operate, Gildan also provided all its Bangladesh employees with in-kind benefits such as meals and access to medicine.

In addition, in 2018 we were selected by the FLA to participate in the [*"Toward Fair Compensation in Bangladesh"*](#) study to conduct a living wage assessment in our own facility in Bangladesh. The FLA study found better wages for workers in facilities with social compliance programs that upheld workplace standards, particularly with regards to production planning. Wage data from Gildan's 2016 Bangladesh Sustainable Compliance Initiative (SCI) Assessment was used to analyze the wages amongst FLA-assessed facilities. At the time of the report, Gildan's average net wage of workers was approximately 4,000 BDT less than the Global Living Wage Coalition's (GLWC) 2016 Living Wage estimate, though 6,000 BDT more than Bangladesh's minimum wage. Gildan provided the FLA its updated wage dashboard in 2019, which verified that the average net wage had increased to about 11,000 BDT following the minimum wage increase to 8,000 BDT in 2018.

FLA Data Collection Tool

To help standardize the measurement criteria of wages at factories with comparable benchmarks, since 2017 we have been utilizing the FLA's data-collection tool to collect salary and benefits data. The tool helps us analyze data related to compensation paid to workers in our supply chain. Using the FLA's benchmarks, we compare results between countries every year, to identify ways on how to improve wages.

We have implemented this tool in our own facilities and are expanding it in key manufacturing contractors in the Americas and Asia.



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MOVING FORWARD

We recognize our responsibility to continuously contribute to a higher standard of living for our employees. Therefore, we have established four goals to further our living wage efforts throughout our supply chain for 2022 and 2023:

1. Continue to engage with the FLA in the development of our living wage strategy. We will continue implementing the Data Collection Tool in both our own and strategic contractor facilities.
2. To strengthen our efforts accomplished in the past years, we are in the process of implementing an external fair wage assessment in five of our facilities located in 100% of the countries where our manufacturing operations take place: Honduras, Nicaragua, Dominican Republic, and Bangladesh. We will also be implementing a fair wage assessment in one of our dedicated contractor facilities in Haiti. With the guidance and support of the Fair Wage Network, factories' performance will be assessed on the living wage dimensions by using the Fair Wage Network's living wage benchmarks and the information collected from the analysis of worker families' global expenditures. These ongoing efforts will help us identify areas of opportunity, ensuring that our practices are aligned with Gildan's ESG long-term goals.
3. Create and establish a multi-disciplinary committee to oversee living wages through the FLA and Fair Wage Network's guidelines. Strategic departments at Gildan have already been involved in the process of collecting wage data. We also want to integrate additional internal stakeholders into the multi-disciplinary Committee, to assess our wage strategy resulting from Fair Wage Network's recommendations. This Committee will review and evaluate wage data, as well as report ideas, findings, and proposed actions which will be used to develop our living wage roadmap. In addition, the Committee will regularly report progress to our internal stakeholders, and they will also update our efforts through our annual ESG Report.
4. Continue strengthening relationships with civil society organizations, unions, and governments in our key manufacturing countries to promote initiatives to improve wages and living conditions of workers.