



PART OF YOUR LIFE

2008 INTERIM
CORPORATE CITIZENSHIP
REPORT

SCOPE OF THIS INTERIM REPORT

Gildan is committed to producing a full Corporate Citizenship Report every two years, and the next complete report will therefore be released in 2009. However internal and external stakeholders have made it clear that they value regular communication on progress. This is, therefore, an interim report¹ providing a brief update on progress in relation to Gildan's commitments described in the 2007 Corporate Citizenship report, "People, Values, Commitment".² This interim report discusses Gildan's 2008-2009 action plan commitments in labour practices, environmental sustainability, community relations and corporate governance, including updates, highlights, certifications, and recognitions.

In our 2007 Corporate Citizenship report, we stated our commitment to using the Global Reporting Initiative (GRI) guidelines,³ a well-recognized international set of indicators used in non-financial reporting, for our 2009 report. As a first step towards meeting this commitment, we commissioned an independent assessment of our 2007 report to identify strengths and priorities for improvement. We are on track to meet our commitment of producing our 2009 report using the GRI framework.

We hope you find the content of this interim report valuable and welcome any comments at cc@gildan.com.

- 1 This 2008 interim report is available at www.gildancsr.com
- 2 The 2007 Corporate Citizenship report as well as past reports dating back to 2004, can be found on our website at www.gildan.com/corporate, in the corporate citizenship section.
- 3 www.globalreporting.org



CONTENTS

- 2 MESSAGE FROM THE PRESIDENT AND CHIEF EXECUTIVE OFFICER
- 3 MESSAGE TO STAKEHOLDERS
- 4 LABOUR PRACTICES
- 10 ENVIRONMENTAL SUSTAINABILITY
- 16 COMMUNITY RELATIONS
- 22 CORPORATE GOVERNANCE

GILDAN'S OPERATIONS

GILDAN 2008 INTERIM CORPORATE CITIZENSHIP REPORT

1

(As at December 2008)

NORTH AMERICA

- ★ **Corporate head office**
Montreal, QC (Canada)
- **Distribution centres**
Eden, NC (United States)
Martinsville, VA (United States)
Fort Payne, AL (United States)
Rialto, CA (United States)⁽¹⁾
Mississauga, ON (Canada)⁽¹⁾
Mexico City (Mexico)⁽¹⁾
- **Sock manufacturing facilities**⁽²⁾
Hillsville, VA (United States)
Fort Payne, AL (United States)
- **Regional sales office**
Bentonville, AR (United States)
- **Yarn-spinning facilities**
Clarkton, NC (United States)⁽³⁾
Cedartown, GA (United States)⁽³⁾

CENTRAL AMERICA AND THE CARIBBEAN BASIN

- **Textile manufacturing facilities for activewear and underwear**
Rio Nance (Honduras)
Bella Vista (Dominican Republic)
- **Sock manufacturing facilities**
Rio Nance (Honduras)
Villanueva (Honduras)
- **Sewing facilities**
San José, San Miguel and Villanueva (Honduras)
San Marcos and Rivas (Nicaragua)
Port-au-Prince (Haiti)⁽⁴⁾
- **Distribution centre**
Choloma (Honduras)
- ★ **Global sales and marketing office**
St. Michael (Barbados)

EUROPE

- **Distribution centres**
Manchester (United Kingdom)⁽¹⁾
Meer (Belgium)⁽¹⁾
- **Regional sales office**
London (United Kingdom)

ASIA/PACIFIC

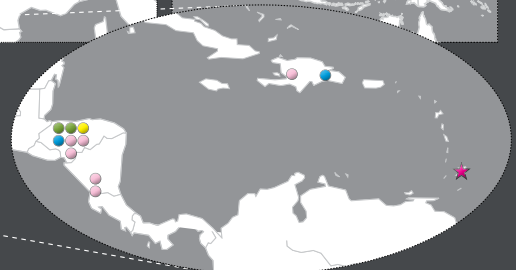
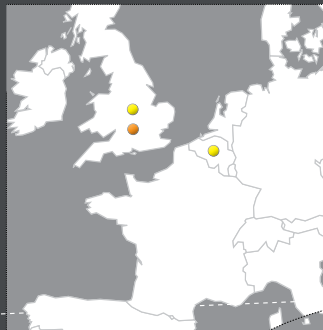
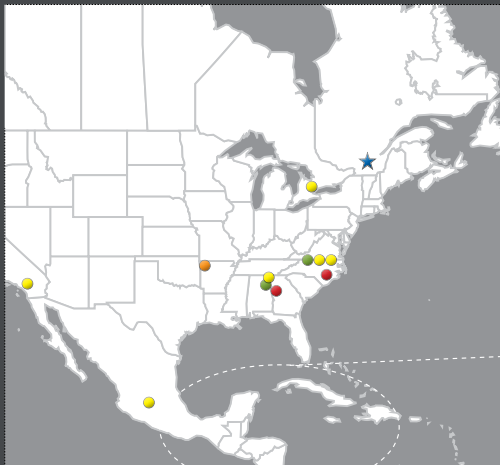
- **Distribution centre**
Futian, Shenzhen (China)⁽¹⁾
- **Sales and marketing office**
Shanghai (China)

(1) Third-party logistics provider.

(2) Our sock finishing facilities in Fort Payne and our knitting facility in Hillsville will be closed by the end of June 2009.

(3) Joint venture with Frontier Spinning Mills, Inc.

(4) Subsequent to our fiscal year end, Gildan's company-owned facility was closed. We will maintain a small administrative office to oversee the production of our third-party sewing contractors in the country.



As at December 2008, Gildan had approximately 20,000 full-time employees worldwide.

MESSAGE FROM THE PRESIDENT AND CHIEF EXECUTIVE OFFICER

Gildan's commitment to be a leader in our industry in corporate citizenship continues to be an integral part of our overall business strategy.

We take pride in providing our approximately 20,000 workers in all our facilities with a modern and safe working environment and a code of conduct which is respectful of best practices and progressive. Some of our workplace initiatives, such as the provision of medical services and our ergonomics program, are described in this report.

All of our vertically-integrated textile manufacturing operations are now consolidated in Central America and the Caribbean Basin, and run by our local management teams in these geographical regions. In addition to relocating our facilities offshore, our corporate "knowledge-based" technical manufacturing functions, such as engineering and quality control, are now led by qualified and committed local managers. I am immensely proud of our management talent and leadership in these countries, which is reinforcing Gildan's competitive advantage in our industry.

Gildan continues to be committed to our role as lead sponsor of the *Instituto Politécnico Centroamericano* (IPC) in Honduras, which trains and develops future managers for the apparel and other industries in Honduras. We are firm

believers in the mission of the school and its important role in the economic development of Honduras, where Gildan has made the majority of its capital investments to support the long-term growth and success of our business.

We announced on December 11, 2008 that we are implementing plans to close our sock finishing operations in the U.S., as well as one sock knitting facility, in order to consolidate these operations in Honduras. We sincerely regret the impact of these closures on our long-term U.S. employees and their families and communities. However, these actions are made necessary by increased global competition and the downturn in the global economy. All affected employees will be treated fairly and respectfully, in line with Gildan's commitment to its social responsibility values.

Glenn J. Chamandy
President and Chief Executive Officer

MESSAGE TO STAKEHOLDERS

At the time of publishing this report we are in the midst of a strategic review of our programs. This long-term approach will enable us to further incorporate social and environmental factors into our everyday business, better define roles and responsibilities and increase accountability of all departments involved in implementing our road map. We look forward to sharing our revised strategy with you in our 2009 comprehensive corporate citizenship report.

In this interim publication, you will find updates on our program including:

- implementing a progressive ergonomics program in our sewing facilities in Central America (see page 7);
- enhancing our waste management program across all of our operations (see page 12); and
- winning top honours in the Globe & Mail Report on Business “Board Games” ranking for corporate governance (see page 24).

In spite of these and other highlights detailed in this report, we continue to face challenges and therefore continue to push for improvements. For example, we will enhance the way we process social and environmental audit data so that it focuses on impacts and root causes. We will strive to further reduce

the environmental impacts of our energy, waste, and water usage. We will also continue building our relationships with a diverse range of groups, from responsible local NGOs, to analysts reviewing climate change programs on behalf of global investors.

Our engagement with stakeholders and our continued commitment to best practices will also be key to the way we support our employees and communities in these times of global economic uncertainty and the recently announced closures of some of our facilities.

In sharing some of our successes and challenges with you through this report, we invite your comments. Contact information is available on the inside back cover of this report.

Corinne Adam

Vice President, Corporate Social Responsibility

LABOUR

PRACTICES

UPDATE ON OUR 2008-2009 ACTION PLAN

COMMITMENT: CODE OF CONDUCT AND POLICIES

- ✓ Review and update code of conduct to reflect new best practices.
- ✓ Implement code of conduct in new manufacturing facilities.

UPDATE AT A GLANCE

We have completed an internal review and have started an external review of Gildan's code of conduct. The implementation process was put on hold in February 2008 when the Fair Labor Association (FLA)⁴ made a Board-level decision to update its code of conduct. We are awaiting the revised version of the FLA code in order to finalize our own. In the meantime, we are rolling out our current code of conduct in our facilities in the U.S. and at our new contractors' facilities.

Once the update of our code is finalized, it will be distributed and employees will be trained on the revised content. We expect to implement our revised code in 2010.

COMMITMENT: GRIEVANCE PROCEDURE MECHANISMS

- ✓ Train main contractors' management teams and workers on our integrity hotline.

UPDATE AT A GLANCE

We have updated our posters on the integrity hotline and are currently reviewing our internal training procedure regarding our grievance process. This training will be conducted at new and existing Gildan facilities in 2009.

To further reinforce our commitment toward ethical grievance procedures, we reviewed the Employees Concerns Committee mandate, which is responsible for supporting our current grievance process. This is a cross-functional executive committee headed by Internal Audit, with representatives from Corporate Social Responsibility, Human Resources, Legal, Finance, and Security. The purpose of this committee is to review complaints and concerns we receive through the integrity hotline, and to ensure they are properly addressed and followed-up upon.

⁴ www.fairlabor.org



BEHIND EVERY SINGLE
GARMENT WE PRODUCE,
THERE IS A TEAM OF SKILLED,
COMMITTED EMPLOYEES
WORKING IN AN ETHICALLY
MANAGED, SAFE AND
POSITIVE ENVIRONMENT.

COMMITMENT: COMPLIANCE WITH CODE OF CONDUCT

- ✓ Ensure that all company-owned facilities have a high rating by fiscal 2009.
- ✓ Ensure that current contractors' facilities in Central America and the Caribbean Basin all have at least a "B" rating by fiscal 2009.
- ✓ Ensure that all new contractors have at least a "C" rating when engaging business and improve.

UPDATE AT A GLANCE

A total of 87 social compliance audits were conducted at both Gildan and contractors' facilities by internal and external auditors during our 2008 fiscal year. The audits allow us to identify gaps in our standards for social compliance and put corrective actions in place. Our objective is to encourage and support plant managers and their teams to continuously improve their performance. For that purpose, we help them identify the root cause of the gaps in order to develop sustainable remediation. These are recorded in action plans that are followed up at least on a quarterly basis.

We are presently updating our measurement tools. More information on our audit results will be provided in our 2009 report.

COMMITMENT: NEW PRACTICES AND TOOLS

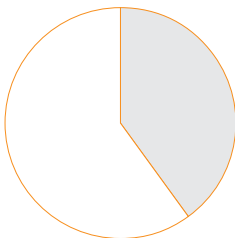
- ✓ Implement the FLA 3.0 program by 2009.
- ✓ Systematically identify and address root causes.
- ✓ Develop and implement a plan to standardize human resources and health and safety policies and procedures within our facilities by 2008.
- ✓ Improve CSR database to collect and analyze information efficiently by 2009.

UPDATE AT A GLANCE

FLA 3.0 Implementation

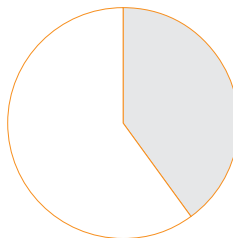
The FLA has created self-assessment modules for factories participating in the FLA 3.0 program based on the most frequent violations detected in the apparel sector in the region where the facilities are located. These self-assessments are then cross-verified through worker surveys conducted by an FLA-trained independent service provider. Both results are evaluated by the FLA and then delivered back to the facility with comments on rating and opportunities to improve. Our corporate social responsibility staff members have been trained on the FLA 3.0 process and have replicated the training within factory management. The purpose of these training modules is to address the root causes of code violations by integrating a range of participants, including local management and employees, in the process of identifying priority compliance issues and developing remediation plans. We are currently applying FLA 3.0 in Honduras.

**SOCIAL COMPLIANCE AUDITS
CONDUCTED BY INTERNAL MONITORS**
(fiscal 2008)



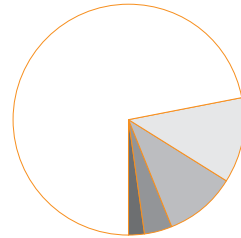
VISITS AT GILDAN FACILITIES 60%
VISITS AT CONTRACTORS 40%

SOCIAL COMPLIANCE AUDIT TYPES
(fiscal 2008)



COMPLETE SOCIAL AUDITS 60%
FOLLOW UP SOCIAL AUDITS 40%

**SOCIAL COMPLIANCE AUDITS BY
MONITORING SOURCE**
(fiscal 2008)



INTERNAL AUDITORS 72%
WRAP 12%
CUSTOMERS 10%
ACCORDIA 4%
FLA 2%

FLA 3.0 Implementation (continued)

In conjunction with the FLA 3.0 implementation and our planned database enhancements, (see Improved CSR Database below) we anticipate being able to provide data from the root cause analysis in the 2009 report.

Standardized health and safety

To standardize our policies, we created a working group and defined our global health and safety metrics. We developed a health and safety scorecard that was implemented in all of our facilities. The scorecard measures:

- First aid (i.e., incidents not requiring a medically trained person)
- Work-related injuries/illnesses
- Lost time accidents
- Work-related Muscular Skeletal Disorders (MSDs)
- Work hours
- Lost work days
- Work-related injury rate
- Severity rates

In addition, our human resources policies in our operations have been standardized to be in line with the Gildan Quality System (GQS) process.

Improved CSR Database

To improve our corporate social responsibility database, we have assessed several systems options and have also consulted our peer members of the FLA to understand the methodology and lessons learned following the development and implementation of their systems. With the cross-functional team we have created, we will finalize our decision regarding which system to use in 2009.

ERGONOMICS PROGRAM FOR GILDAN EMPLOYEES

In order to reduce employees' exposure to conditions that may lead to Muscular Skeletal Disorders (MSDs), we have developed and are implementing an ergonomics program. This program aims to increase awareness on ergonomics with management and employees, to lessen potential for injury or development of an MSD, and to increase job satisfaction.

As a first step towards better communicating the company's ergonomics program, an awareness campaign has been launched in our sewing plants in Central America. Messages on how to avoid MSDs and on effective ergonomics practices have been communicated through posters and radio spots that are played on speakers during exercise breaks twice a day. Instructors from the health and safety departments lead and supervise the exercises and constantly remind our employees of best practices in ergonomics. Each plant doctor also plays an integral role in the campaign by encouraging our workers to apply these best practices at work and at home.



The above step-by-step diagram is excerpted from the ergonomics poster displayed in Gildan's facilities in Honduras.

COMMITMENT: TRAINING

- ✓ Develop and implement training programs further to conducting gap analysis at factory level both within own and contractors' facilities.
- ✓ Implement a training program to address health and safety issues in all our facilities.

UPDATE AT A GLANCE

Training programs regarding health and safety issues have been implemented at all levels in our facilities. We have designed and implemented an ergonomics program in our Honduras sewing plants. During 2009, we will implement this program in the rest of our facilities. More data on additional training will be provided in our next report when the gap analysis is completed.

Additional Health and Safety Measures in all Gildan facilities

Along with Gildan's ergonomics program (see previous page) we also provide a range of additional worker health and safety practices to prevent workplace injuries, and to help support workers with their overall health and well-being (see page 18 for more information). All sewing equipment comes with eye and finger protectors, our employees sit on ergonomic chairs and, when their function requires them to stand, they do so on ergonomic mats. We are using a newly designed spot-cleaning machine that reduces organic vapour concentration by 80%. We acquired new monitoring equipment to further measure illumination, ventilation, noise levels and suspended particles concentration in all plants. In addition, we have also acquired audiometers and are performing audiometric testing, as part of our hearing conservation program.

In every Gildan offshore facility there is a medical clinic staffed with a doctor and health professionals. All facilities have a health and safety manual, as well as a reporting process to identify the number of patient visits, types of visits, and the relationship between workplace health issues and any specific areas within the factory. This data, along with the data being gathered in the health and safety scorecard, enables the medical staff to seek greater opportunities for prevention.

CERTIFICATION & RECOGNITION

Worldwide Responsible Accredited Production (WRAP)

Previously certified Gildan-owned sewing facilities in Central America were re-certified in 2008 to comply with the standard of WRAP, and Gildan's most recent sewing facility in Nicaragua was certified for the first time. Three quarters of our contractors' facilities in Haiti are also WRAP certified.

WRAP is an independent, non-profit organization dedicated to ethical manufacturing throughout the world. Their certification program certifies individual factories for compliance with their principles and procedures concerning fair pay, workers' dignity, safe and secure conditions, and environmental impact.⁵

Foundation for Social Responsibility in Honduras (FUNDAHRSE)

Every year FUNDAHRSE presents an award, "Sello FUNDAHRSE" (the "FUNDAHRSE Seal") to companies that demonstrate high standards in corporate social responsibility. In order to achieve this, companies must respond to an extensive questionnaire of over 200 questions related to company values, environmental practices, employee and community relations, governance, marketing, and purchasing practices. This year, of the 25 companies in Honduras that were pre-screened and invited to apply for the award, Gildan was one of only eight companies selected.

5 www.wrapapparel.org





FAIR LABOR ASSOCIATION (FLA) ACCREDITATION

In 2007, Gildan became the first vertically-integrated basic activewear manufacturer to have its labour compliance program accredited by the FLA. We were one of only ten companies worldwide to achieve this accreditation.

During the three-year evaluation process towards accreditation, the FLA made unannounced visits to Gildan's manufacturing operations. It also held annual meetings with management and the corporate social responsibility team to verify that labour processes and policies met the FLA's requirements.

The FLA is a Washington DC-based non-profit organization whose goal is to promote adherence to international labour standards and improve working conditions. It represents a multi-stakeholder coalition of companies, universities, and NGOs committed to a rigorous code of conduct.

Gildan has recently been elected by its peers to be part of the FLA's Board of Directors, starting in January 2009. For more about the FLA, visit www.fairlabor.org.

Maria Elisa Caballero
Folding and Bagging Operator at Gildan Rio Nance sock
manufacturing facility in Honduras

ENVIRONMENTAL

SUSTAINABILITY

UPDATE ON OUR
2008-2009 ACTION PLAN

COMMITMENT:
STANDARDS AND PARAMETERS

- ✓ Continuously improve environmental corporate standards based on new environmental legislation and best practices.
- ✓ Develop a control plan of environmental parameters and follow-up indicators.
- ✓ Conduct environmental compliance audits to ensure implementation of our corporate standards and of our environmental management system.

UPDATE AT A GLANCE

To improve our environmental standards and practices, we continuously monitor new laws and regulations in the countries where we operate and also evaluate best practices worldwide. We evaluate our needs and operations to develop new initiatives and technologies that are more efficient and environmentally friendly. In 2008, we have implemented our waste management system and our spills management plan (see page 12 and 14 for details on these initiatives).

COMMITMENT:
ENVIRONMENTAL PERFORMANCE
EVALUATION (EPE) SYSTEM

- ✓ Identify environmental indicators based on the laws, rules and regulations of the countries where we operate and those of our customers.
- ✓ Create necessary control procedures and systems.
- ✓ Establish a system of indicators and periodically verify results.

UPDATE AT A GLANCE

Each of these objectives set in our 2008-2009 action plan is in progress. The waste management and spills management programs, covered in the next pages, are examples of initiatives that are part of the EPE system. Additional information will be provided in our 2009 report.



The wastewater resulting from the manufacturing process in Honduras and the Dominican Republic is treated with our biological system, the Biotop®. The wastewater flows from the textile plants through a series of lagoons where pH is naturally stabilized, using bacteria to ensure chemical degradation and the removal of particles. For more information visit www.gildan.com/corporate.

COMMITMENT: ENVIRONMENT INTEGRATION

- ✓ Introduce an environment focus in all corporate strategies and actions by integrating it into all new projects, developing environmental and sustainability reports and promoting environmental awareness and training.

UPDATE AT A GLANCE

Our commitment to integrate environmental requirements in our supply chain is an ongoing initiative. New raw materials, products, or capital projects are subject to an environmental impact study and evaluated based on the principles of our environmental code of practice.

2008 HIGHLIGHTS

Applying Gildan's Environmental Code of Practice to all Materials

Gildan's environmental code of practice (ECP) was created in 2002 to ensure that existing and new supplies do not contain substances that are harmful to human health or to the environment.

All raw materials used by Gildan must meet the requirements of our ECP, including:

- Cotton and polyester yarn
- Textile and basic auxiliary chemicals
- Dyes
- Threads, neck labels, buttons, zippers, buckles, and other accessories
- Bags and packaging
- Spot cleaners
- Maintenance products

Any new raw materials being considered for Gildan's products must first be analyzed for environmental approval and for classification in Gildan's database. New materials are categorized and actions are taken accordingly. For example, if it is considered "Class I-1", it is an Environmentally Preferable Purchasing Option (EPPO). If the analysis determines that the material is not an EPPO, then the recommendation is made to replace this product with a more environmentally friendly option. "Class II" results indicate that insufficient testing information was provided. In these cases, the supplier must

provide, within three months, sufficient information before the approval for production can be given. "Class III" materials are deemed unacceptable in accordance with Gildan's ECP and are rejected.

All materials are classified using a technical form to identify important information with regard to handling, health and safety, first aid, flammability, ecological impacts, and waste procedures. This classification system ensures that materials are used in a safe manner, protecting the health of workers and the environment.

Waste Management System Implementation

In addition to the ECP, we developed a waste management system that was implemented in 2008. The system is based on the 4R-D concept (in order of importance: source reduction, reuse, recycle, recovery, and disposal).

The program has been implemented in all manufacturing facilities in Central America and the Dominican Republic. It involves identifying and quantifying all waste by type and weight, on a monthly and annual basis. This includes general solid, hazardous, biomedical, and recyclable waste, as well as special waste (such as batteries).

Implementing this waste management program involves several key steps, which have been communicated to supervisors and production staff at each facility in Central America and the Caribbean Basin. Dedicated environmental staff on site support key steps of the program including:

- Overview of waste classification
- Process to handle each type of waste
- Site-specific information for cafeteria, office, and facility waste reduction and streaming
- Creation of additional facilities to store waste where necessary
- Process to document and report waste data
- Identification of impacts of the business on the environment
- Opportunities to continue raising awareness and integrating waste management practices

These practices are now part of Gildan's waste management system, whether or not required by local laws. The waste management system has permitted Gildan to increase recycling and reduce the quantity of waste sent to landfill.

We are gathering baseline data in 2008, which will be available in the 2009 report.

AS A VERTICALLY-INTEGRATED
MANUFACTURER, OWNING
AND OPERATING OUR
FACILITIES, WE HAVE GREATER
CONTROL OVER THE TOTAL
ENVIRONMENTAL IMPACT OF
OUR OPERATIONS.

Spill Controls

In parallel with our waste management system, we have strengthened the management procedures to prevent and control spills. While we have the required processes to minimize the possibility of a spill, a human error could occur. In the event of a spill, we have clearly documented, readily available information on every material on site, in accordance with our materials classification process. Each material that could possibly be spilled is clearly marked with information regarding the process to follow to prevent personal harm and to minimize contamination of soil or water. The process defines accountability to manage spill assessment, control, disposal, and reporting.

We have begun this procedural implementation through training and education presentations in Honduras, the Dominican Republic, and Nicaragua in 2008.

Brine Recovery

In our textile facilities in Honduras and the Dominican Republic we piloted, in 2008, a brine recovery system to reuse brine from the wastewater of the dyeing process, enabling an overall reduction in salt and water use.

The success of these pilot projects led to the construction of complete systems in our textile facilities in Honduras and the Dominican Republic. We are currently fine-tuning these newly installed systems.

Participation in the Carbon Disclosure Project

Gildan participated in the Carbon Disclosure Project (CDP) for the first time in 2008. The CDP is an independent not-for-profit organization aiming to create a lasting relationship between shareholders and corporations regarding the implications of climate change for shareholder value and commercial operations. Its goal is to facilitate a dialogue, supported by quality information, from which a rational response to climate change can emerge.

This year was the CDP's sixth reporting year, and over 1,500 companies responded, as compared to 235 in the first reporting year. The Canadian report was launched in November and is available at www.cdproject.net.

Going forward, we will continue to measure our greenhouse gas (GHG) emissions. With the further implementation of our environmental performance evaluation system in 2009, we will be equipped with data and analysis to further reduce our energy consumption and GHG emissions.

Montreal's First Strategic Plan for Sustainable Development

The City of Montreal launched a sustainability plan in conjunction with local businesses. Companies are encouraged to take actions focused around five key sustainability areas, including:

- Air quality/reduction of GHG
- Quality of residential environments
- Responsible resource management
- Encouragement of industries, businesses and institutions to adopt solid sustainable development practices
- Protection of biodiversity, natural environments, and green space

We have developed our action plan for 2009 and will be able to report on our programs in the next report.

This project is being developed for the corporate head office and, if successful, will be expanded to our other installations.

Certification

In 2008, we renewed the Oeko-Tex® Standard 100 certification for all Gildan branded products. The Oeko-Tex Standard 100 certification comprehensively addresses the human ecology component of textile products. It evaluates and screens for any harmful substances present within processed textiles intended to come into contact with consumers.

6 www.oekotex.com





The Biotop® systems we use in Honduras and in the Dominican Republic treat the wastewater from our textile plants while creating safe habitat for local wildlife. For more information on our biological wastewater treatment system visit www.gildan.com/corporate.

COMMUNITY

RELATIONS

UPDATE ON OUR 2008-2009 ACTION PLAN

COMMITMENT: COMMUNITY DEVELOPMENT PROGRAM

- ✓ Review, develop, and implement a new global donation program.
- ✓ Conduct a needs assessment study in countries such as Nicaragua and Haiti. Subsequently, develop and implement a structured community development program in these countries.
- ✓ Further consult community and employees on the idea of implementing a “clean water” project initiative for communities surrounding our facilities in Central America and the Caribbean Basin. If found pertinent, develop and implement project.

UPDATE AT A GLANCE

In 2008, we committed to creating a global community development program to enhance our involvement in the communities where we operate and to ensure our donations have the most positive impact possible. As a first step to meet this commitment, we surveyed close to 8,000 employees in Honduras, Nicaragua, and Haiti to identify their needs regarding housing, access to clean water, food, and the needs of their community. We are currently examining the results from all countries.

Preliminary results indicate that a focus on water (for example, access to clean water) may be an appropriate focus for the global program. We will further analyze the survey results and prepare a revised global community development strategy for our 2009 report.

This year, we funded many important initiatives in the communities where we operate. From primary schools to technical and fashion education, from healthcare prevention campaigns to hurricane relief, Gildan is an active supporter of the communities where we operate. We invite you to read more about our community involvement by visiting our corporate website at www.gildan.com/corporate, in the corporate citizenship section.



In 2007, Gildan partnered with the municipality of Choloma, Honduras, to fund the construction of a new six-classroom building for the Noemí Ferrera School, which can provide education to more than 150 children from kindergarten through sixth grade.

COMMITMENT: EMPLOYEE HEALTH PREVENTION PROGRAM

- ✓ Further develop and implement health prevention programs for Gildan employees, particularly in Central America and the Caribbean Basin.

UPDATE AT A GLANCE

In every Gildan facility located in Central America and the Caribbean Basin there is a health clinic staffed with a doctor and nurses to support the employees on site. While the main functions of these teams are to prevent and address workplace health and safety issues, and to implement our health and safety program, these clinics support the employees beyond their workplace-specific health needs.

Health Prevention Programs

One sewing facility in Haiti had 463 visits for medical assistance over a three month period. Of these, fewer than 5% were for work-related health issues. The majority of these clinical visits concerned issues that are commonplace among the community at large such as tonsillitis, intestinal parasites and dermatitis. Employees received preventive care or were treated at the Gildan clinic.

In Nicaragua, the medical team at one sewing facility established a special training program for pregnant women, including one hour per week of specific exercises and health care guidance. Based on the success of the program in Nicaragua, we are developing this as a best practice for our other sewing facilities in Central America and the Caribbean Basin.

In Honduras, one of the sewing facilities developed a campaign to promote breast cancer awareness among female employees. During the event, the medical staff of the facility trained approximately 700 women on preventive methods to detect breast cancer. The training was complemented with videos and messages on bulletin boards and via loud speakers. Employees made positive comments about the campaign, saying that they had learned new information that could save their lives. In 2009, this program is expected to be rolled out in our other facilities.

We will continue to support the health prevention programs in all of our facilities, to measure their impacts, and to seek opportunities for continuous improvements.



Gildan continued to support the Instituto Politécnico Centroamericano (IPC) in Honduras through a financial contribution, 50 scholarships per year and the sponsorship of special initiatives developed by students. Above are student Liliana Vásquez and instructor Carmen Valásquez.



Gildan continued supporting schools in the Guerra neighbourhood in the Dominican Republic with repairs, necessary supplies for the kids and sponsorship of the Science Fair.



Gildan supported hurricane relief efforts in Haiti through a significant financial contribution to the Canadian Red Cross operation. Here, Brenda Hernandez, CSR regional internal monitor, Caribbean Basin, distributes food baskets to each of our employees.



For the fourth year, Gildan continued to support Dans la rue as a major donor. Dans la rue is a Montreal-based organization helping homeless youth.

NO MATTER WHERE
WE OPERATE, OUTSIDE
GILDAN'S DOORS THERE
ARE COMMUNITIES, INTO
WHICH WE MUST INTEGRATE
AS A RESPONSIBLE
CORPORATE CITIZEN.

COMMITMENT: STAKEHOLDER ENGAGEMENT

- ✓ **Maintain and reinforce dialogue with current stakeholders.**
- ✓ **Expand dialogues with organizations in the Caribbean Basin.**
- ✓ **Develop and strengthen relationships with the communities where we operate in the Caribbean Basin.**

UPDATE AT A GLANCE

Throughout 2008, we have been reinforcing our dialogue with various workers' rights organizations in Central America, the Caribbean Basin, the U.S. and Canada.

In the Dominican Republic we further engaged with **CIPAF** (Centro de Investigación para la Acción Femenina),⁷ an organization dedicated to ending poverty and supporting workers' rights. CIPAF is part of a regional network of NGOs which strive to foster dialogue between workers, unions, and private sector representatives.

Along with this continued dialogue, Gildan participated in a workshop facilitated by CIPAF in July 2008 in Santo Domingo. During this seminar, entitled "Social Auditing Methodologies and Techniques", Gildan provided participants with insights on how social auditors conduct inspections and gather information, as well as how to approach and identify violations of the core principles. This event was organized in collaboration with Social Accountability International.⁸

We maintain a dialogue with other regional NGOs through our involvement in the Americas' group of the **MFA Forum**, an international network of over 80 participating organizations representing brands and retailers, industry associations, trade unions, NGOs and multi-lateral institutions. MFA forum participants work together to explore ways to minimize the negative impacts on garment-producing regions after the end of the Multi-Fibre Agreement in January 2005.⁹

In Nicaragua we are members of **UNIRSE** (Unión Nicaragüense para la Responsabilidad Social Empresarial), a local NGO which seeks to engage businesses on issues of social responsibility.

As part of our engagement with the **FLA**, we actively participate in their monitoring committee and Board meetings three times per year. This is part of our commitment to accreditation (see page 9). It is also part of a deeper engagement process. The FLA brings together an important range of stakeholders including universities, NGOs, and companies. We find this provides a valuable exchange of perspectives on key issues and proposed solutions. The FLA is able to convene important dialogues among stakeholders who may otherwise not have a practical means of connecting on a regular basis, and Gildan plays an active role in this process.

⁷ www.cipaf.org.do

⁸ www.sa-intl.org

⁹ The MFA Forum began in 2004 and Gildan has been a participant in the Americas' group since 2007. For more information on the MFA Forum visit www.mfa-forum.net





Olvin Hernández
Knitting Operator at the Rio Nance sock manufacturing facility
in Honduras

CORPORATE

GOVERNANCE

UPDATE ON OUR 2008-2009 ACTION PLAN

COMMITMENT: GOVERNANCE PRACTICES

- ✓ To continue to review developments in corporate governance and follow best practices in terms of transparency, shareholder rights, compensation practices, and disclosure.

UPDATE AT A GLANCE

We are continuously evaluating and adopting evolving industry trends and best practices as they arise. For example, in 2008, we amended our Insider Trading Policy to include a prohibition against monetizing transactions and other hedging procedures by Company insiders to reduce exposure on their equity holdings so as to reassure investors that the economic interests of Gildan's senior management and Board members are aligned with those of Gildan's shareholders. In addition, this year Gildan will further enhance the executive compensation disclosure in its 2008 management proxy circular by voluntarily electing to comply with the new executive compensation disclosure rules recently adopted by the Canadian Securities Administrators, even though such rules do not yet apply to Gildan.

THE BOARD OF DIRECTORS' COMMITMENT TO CORPORATE GOVERNANCE AND CSR

As part of its formal mandate, our Board of Directors has the overall responsibility for overseeing the Company's corporate governance structure and procedures and for monitoring and reviewing the Company's environmental and social responsibility practices. The Board, under the guidance of its Chairman and with the support of its Corporate Governance Committee, fulfills this mandate by continually assessing, adopting, and supporting Gildan's corporate governance principles, practices, and policies.¹⁰ The Board also receives quarterly updates from management on the Company's environmental and social responsibility practices.

¹⁰ The Chairman of the Board and the members of the Corporate Governance Committee are each independent within the meaning of Canadian securities laws and the New York Stock Exchange listing standards.



IN NOVEMBER 2008,
GILDAN PLACED FIRST IN
THE ANNUAL CORPORATE
GOVERNANCE RANKING
OF CANADIAN PUBLIC
CORPORATIONS PUBLISHED
BY THE GLOBE AND MAIL.

AWARDS AND RECOGNITION

Our commitment to adopting strong and transparent corporate governance practices continues to secure Gildan's place among the leaders in corporate governance, an achievement recognized again this year by the *Report on Business*, a section of the Canadian newspaper *The Globe and Mail*. In November, the *Report on Business* ranked Gildan first among 180 publicly-listed companies (excluding income trusts) included in the TSX/S&P Composite Index. The *Report on Business* rates Canada's corporate governance practices using a rigorous set of criteria designed to go beyond the minimum mandatory rules imposed by Canadian securities regulators. The ranking is based on the review of companies' management proxy circulars and examines governance practices in four key areas: board composition, compensation, shareholder rights, and disclosure. In this year's rankings the average score was 70 out of a maximum of 100 points. Gildan achieved 98 out of 100. The methodology and criteria used to evaluate companies is available at <http://www.reportonbusiness.com/boardgames2008>

Furthermore, the Clarkson Centre for Business Ethics and Board Effectiveness (CCBE), a corporate governance research and communications centre at the Joseph L. Rotman School of Management (University of Toronto), has awarded Gildan its highest overall rating of AAA+ in its 2007 Board Shareholder Confidence Index. Based on a rating system comprised of factors used by active shareholders to assess boards of directors, the CCBE evaluates and ranks the boards of directors of companies listed on the TSX/S&P Composite Index by their potential to act in an effective way and by their performance, as indicated by past practices. The CCBE's 2007 scoring criteria are available at <http://www.rotman.utoronto.ca/ccbe/>.

More details about Gildan's corporate governance principles, practices, and policies can be found on our corporate website at <http://gildan.com/corporate/IR/corporateGovernance.cfm> and in our Management Proxy Circular <http://gildan.com/corporate/IR/proxyCircular.cfm>.



CONTACT INFORMATION

Gildan Corporate Social Responsibility

Corinne Adam
Vice President, Corporate Social Responsibility
Telephone: 514-734-8383 or
Toll free: 1-866-755-2023
E-mail: coadam@gildan.com

Gildan Corporate Communications

Geneviève Gosselin
Director, Corporate Communications
Telephone: 514-343-8814 or
Toll free: 1-866-755-2023
E-mail: ggosselin@gildan.com

*For more information on Gildan and our commitment
to socially responsible business practices, please do not
hesitate to contact us.*



**Using 5,346 lb. of Rolland Opaque30 instead of virgin fibres paper
reduces your ecological footprint of:**



13
Trees



2.5 kg
Suspended
particles in
the water



37,170 L
Water



393 kg
Solid
waste



1,096 kg
Air
emissions



187 m³
Natural
gas



Mixed Sources
Product group from well-managed
forests, controlled sources and
recycled wood or fiber
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