

**CORPORATE
CITIZENSHIP
REPORT
2008-2009**

REPORT SCOPE

SCOPE AND BOUNDARIES

The 2008-2009 Corporate Citizenship Report is the sixth report released by Gildan as part of its continuing commitment to Corporate Social Responsibility (CSR) and to maintaining an open dialogue with its stakeholders. This report follows the “[2008 Interim Corporate Citizenship Report](#)”, as well as the last detailed report entitled “[People, Values, Commitment](#)”, published in 2007. In 2010, we intend to publish an interim report and the next comprehensive Corporate Citizenship Report will be published in two years.

The [Global Reporting Initiative \(GRI\) G3 Guidelines](#), developed by a wide range of international stakeholders, have been adopted to enhance the quality, credibility and comparability of this year’s report. These guidelines were applied in the collection and interpretation of all data presented within the report and provide a widely-accepted, credible framework for reporting on the economic, environmental and social performance of an organization, irrespective of size, sector or location. Additionally, guidelines contained in the [GRI Apparel and Footwear Sector Supplement](#) were also followed.

This report focuses on Gildan’s 2008 and 2009 fiscal years and discloses information on issues pertaining to Gildan-owned locations in North America, Central America and the Caribbean Basin and any significant impact resulting from operations therein. When deemed relevant, Gildan’s yarn-spinning joint-venture mill in the U.S. and long-term sewing contractors in Haiti have been included. This report contains information on topics and matters that reflect the organization’s sustainability programs and initiatives with regard to corporate governance, labour practices, community relations and environmental sustainability. We report on these initiatives as we believe they are of interest to our stakeholders, more specifically our employees, shareholders, customers, business partners, governments, local authorities, civil society organizations and the communities within which we operate.

MATERIALITY

Data collected and compiled within this report is the result of a collaborative effort by Gildan staff throughout the Company’s many locations with a variety of measurement techniques having been adopted. The criteria used to determine materiality for information included in this report was based predominantly on benchmarking exercises and on informal conversations with stakeholders. The following factors were also taken into account: principal concerns in the apparel industry, relevant and applicable laws and regulations, international agreements such as the ILO Conventions, as well as considering any perceived impact or risk to our operations. Additionally, Gildan’s internal [CSR Steering Committee](#), which is comprised of senior managers from the corporate Head Office and operational hubs, spanning a number of Company departments, provided guidance and input on information collected.

As we further formalize our CSR strategy and programs, we anticipate refining what is considered material in our reporting efforts.

REVIEW

As the accuracy of this report is a matter of high importance to us, Gildan’s internal CSR Steering Committee has reviewed all information contained herein to ensure our stakeholders are provided with a proper and precise representation of our performance during the 2008 and 2009 fiscal years. An independent consultant, with apparel industry and reporting expertise, also played an advisory role to guide us on best practices and provided us with comments pertaining to both the content and structure of our report.

We invite readers to see page 72 for an index of the GRI indicators addressed in this report. For a complete historical overview of the Company’s policies, programs and CSR initiatives, our previous Corporate Citizenship Reports are available on the corporate section of our website at www.gildan.com/corporate.

Should you have any questions and/or comments about this report or our CSR practices in general, please contact us at cc@gildan.com.

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CSR TIMELINE

Table 1 – CSR Timeline

Year	Key Events
2001	Biological Wastewater Treatment Plant (Biotop®) in Honduras (Rio Nance 1)
2002	Code of Ethics (in current format)
	First WRAP Certification
2003	Environmental Policy
	Environmental Code of Practice
	Gildan joins the FLA
2004	Special Review by FLA ¹
	Dialogue with International NGOs
	Biotop® in the Dominican Republic
	Oeko-Tex Standard 100 Certification
	First Gildan CSR Report
2005	Gildan Code of Conduct
	Reinstatement by the FLA
	Inauguration of <i>Instituto Politécnico Centroamericano</i>
2006	Donation Policy
	First GHG Inventory
2007	Energy Efficiency Projects in Honduras and the Dominican Republic
	Environmental Management System
	FLA Accreditation
2008	Waste Management System
	Closure of North American Activewear manufacturing hub following Responsible Closures Guidelines
	Ranked #1 in Corporate Governance in Canada (Globe and Mail – <i>Report on Business</i>)
2009	FUNDHARSE CSR Seal (also a 2009 recipient)
	Biomass Steam Generation System in the Dominican Republic
	Collaboration with The Ergonomics Center of North Carolina
	Appointment of Gildan's Vice President of Corporate Social Responsibility to FLA Board
	Ranked in Top 10 – Annual Corporate Governance Ranking of Canadian Public Corporations by the Globe and Mail
	Ranked among Top 50 CSR Companies (Jantzi Research – Maclean's)

¹ According to the FLA Charter, a company that is affiliated with the FLA as a Participating Company or Collegiate Licensee (Category B) may be placed on special review if it fails to achieve or maintain compliance with FLA standards.

MESSAGE FROM GLENN CHAMANDY



Although the global economic downturn resulted in weak demand in all of Gildan's served markets in fiscal 2009, Gildan continued to enhance its competitive positioning and make progress in implementing its strategic initiatives. In spite of the need to control costs and prudently manage investments, Gildan continued to be committed to investing in its CSR and sustainable development initiatives, as reflected in the labour, environmental, community, business and governance practices that are presented in our first Global Reporting Initiative-based Corporate Citizenship Report.

We were able to manage inventory levels with short periods of production downtime, and do so in a manner which minimized disruption to our employees and aided in maintaining their financial security. These measures also allowed us to retain our trained employees and afforded us the flexibility to restart production rapidly when needed.

We also completed the consolidation of sock finishing operations in Honduras and we provided our U.S. employees who were unfortunately impacted by this consolidation with extended pre-notice. In addition, we worked with local organizations to assist employees in transitioning to new jobs or educational opportunities.

The political situation in Honduras raised the climate of uncertainty in which we operated during the fiscal year. However, our country management team kept our facilities running efficiently during these months. They also facilitated transportation and compensation for employees and maintained an environment of trust and respect, by preserving employees' freedom of speech and right to express themselves on the political situation unfolding in their country, without interference from the Company.

In line with our commitment to transition towards greater use of renewable energy, we started a new initiative to develop a Biomass energy-generation facility that will combust agricultural residues and selected wastes to produce the steam necessary for our textile operations in the Dominican Republic. This sustainable initiative, which will be in full operation during the second quarter of 2010, will allow us to be more energy-independent, reduce the facility's greenhouse gas emissions through a significant reduction in fossil fuel usage and encourage local economic development, while also reducing the Company's energy costs. This project, along with our Biotop® wastewater management system, is an example of Gildan's commitment to environmental sustainability.

During the year, we defined four strategic priorities pursuant to a strategic visioning session with our corporate and local management teams, and these priorities will direct our actions going forward:

- Optimize our use of resources
- Adopt a life cycle approach to social and environmental initiatives
- Enhance participation in community development
- Maximize employee satisfaction

Our senior executive team, our Vice President of Corporate Social Responsibility, Corinne Adam, and the CSR Steering Committee members, are fully dedicated to taking our program to the next level with these four priorities, which will be developed to support our business objectives, with the intention of creating additional value for our stakeholders, while minimizing our impact on the environment. I look forward to communicating our results in line with these priorities in the next complete Corporate Citizenship Report in 2011.

Glenn J. Chamandy
President and Chief Executive Officer

MESSAGE FROM CORINNE ADAM



As first announced in our 2007 Corporate Citizenship Report, this year we are beginning to use the Global Reporting Initiative (GRI) guidelines to enable greater comparability and integrity in our reporting process. Furthermore, we have been given a clear mandate by Gildan's President and CEO, Glenn Chamandy, to implement our CSR strategy throughout our organization, with a view to ensuring that our CSR programs continue to evolve and flourish going forward.

In 2009, as part of Gildan's continuous commitment to CSR, we formed a CSR Steering Committee responsible for developing the Company's strategy and overseeing its performance in that area. The Committee is multidisciplinary as it includes a cross-functional selection of Gildan's senior managers and executives who will ensure their stakeholders' perspectives are understood and considered in the evolution of the Company's strategy on sustainability.

What this means for our everyday CSR activities is that we are actively transitioning our approach into a company-wide program, supported by clear goals and metrics, and a newly-implemented database system. We are refining how we gather and analyse data, and how we work with our internal and external stakeholders to make positive changes in the communities in which we operate.

We have already accomplished numerous objectives, as disclosed in our 2008-2009 Corporate Citizenship Report. For example, we have made improvements on how we measure and manage key indicators on employee health and safety, and we worked with experts such as the Ergonomics Center of North Carolina to create a better workplace experience for our employees in the Americas. You can access more information of these efforts on pages [55-60](#) of this report.

Another example is our continuous improvement in the area of environmental sustainability, from waste management to reducing greenhouse gas emissions, to engaging our colleagues in local environmental initiatives. We are pleased to provide you with a detailed description on these areas in this report.

We have continued to strengthen our community involvement through fundraising, employee volunteerism, and skills development support in all of the countries in which we operate. We have also established and maintained a leadership position in corporate governance. These key areas underscore Gildan's long-term commitment to operating responsibly and having a positive impact on the community.

During an in-depth consultation with our stakeholders, we received clear feedback that we should increase the communication of our CSR initiatives. To that end, we believe the adoption of the GRI guidelines for this report is a key step in the right direction as we provide our stakeholders with more thorough data covering a broader range of issues, while offering an update on our progress on key CSR activities.

Corinne Adam

Vice President, Corporate Social Responsibility
CSR Steering Committee Champion

AWARDS AND NOMINATIONS

In 2008 and 2009, Gildan received the following awards and recognitions for its Corporate Social Responsibility practices.

Ranked in the Top 10 in the Annual corporate governance ranking of Canadian public corporations by the Globe and Mail (2007-2009)

Gildan has ranked in the Top 10 in the “Report on Business” section of the Globe and Mail, one of Canada’s leading national newspapers, for three consecutive years, placing first in 2008. Gildan is now among the rare manufacturing companies to have reached this position from among more than 180 publicly-listed companies (excluding income trusts) listed on the TSX/S&P Composite Index, which is dominated mostly by banks, insurers and other companies long recognized for leading governance practices. 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 and to include evolving best practices. The ranking considers governance practices in four key areas: board composition, compensation, shareholder rights, and disclosure.

Corporate governance is an important factor in Gildan’s overall success and the Company is proud to have been recognized for its accomplishments over the past years.

Recipient of FUNDHARSE CSR Seal (August 2008/September 2009)

Every year, the Fundación Hondureña de Responsabilidad Social Empresarial ([FUNDAHRSE](#)) presents the CSR Seal to companies that demonstrate high standards in Corporate Social Responsibility.

To be eligible for the FUNDHARSE CSR Seal, companies must respond to an extensive questionnaire of more than 200 questions related to company values, ethics, environmental practices, employee and community relations, governance, marketing, and purchasing practices. Companies with ratings higher than FUNDHARSE standards are selected as recipients.

Gildan received the FUNDHARSE CSR Seal in both 2008 and 2009.

Ranked among the Top 20 Most Responsible Companies in the province of Quebec (May 2009)

On May 30th, 2009, Les Affaires, a widely-read business newspaper in the province of Quebec, published its Top 20 Most Responsible Companies ranking, with the 120 largest public corporations having head offices based in the province of Quebec in competition for a ranking. Gildan made the top three in the following four categories, out of a total of six areas in all:

- 1st in Human Rights
- 2nd in Labour Relations
- 2nd in Governance
- 3rd in Ethics and Responsibility

Recognized as one of Canada’s 50 Best Corporate Citizens (June 2009)

In its June 22nd, 2009 edition, Maclean’s magazine, Canada’s only national weekly current affairs publication, presented its inaugural list of Canada’s 50 Best Corporate Citizens, Gildan being included among them.

The 50 Most Socially Responsible Companies were selected on the basis of their performance across a broad range of environmental, social and governance indicators tracked by Jantzi Research².

² Jantzi Research’s process includes a thorough examination of company documents, media sources, online databases, government sources and NGO research, as well as direct correspondence with key stakeholders. Jantzi analysts use a best-of-sector methodology to compare companies within a given peer group to industry best practices. Their analysis is used by a growing number of institutional and individual investors who consider environmental, social and governance performance, in addition to financial performance, in the management of their investments. For more information, you may visit www.jantziresearch.com

Most of the companies rank at the top of their respective peer groups in Jantzi's Canadian Social Investment Database (CSID) or the databases of its global research partners, have demonstrated strong performance in areas such as environmental management, impact on local or First Nations communities, treatment of employees, and their record on human rights issues.

The following Gildan initiatives were highlighted in the article:

- Having recently surveyed 8,000 employees in its Central American locations to identify their most pressing community needs, allowing it to better support economic development in the regions where it operates.
- The only Canadian apparel manufacturer accredited by the Fair Labor Association.
- Has implemented a health and safety scorecard and an ergonomics program at its sewing facilities.
- Developed its own biological system, the Biotop®, to treat wastewater from its manufacturing processes in Honduras and the Dominican Republic.

Among Top 3 Finalists - Social Responsibility Grand Prize Category of the Prix québécois de l'entreprise citoyenne (Quebec Corporate Citizenship Award) Korn/Ferry - L'actualité - NATIONAL Public Relations (September 2009)

The "Prix québécois de l'entreprise citoyenne" recognizes the efforts of companies headquartered in the province of Quebec, Canada, that help establish and promote innovative practices in business ethics and sustainable development.

The practices of 120 companies were evaluated based on the originality of their actions, any practical and measurable impact they had, and the alignment of these actions with the company's values, mission and general practices. Gildan was one of three finalists in the Social Responsibility Grand Prize category.



Nominated for the Aurum Award (November 2009)

In November 2009, Gildan was nominated for the Aurum Award, an annual award granted by the [Universidad Tecnológica Centroamericana \(Unitec\)](#) in Honduras to ten companies operating in Tegucigalpa and San Pedro Sula.

The Aurum Award is granted based on an image-ranking study, where consumers identify companies they admire most. The survey measures product quality, customer service, work environment, and corporate social responsibility policies and programs encompassing environmental and community issues.

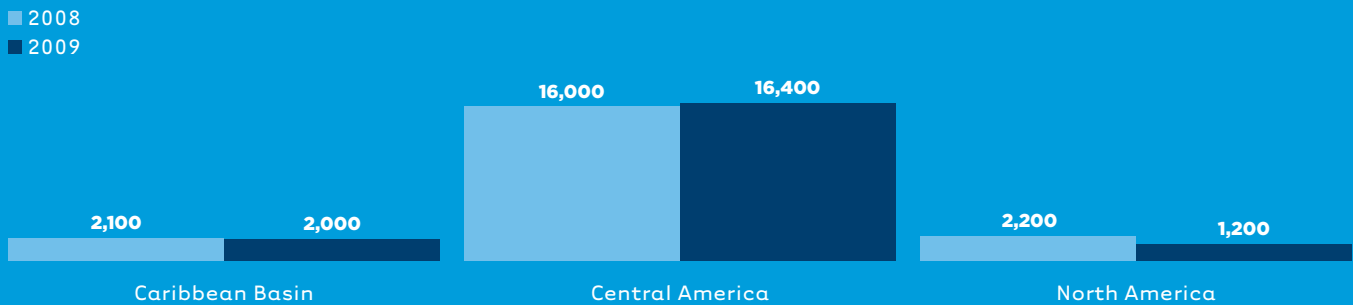
In 2009, the survey concluded in 400 companies mentioned by consumers, but only 20 companies, including Gildan, were nominated to win the Aurum Award based on their scores.

Unitec's goal is to motivate local businesses to continue strengthening their CSR policies, on matters such as sound employment practices, environmental and community programs, as well as contributions to the development and growth of Honduras.

COMPANY OVERVIEW

IN 2009, GILDAN SOLD MORE THAN 650 MILLION PAIRS OF SOCKS AND CLOSE TO 500 MILLION SHIRTS IN 34 COUNTRIES WORLDWIDE.

Figure 1 — Total Number of Employees per Region ⁽¹⁾



¹ Approximate numbers at year-end

ORGANIZATIONAL PROFILE

Gildan is a vertically-integrated marketer and manufacturer of quality, branded, basic apparel products, including T-shirts, fleece, sport shirts, socks and underwear. Gildan is the leading supplier of activewear for the screenprint market in the United States and Canada. It is also a leading supplier to this market in Europe and is establishing a growing presence in Mexico and the Asia-Pacific region. In the U.S. mass-market retail channel Gildan is one of the leading suppliers of socks.

Gildan activewear products are sold in large quantities to wholesale distributors as undecorated “blanks”, which are subsequently decorated by screenprinters and embroiderers with designs and logos and sold to a highly diversified range of end-use markets, including educational institutions, athletics dealers, event merchandisers, promotional product distributors, charity organizations, entertainment promoters, as well as travel and tourism venues. Our activewear products are used in a variety of daily activities by consumers.

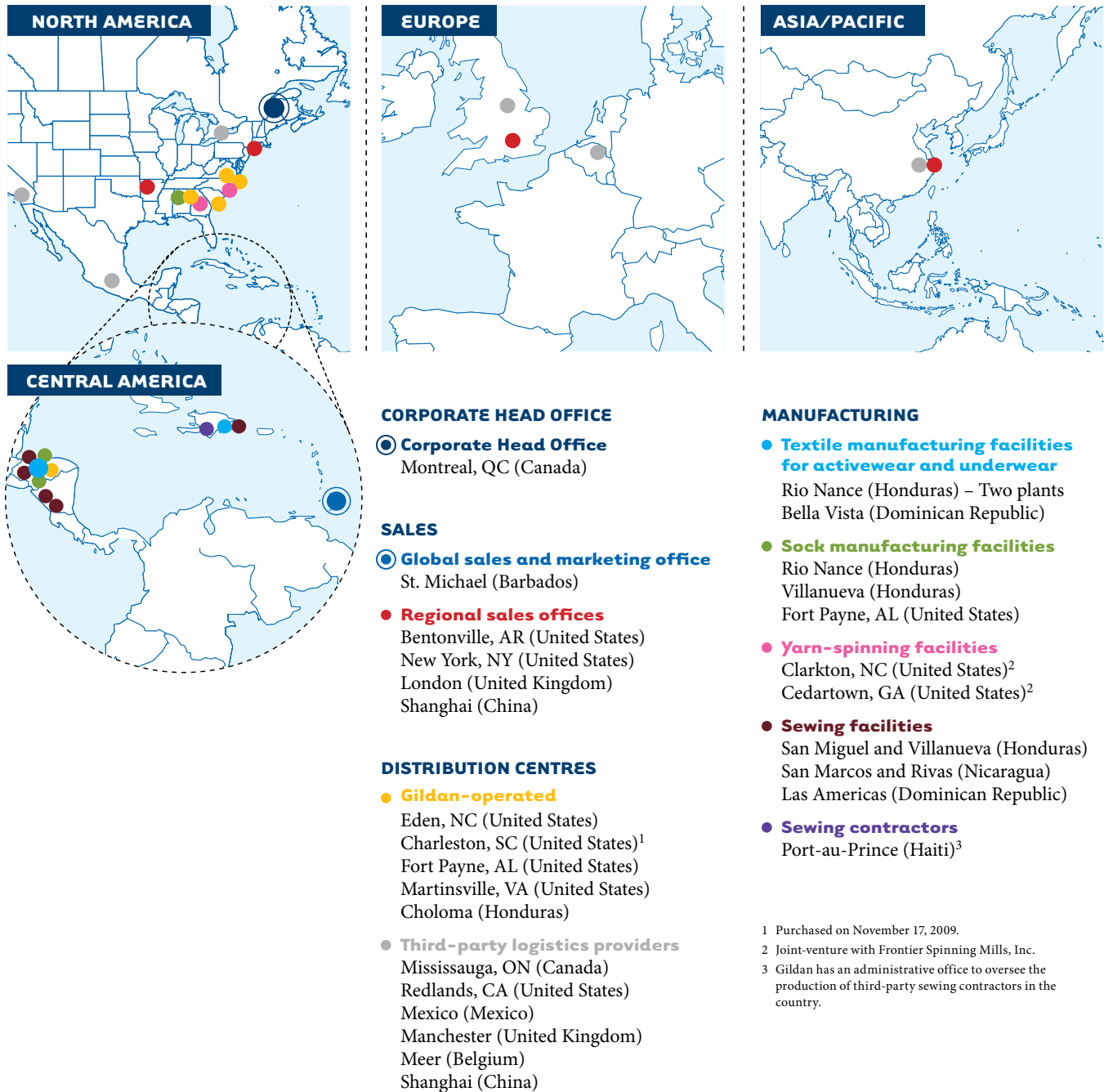
We sell a variety of sock styles and men’s and boys’ underwear, as well as our activewear products, to mass-market and regional retailers in North America under various retailer private label programs and under the Gildan brand. Our activewear products are made of either 100% cotton or of cotton and synthetic fibre blends.

To support our sales in the various markets, we have built modern large-scale integrated manufacturing facilities located in Central America and the Caribbean Basin where we manufacture T-shirts, fleece, sport shirts, socks and underwear. All textile products used to produce our activewear and underwear products are manufactured in company-owned facilities and the sewing is predominantly handled at our own sewing facilities. Gildan uses Haiti-based contractors for the remaining sewing requirements on products manufactured in the Caribbean Basin. The majority of Gildan’s sock manufacturing is carried out in company-owned facilities in Honduras and in the U.S. with products being sourced from Latin America, the Caribbean Basin and Asia.

Gildan operates facilities and/or offices in various countries, primarily in Barbados, Canada, the Dominican Republic, Haiti, Honduras, Nicaragua and the United States, and directly employs more than 19,000 people. (See map on page 12 for an overview of Gildan’s operations)

GILDAN OPERATIONS

Figure 2 — Gildan Operations



FINANCIAL HIGHLIGHTS

Table 2 — Financial Highlights

(in US\$ millions, except per share data and ratios)	2009	2008	2007	2006	2005	2004
Income Statement						
Net sales	1,038.3	1,249.7	964.4	773.2	653.9	533.4
EBITDA ⁽¹⁾	160.6	249.8	194.0	166.4	128.6	98.9
Net earnings ⁽²⁾	95.3	146.4	129.1	106.3	85.8	59.9
Diluted earnings per share ⁽²⁾⁽³⁾	0.79	1.20	1.06	0.88	0.71	0.50
Adjusted net earnings ⁽¹⁾⁽²⁾	99.7	151.3	156.4	126.3	93.8	66.4
Adjusted diluted earnings per share ⁽¹⁾⁽²⁾	0.82	1.24	1.29	1.04	0.78	0.56
Cash Flow						
Capital expenditures	(44.9)	(97.0)	(134.3)	(80.2)	(86.1)	(53.7)
Free cash flow ⁽¹⁾	132.2	148.4	(43.5)	18.5	9.4	5.1
Financial Position						
Total assets ⁽²⁾	1,082.4	1,095.0	867.7	718.9	596.5	488.1
Long-term debt (including current portion)	4.4	53.0	59.7	33.9	47.1	56.6
Cash in excess of total indebtedness (Net indebtedness) ⁽¹⁾	95.3	(40.6)	(50.4)	(8.3)	18.7	4.1
Financial Ratios						
Return on shareholders' equity	11.3%	19.8%	22.0%	22.4%	23.5%	20.6%

(1) EBITDA, Adjusted net earnings, Adjusted diluted earnings per share, Free cash flow and Cash in excess of total indebtedness (Net indebtedness) are non-GAAP measures. See "Non-GAAP Measures" on page 8 of the 2009 Management's Discussion and Analysis.

(2) Reflects the impact of the change in accounting policy as described in Note 1(b) to the 2009 audited Consolidated Financial Statements.

(3) All per share data reflect the effect of the stock splits in May 2007 and May 2005.

Certain minor rounding variances exist between the financial statements and this summary.

SEGMENTED INFORMATION

Table 3 — Segmented Information (in US\$ millions)

Net Sales by Major Product Group:	2009	2008	2007
Activewear and underwear	795.5	957.1	826.2
Socks	242.8	292.6	138.2
	1,038.3	1,249.7	964.4

Revenues by Geographic Area are as Follows:	2009	2008	2007
Net sales were derived from customers located in the following geographic areas:			
United States	939.7	1,126.0	852.5
Canada	35.1	56.3	53.3
Europe and other	63.5	67.4	58.6
	1,038.3	1,249.7	964.4

Property, Plant and Equipment by Geographic Area are as Follows:	October 4, 2009	October 5, 2008
Caribbean Basin and Central America	324.4	325.7
United States	67.5	83.2
Canada and other	22.6	27.6
	414.5	436.5

DEVELOPMENTS IN THE 2008 AND 2009 FISCAL YEARS

2008 and 2009 business developments are described in Gildan's [2009 Annual Information Form](#) and the Company's [2009 Management Discussion and Analysis](#) document, both available on our website.

OUR COMMITMENT TO SUSTAINABLE SOCIAL, ENVIRONMENTAL AND GOVERNANCE PRACTICES

Gildan is determined to remain an industry leader with regard to CSR, while continuing to deliver maximum value to its stakeholders. We manage our production processes in a sustainable manner and partner with communities and environmental authorities to ensure we comply with applicable laws and regulations in each region. We also put significant efforts into developing effective programs and initiatives enabling us to go beyond legal requirements, adopting a more proactive approach, as described in our [Code of Conduct](#), [Code of Ethics and Business Conduct](#), and our [Environmental Code of Practice \(ECP\)](#).

In 2009, as part of Gildan's continuous commitment to CSR, we formed a CSR Steering Committee composed of senior managers from both the corporate Head Office and operational facilities, spanning a number of Company departments, notably Corporate Social Responsibility, Corporate Communications, Corporate Human Resources, Engineering, Environment, Finance, Legal, Manufacturing, Operations, Sales and Marketing as well as Supply Chain. The CSR Steering Committee is mandated with developing the Company's CSR strategy and overseeing its performance in that area, as well as exploring best practices to be introduced into operational procedures.

CORPORATE GOVERNANCE AND ETHICS

We consider strong and transparent corporate governance practices to be both an integral part of our CSR commitment and an important element in our overall business success. Our business is firmly rooted in a strong corporate governance culture of integrity, accountability and transparency at every level of the organization. We strive to take a leadership role in corporate governance by continuously adhering to the highest standards of Canadian and securities legislation and by adopting best practices as they evolve.

[Our corporate governance principles and practices](#) are described in greater detail on our website and can also be found in our Statement of Corporate Governance Practices contained in this year's [Management Proxy Circular](#).

The following are key aspects of our corporate governance policies, programs and practices:

Board of Directors and its Committees

Our strength in corporate governance begins with our Board of Directors, the highest governing body in our Company. Eight of our nine Board members are independent of management, including our Chairman of the Board.³ The sole Board member who is not independent is Glenn J. Chamandy, the President and Chief Executive Officer and a founder of the Company.

The Board is responsible for overseeing the management of Company business and affairs, with the underlying objective of ensuring management develops and implements plans to maximize shareholder value. The Board's role and responsibilities are described in greater detail in its formal mandate, which is available on the [Gildan website](#).

As part of its formal mandate, our Board also oversees the Company's corporate governance structures and procedures. The Board, under the guidance of its Chairman and with the support of the Corporate Governance Committee, fulfills this mandate by continuously assessing, adopting, and supporting Gildan's corporate governance principles, practices, and policies.

³ We define independent (as used above in adjective form) in accordance with Canadian securities laws and the New York Stock Exchange listing standards.

Our Board of Directors has three separate sub-committees, each of which has a [formal mandate describing its role and responsibilities](#); the Audit and Finance Committee, the Compensation and Human Resources Committee and the Corporate Governance Committee. Only independent directors sit on these three committees.

To allow for open discussions without Company management present, the Board and its committees conduct sessions involving only independent directors after each regularly-scheduled meeting.

To maintain director independence and to avoid potential conflicts of interest, the Board has adopted a policy whereby Board members are prohibited from serving together as directors on any outside boards of publicly-traded companies, unless authorized by the Board, in its discretion. None of the Company's directors currently serve together as directors on any outside boards.

In accordance with corporate policies and applicable laws, should a conflict of interest arise, a director is required to disclose his or her conflicting interest to the Board and abstain from participating in any discussion or vote on the matter.

The Corporate Governance Committee is responsible for identifying candidates qualified to become Board members. It regularly reviews the competencies, skills, expertise, personal qualities, availability, geographical representation, business background and diversified experience of Board members and assesses them against the Company's circumstances and needs.

The Chairman of the Board, in consultation with the Corporate Governance Committee, is charged with monitoring and reviewing Gildan's orientation and continuing education programs for directors, and ensuring that directors have access to educational opportunities and information that will enhance their effectiveness as Board members.

The Board of Directors believes that each of its members should carry the confidence and support of Gildan's shareholders. With this in mind, the Board has adopted a majority voting policy stipulating that any director nominee who receives a greater number of shareholder votes "withheld" than votes "for" will tender his or her resignation to the Board promptly following the shareholders' meeting.

The following table provides information on the composition of Gildan's Board of Directors during 2008 and 2009, before the appointment of two new Board members in December 2009.

Table 4 — Governance Board and Committees

	% of minority	% of female	% of members in 30-50 age group	% of members over 50 years old	% attendance record
Board	14	14	14	86	99
Audit and Finance Committee members	25	0	0	100	100
Compensation and HR Committee members	0	25	0	100	100
Corporate Governance Committee members	25	25	0	100	100

BOARD COMMITMENT TO CORPORATE SOCIAL RESPONSIBILITY

Gildan is committed to the highest standards of integrity and ethical behaviour as defined in our Code of Ethics and Business Conduct adopted by our Board of Directors. As part of its formal mandate, overall responsibility for monitoring and reviewing the Company's environmental and social practices falls to our Board of Directors. The Board receives quarterly updates from management on the Company's sustainable environmental and social policies, procedures and practices.

In order to enhance the Board oversight of Gildan's policies and practices with respect to CSR, including environmental, labour, health and safety and sustainability issues, as well as community and other stakeholder relations, the Board has delegated this specific responsibility to the Corporate Governance Committee. This more direct oversight role of the Board further recognizes our commitment to include CSR in our strategic decision-making processes.

COMMUNICATION WITH THE BOARD AND COMPANY MANAGEMENT

The following channels have been made available to facilitate shareholder and other stakeholder communication with the Board and the Company management:

- Interested parties may communicate directly with the Chairman of the Board, or with non-management directors (as a group), by submitting any concerns by e-mail to the following address: corporate.governance@gildan.com or by postal service: C/O the Corporate Secretary at Gildan's corporate Head Office in Montreal.
- Shareholders who attend the Company's annual shareholders' meetings are invited to address questions to the Chairman of the Board, and/or senior executives, during a question period that follows the formal business segment of the meeting.
- In addition to voting and participating in the Company's annual shareholders' meeting, Canadian corporate law also allows shareholders the right to submit proposals pertaining directly and significantly to Company business and affairs.
- Complaints relating to accounting, internal accounting controls or accounting matters can be submitted confidentially and anonymously by any concerned party through the procedure described in our [Policy for the Receipt, Retention and Treatment of Complaints Received by Gildan Activewear Inc. from Non-Employees Regarding Accounting, Internal Accounting Controls or Auditing Matters](#).
- To assist employees, a whistle-blowing policy has been implemented to provide a means of reporting any improper practices or questionable acts, confidentially and without fear of reprisal, including violations of the Company's Code of Ethics and Business Conduct, or violation of any other Company policy. Employees have access 24 hours a day, seven days a week, to a toll-free [Integrity and Social Responsibility Hotline](#). Every complaint is investigated and followed up by the Employee Concerns and Questionable Acts Committee, which is comprised of the Vice President of Corporate Social Responsibility, Vice President of Corporate Human Resources, Vice President Operations Controller, Vice President of Security, Director of Legal Services and Corporate Secretary, as well as the Director of Internal Audit. Serious and valid complaints involving questionable auditing or accounting matters are referred to the Chairman of the Audit and Finance Committee of the Board. Any issue raised that relates to the CEO or the CFO of the Company is referred directly to the Chairman of the Audit and Finance Committee.

EXECUTIVE COMPENSATION PRACTICES

The compensation of Gildan's directors and executive officers is determined annually by the Board of Directors based on the review and recommendations put forward by its Compensation and Human Resources Committee. The Board periodically benchmarks compensation against market data to ensure it realistically reflects the responsibilities and risks managed by the Company's directors and executive officers in today's complex business and governance environment.

Gildan's compensation program is designed to attract, motivate and retain qualified high-performing directors and executive officers and to align their interests with those of the Company's shareholders.

In addition, directors and senior management, including the Chief Executive Officer, are subject to minimum equity ownership requirements that further align the interests of Gildan's directors and senior management with the interests of the Company's shareholders.

[Gildan's Management Proxy Circular](#) provides a detailed discussion on:

- Executive compensation philosophy and program objectives;
- Board of Directors' compensation;
- Global compensation of executive officers, including base salary, benefits, short-term and long-term incentives; and
- Total annual compensation of the President and CEO and the next four highest-paid senior executives.

ETHICS AND FOREIGN ANTI-CORRUPTION POLICIES

Employee conduct affects the integrity and credibility of the Company as a whole. In view of this, we have implemented certain measures to promote and monitor compliance with the Company's high ethical standards and policies.

Our Board of Directors has adopted a [Code of Ethics and Business Conduct](#) that formally sets out our standards and expectations of conduct for all Gildan employees. The Code governs employee conduct in such areas as integrity, ethics, confidentiality and conflicts of interest. The Code is distributed to and signed by new employees and is also posted on the Company website. In addition, Gildan conducts an annual certification process to monitor ongoing compliance with the Code and the results of this process are reported to the Board.

Gildan complies with anti-corruption legislation in Canada and in the U.S. and has adopted a formal policy to this effect.⁴ The Company conducts an annual certification process to monitor ongoing compliance with the policy and the results of this process are reported to the Board.

Board Performance Assessment

The Corporate Governance Committee annually assesses the performance and effectiveness of the Board as a whole, its committees, Committee chairpersons and individual directors. Questionnaires are distributed to each director for the purpose of:

- Evaluating the Board's responsibilities and functions, its operations, how it compares with boards of other companies on which the directors serve, and the performance of the Board's various committees; and
- Inviting directors to make suggestions aimed at improving the performance of the Chairman of the Board, Committee chairpersons and individual directors.

The results of the questionnaires are compiled confidentially to encourage full and frank commentary and are discussed at the subsequent meeting of the Corporate Governance Committee. The Corporate Governance Committee Chairperson then presents the Board with the committee's findings and recommendations to further enhance the performance and effectiveness of the Board and its committees.

The Chairman of the Board has adopted a practice of interviewing the Company's senior management on a biannual basis.

⁴ This legislation includes the *Corruption of Foreign Public Officials Act* of Canada and the *Foreign Corrupt Practices Act* of the United States.

Financial Reporting and Internal Controls

The Company is subject to a variety of rules and regulations that govern how boards and committees are required to review public disclosure, Company processes and internal control systems. These rules and regulations include the *Sarbanes-Oxley Act of 2002*, as well as the requirements of the U.S. Securities and Exchange Commission, Canadian securities regulatory authorities and the stock exchanges where Gildan's shares are listed. The Company's systems and procedures to comply with these requirements include the following:

- The Company maintains systems of internal controls to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with Canadian generally accepted accounting principles ("GAAP"). The Company's internal controls over financial reporting include policies and procedures relating to the authorization of transactions, the maintenance of records that reflect the timely and accurate recording of transactions, and the prevention and timely detection of fraud that could have a material effect on the Company's financial statements.
- The Company also maintains a system of disclosure controls and procedures which are designed to ensure that information that is required to be disclosed in reports file with regulatory authorities is recorded, processed, summarized and reported within prescribed time periods, and is accumulated and reported to senior management to allow timely decisions regarding required disclosure.
- Gildan's Chief Executive Officer and Chief Financial Officer sign certificates attesting to the fair presentation, in all material respects, of the Company's financial position, operational results and cash flow, as well as attesting to the design and effectiveness of disclosure controls and procedures, and the design of internal controls over financial reporting.

To support compliance with these rules and regulations, Gildan's Internal Audit department and management perform tests to validate the adequacy of the design and the operating effectiveness of the Company's internal controls over financial reporting and disclosure controls and procedures.

The Company includes a report on the operating effectiveness of these controls and procedures in its annual filings, and there have been no material deficiencies identified during fiscal 2008 or 2009. As part of its disclosure controls and procedures, the Company has created a Disclosure Committee and has adopted a procedure whereby all senior officers are required to sign certificates of compliance. During fiscal 2008 and 2009, Gildan has not had any significant instances of non-compliance.

We are currently preparing for a changeover conversion from Canadian accounting standards to international financial reporting standards, which will take effect during the Company's 2012 fiscal year.

The Audit and Finance Committee oversees the Company's financial reporting, which includes monitoring the integrity and quality of accounting and financial reporting process, disclosure controls and procedures, and systems of internal control. The Audit and Finance Committee receives regular quarterly updates from management on these matters, or more frequently if deemed necessary. The Internal Audit department independently reviews significant processes and related controls as part of its mission to service Management as well as the Audit Committee. Management uses these reviews to ensure that control issues at the corporate Head Office and operating facilities are clearly identified and addressed in a timely manner.

RISK AND UNCERTAINTIES

Our business is subject to a variety of risk factors and uncertainties that may affect our ability to maintain financial performance or to achieve long-term strategic objectives.

The potential risks and uncertainties identified by the Company and some of our risk management initiatives are described in our [2009 Annual Report](#). We therefore invite readers to consult the Management's Discussion and Analysis Report in Gildan's Annual Report for more information.

RISK MANAGEMENT

Gildan's approach to risk management is incorporated into our corporate governance framework. The Audit and Finance Committee has been mandated by the Board to oversee current management processes to identify and manage financial, operational and business-related risks. The Audit and Finance Committee fulfills this role with the support of the Internal Audit department.

Management has implemented a formal risk management process, which includes the creation of an Enterprise Risk Management Committee whose objective is to identify, assess, manage and monitor the Company's material operational risks. The committee assesses these risks against the overall business strategy and vision in order to optimize the Company's decision-making process and ensure risk management methodology is applied consistently. Potential risks identified throughout this process are analyzed and prioritized based on their perceived levels of likelihood of occurrence and possible impact. The Internal Audit department also provides support in this initiative. The Board of Directors receives regular updates from management on the status of its risk management efforts.

OPPORTUNITIES RELATED TO CSR PRACTICES

We continuously seek to capitalize on opportunities to maintain our leading position in CSR.

Gildan's global production processes have been developed based on best practices, which are included in the [Company's Environmental Policy and Code of Practice](#) as well as in its [Code of Conduct](#). To maintain our competitive advantage, we are pursuing the development and implementation of energy conservation, water recycling and solid waste reduction initiatives that will contribute to improving our energy consumption. These initiatives will allow us to reduce our GHG emissions and water usage.

We believe that our continuous collaboration with communities, advocacy organizations and authorities for the development of effective initiatives that go beyond the requirements of laws and regulations, contributes to strengthening the Company's reputation as a good corporate citizen among our stakeholders, as well as gaining recognition from customers as a socially responsible company in the market.

ACCREDITATIONS AND CERTIFICATIONS

Commitment to External Initiatives

In 2008 and 2009, we have been affiliated with the following organizations chosen for their pertinence to our Company:

- [Adozona](#)
- [Anitec](#)
- [Asociación Hondureña de Maquiladores](#)
- [Asociación Nacional de Industriales](#)
- [BSR \(until 2008\)](#)
- [Cámara de Comercio e Industrias de Choloma](#)
- [Canadian Business for Social Responsibility \(until 2008\)](#)
- [Fair Labor Association](#)
- [Fundharse](#)
- [Multi-Fiber Arrangement Forum/Americas Working Group](#)
- [Unirse](#)

Gildan has also been participating in the [Carbon Disclosure Project](#) (CDP) since 2008. The CDP works with organizations worldwide to drive transparency and effectiveness of reporting processes with regard to international disclosures of corporate greenhouse gas emissions and climate change strategies.

In January 2009, Gildan's Vice President of CSR, Corinne Adam, was elected by her peers to the Fair Labor Association Board of Directors for a one-year term. In December 2009, she has been re-elected for a three-year term.

Multi-Fiber Arrangement (MFA) Forum

The MFA Forum was established in 2004 to examine ways to counter the impact of the discontinuation of the multi-fiber arrangement in the apparel sector in the countries that were part of the arrangement.

The MFA Americas Group was established within the MFA Forum to examine:

- Industry-specific competitiveness within the region and its countries
- Industry-specific labour rights research on the region and its countries
- Events that have transpired in the region since the end of the quota
- The needs of workers and facilities when orders decline in the region
- Buyer interest in the region – current and future sourcing plans
- Existing multi-stakeholder initiatives in the region

We have been participating in the MFA Americas Group since 2007 and our level of involvement will be re-evaluated during the next fiscal year.

Accreditations and Certifications

Gildan received the [Fair Labor Association](#) accreditation for its labour compliance program in 2007. In addition, the Company maintained a number of certifications in recognition of its CSR practices and the quality of its products, including:

- [Oeko-Tex Standard 100](#)
- [WRAP](#)

All Gildan facilities are [CT-PAT](#) certified, which attests the integrity of security practices in the Company's supply chain.

ENVIRONMENTAL SUSTAINABILITY

TO ACHIEVE OUR GOAL OF DISPLAYING LEADERSHIP IN ENVIRONMENTAL SUSTAINABILITY, WE WORK CLOSELY WITH ENVIRONMENTAL AUTHORITIES AND COMMUNITIES TO GO BEYOND REGULATORY REQUIREMENTS AND ENSURE WE MINIMIZE THE IMPACT OF OUR OPERATIONS ON THE ENVIRONMENT.

IN THE COMING YEAR, ONE OF OUR KEY OBJECTIVES IS TO SIGNIFICANTLY OPTIMIZE THE USE OF OUR RESOURCES. WE INTEND TO REACH THIS OBJECTIVE THROUGH THE INCREASED USE OF RENEWABLE ENERGY AND THROUGH ENERGY REDUCTION, WATER-USE OPTIMIZATION AND WASTE REDUCTION.

INTEGRATING ENVIRONMENTAL SUSTAINABILITY THROUGHOUT OPERATIONS

Gildan's Vice President of CSR and members of the CSR Steering Committee are responsible for developing the Company's CSR strategy and overseeing our performance in that area.

Gildan strongly believes in the importance of raising environmental awareness among its employees. We conduct training and communication campaigns on a regular basis. This ensures that employees acquire the knowledge and skills necessary to perform their daily activities in an environmentally-friendly way.

PUTTING OUR COMMITMENT INTO PRACTICE

We have established specific programs to implement our environmental practices. The next section presents and explains the main systems that are in place at Gildan to ensure we meet our environmental sustainability objectives.

Environmental Policy

In 2003, the Company adopted an [Environmental Policy](#), detailing Gildan's commitment to protecting the environment and specifying the practices to be followed at its facilities.

Environmental Code of Practice

The Environmental Code of Practice (ECP) was created the same year and has been integrated at all Gildan-owned facilities. The ECP clearly specifies materials to be used in our manufacturing processes to ensure they do not contain substances that are harmful to humans or the environment. Our raw material suppliers agree to adhere to the stringent standards of the Code, which is a requirement for conducting business with us, and covers the following materials:

- 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

Gildan conducts a complete analysis of new raw materials that may be used during our production process. All materials are classified to identify important information with regard to handling, health and safety, first aid, flammability, ecological impacts and waste procedures. Remedial actions are taken accordingly (see Figure 3). This classification system ensures that materials are used in a safe manner, protecting the health of workers and the environment.

Figure 3 – Raw Material Classification

- **Class I** The raw material meets the Gildan ECP; consequently it is approved for use in our manufacturing process from an environmental perspective.
- **Class II** Results indicate that insufficient testing information was provided. Therefore, the supplier needs to provide additional information within three months to finalize testing before the material is approved for inclusion in our manufacturing process.
- **Class III** Materials are deemed unacceptable in accordance with Gildan's ECP and are therefore rejected. These materials are not used in our manufacturing process.

Environmental Management System

Our Environmental Management System (EMS) was put in place in 2007 to track the implementation of our Environmental Policy and Environmental Code of Practice and has been enhanced over the last two years. The EMS was developed in accordance with environmental best practices and respects the applicable laws and regulations in all the countries where we operate. The EMS enables the continuous monitoring and improvement of our environmental performance and it ensures the use of standardized processes in all our manufacturing facilities. Procedures have been implemented to manage both solid and liquid wastes, wastewater, chemical storage, raw material controls and spills. These procedures are verified through regular internal environmental audits that take place in every Gildan-owned production facility at least twice yearly.

Environmental Impact Assessments

As part of its EMS, Gildan conducts a complete analysis of potential environmental issues specific to each location where we operate in order to prevent and address any adverse impact that our operations might create at the location and in the community. For example, in February 2009, an environmental impact assessment was conducted on our [Biomass Project](#) at our Dominican Republic textile facility. Part of this process included a public consultation with members of the community who were invited to ask questions to Gildan representatives involved in implementing the technical aspects of the project.

Environmental Audits

Environmental audits are conducted on a regular basis in order to evaluate the efficiency and effectiveness of our environmental management system and to ensure we comply with laws, regulations and our own stringent internal standards. Each deficiency is classified as having either a major, moderate or minimal impact. We also strive to identify what causes the deficiencies identified through such audits and to take corrective actions. The frequency of the environmental audit depends on the manufacturing activities being performed at the facility and the level of potential environmental impact those activities may have.

Figure 4 – Classification of Environmental Non-Compliance

Major Impact / Major Non-Compliance: Violation of environmental laws causing a high environmental impact or high risk of causing environmental impact. Time frame for remediation: immediate.

Moderate Impact / Moderate Non-Compliance: Moderate environmental impact that can affect the environment and employees' health in the long term or moderate risk of causing such impact. Time frame for remediation: two months.

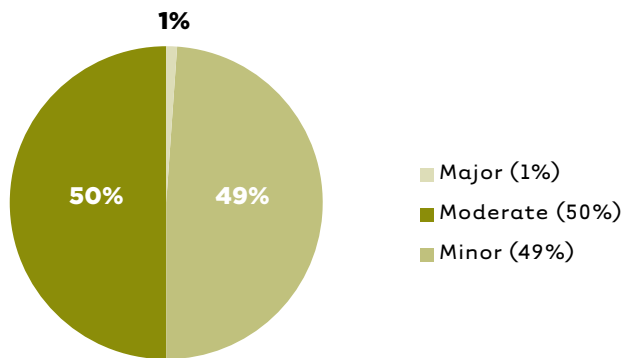
Minor Impact / Minor Non-Compliance: Minor environmental impact or minimal risk of causing such impact. This observation can also refer to the need for instigating environmental continuous improvement measures. Time frame for remediation: six months.

Table 5 — Frequency of Environmental Audits

Activity	Complete Environmental Audit	Follow-up Environmental Audit
Textile Facility/Chemical Production Unit (CPU)	Annual	up to 3 per year
Sewing Facility	Annual	Annual
Hosiery Textile Facility	Annual	Annual
Knitting Facility (Hosiery)	Annual	Annual
Dyeing and Finishing Facility (Hosiery)	Annual	Annual
Spinning Facility	Biannual	Optional
Distribution Center	Biannual	Optional
Sales Office	Biannual	Optional
Head Office	Biannual	Optional

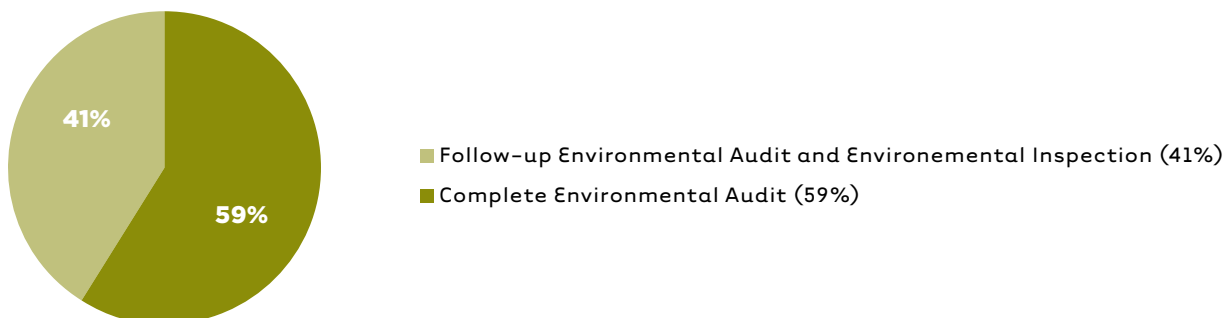
In 2008 and 2009, 45 environmental audits were conducted in Central America and the Caribbean Basin. Their results are as follow:

Figure 5 — Environmental Findings per Severity for 2009



In 2009, Gildan intensified efforts to lessen its environmental impact by increasing the number of environmental training sessions and developing new procedures.

Figure 6 — Environmental Audits (per type) for 2009



LIFE CYCLE ANALYSIS

Life Cycle Analysis (LCA) is a rigorous and holistic method regulated by the ISO 14040 series standards⁵, which assesses the environmental impacts of a product or activity (a system of products) over its entire life cycle (see Figure 5).

In the coming year, Gildan will conduct a complete LCA of a Gildan T-shirt in order to identify areas or opportunities to improve its production process and better understand the complete impact of its products and processes.

In 2009, Gildan conducted an assessment of its spinning process. This revealed that a certain technique was enhancing the durability of our T-shirts by making them more resistant to pilling, hence better looking after multiple washes. This specific improvement enhances the life cycle of our product through the extension of the product's life span.

Figure 7 – The Life Cycle of a Product



⁵ ISO 14040 (2006). Environmental Management – Life Cycle Analysis – Principles and Framework. For more information, you may visit www.iso.org

ENERGY CONSUMPTION AND GREENHOUSE GAS EMISSIONS

The relationship between energy consumption and climate change has been widely recognized. Gildan is committed to reducing its greenhouse gas emissions (GHG) through energy conservation efforts. We also aim to reduce our reliance on fossil fuels by finding alternate sustainable energy sources and production processes. This will not only reduce our environmental footprint, but it will also reduce costs and improve our operational efficiencies. A sound example of this is the Hot Water Recovering project that Gildan implemented in its textile and hosiery facilities. The recovery of hot water from the production process allows us to lessen our GHG emissions by reducing steam used to heat up the water and reducing the cycle time of the entire process.

Measuring Greenhouse Gas Emissions

We have been measuring GHG emissions since 2006 at Gildan-owned facilities and offices as well as at our Haitian contractors' and our joint-venture's facilities. Gildan has been participating in the Carbon Disclosure Project⁶ since 2008 by reporting data gathered from 2006 to 2008. Concurrently, we have concentrated our efforts on the implementation of energy efficiency projects, such as the Biomass Project described below, in order to reduce our GHG emissions while also reducing costs.

Conservation and Energy Efficiency

Gildan's energy consumption stems mainly from bunker fuel (fuel used for steam generation during the dyeing and compacting processes, and classified as "direct energy"⁷) and the balance originates from purchased electricity (classified as "indirect energy").

Over the past few years, we were able to save energy through our conservation and efficiency initiatives.

In 2008, Gildan extended condensate return in all of its textiles and hosiery facilities, conserving both energy and water. Condensate is a warm production residual-product that contains chemicals and water and that can be reused to produce steam at one third of the cost of generating steam. To date, the condensate return rates at all our facilities are higher than 85%.

A water-flow meter was installed into our dye process, allowing us to measure the amount of water used and therefore giving us better control over our water and energy usage. We are also utilizing this type of measuring device for our chemical dispensing equipment in order to obtain more accurate results with regard to our energy and chemical consumption.

In our consolidated San Miguel facility in Honduras and in our two sewing facilities in Nicaragua, the lighting system was changed from 75W lamps (wattage originally installed in facility) to 59W lamps. This helped reduce our energy consumption without impacting workers' health (e.g. vision), safety or production quality. Our second sewing facility in Honduras is in the process of installing 59W lamps and our new hosiery facility will have the new generation of LED lights, which will further reduce the electricity consumption, while also reducing the air conditioning requirements, as this type of lightning does not produce heat. We will publish the results of this project in our next report.

Steam Generation from Biomass Residue

In the Dominican Republic, Gildan is currently implementing a Biomass steam generation system which will substitute fossil fuel for biomass residues (such as agricultural residues and selected production wastes). This new system is scheduled to be operational during the second quarter of 2010 and will translate into a significant reduction in current bunker fuel use, resulting in savings of approximately 64,000 tons of CO₂ annually. In 2010, Gildan will initiate two similar Biomass steam generation projects at hosiery facilities in Honduras.

⁶ The Carbon Disclosure Project is an independent not-for-profit organization holding the largest database of primary corporate climate change information in the world. For more information, you may visit www.cdpproject.net

⁷ Direct energy is produced and consumed by our Company within the confines of our operations, projects and offices.

Greenhouse Gas Emissions

In 2009, the global GHG emissions from all facilities and offices, including direct and indirect emissions, was approximately 354,000 tCO₂e +/- 46,000 tCO₂e.

- 60% of these emissions are direct emissions;
- 34% are indirect emissions from purchased electricity; and
- 6% are indirect emissions from other sources of emissions.

Direct GHG emissions originate mostly from:

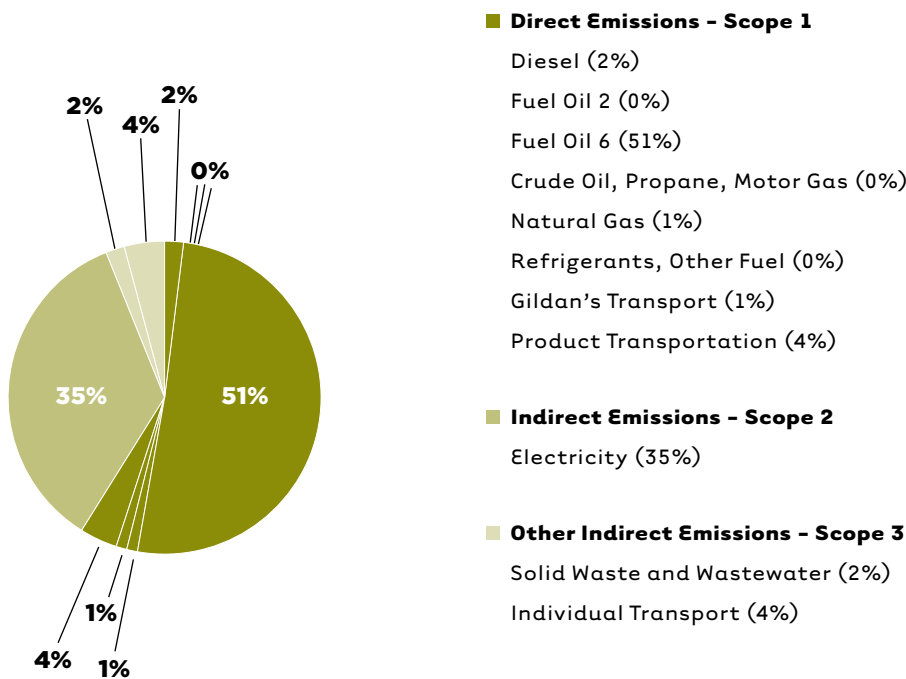
- Combustion of fossil fuel to generate electricity, heat and steam, transportation of raw materials, of works in progress and of finished products, as well as transport for employees using Gildan vehicles;
- Fugitive emissions, mainly from handling and usage of refrigerants.

Indirect GHG emissions are generated at sources owned or controlled by other organizations, such as purchased electricity.

Other relevant indirect emissions are defined as emissions that are consequences of our production but are generated at sources owned or controlled by another organization. In this context, indirect emissions include:

- Fossil fuel combustion from employee business travel and personal transportation;
- Biogas emission from solid waste and wastewater management.

Figure 8 – 2009 GHG Emission Sources

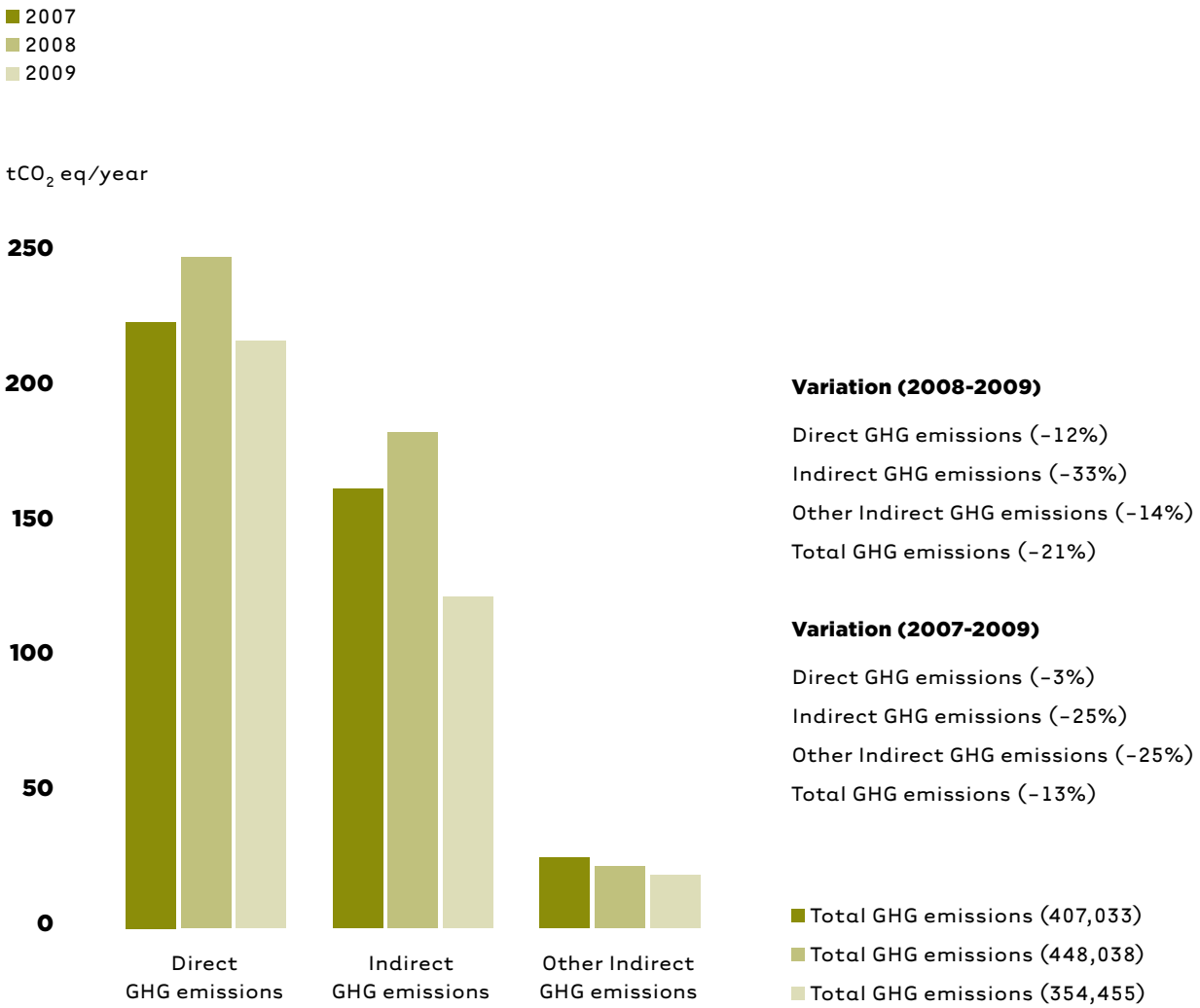


*Individual transport: employees transportation to and from work (Personal)
 *Product transportation: Road transportation of Gildan sub-products and finished products
 *Gildan-vehicle transport: Transport of employees to and from work provided by Gildan

Each activity has a specific source of GHG emissions and electricity represents the main source of emissions for all above activities with the exception of dyeing operations, where bunker combustion is the main source of emissions.

The following table indicates the absolute GHG emissions for 2007, 2008 and 2009. In 2009, absolute total GHG emissions have decreased by 21% compared to 2008, while Gildan global production decreased by 2%. This improvement was achieved by putting a greater focus on energy efficiency throughout the Company. The highest GHG emissions reduction has been observed in the electricity consumption sector. Moreover, this result can also be explained by the operational activities aggregation, such as socks process production. The regrouping process has allowed for the decrease of product transportation and energy demand per product unit produced. [The replacement of road transportation by rail transportation](#) also had an impact on global emissions.

Figure 9 – GHG Emissions Evolution (tCO₂ eq/year)



Indirect Emissions Reduction Initiatives

Transport

In 2008, Gildan partially replaced road transportation of its raw materials by rail transportation. This reduced our total road miles by 50% and decreased our transportation-related CO₂ emissions by 50%, from approximately 26,000 tons in 2007 to approximately 12,000 tons in 2008. In addition, we have also intensified our efforts to improve on cube container (cubic square footage) utilization. This has allowed us to transport more cases of products per truck and decreased the amount of outbound trailers by 5%. During the coming year, we will continue to optimize the use of our cube containers.

WATER EFFICIENCY

Water is used extensively in our dyeing processes. For this reason, Gildan continuously makes efforts to minimize water usage and enhance the quality of its wastewater effluents. While our effluent waters are in compliance with local regulations, our goal is to go beyond regulatory requirements and to recycle more water within our processes.

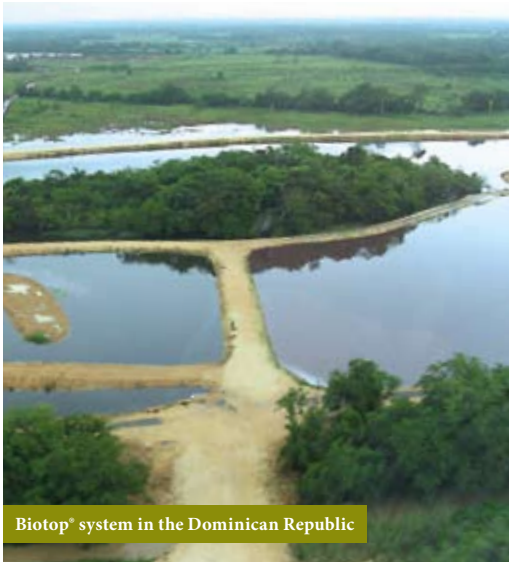
Gildan is constantly improving its water usage at the different process stages in our facilities and developing programs enabling recycling of water.

Brine Recovery System

Gildan is in the process of developing an innovative brine recovery system to recycle salt and water used in the dyeing process. The salt that will be recycled in this process will be drawn from top-quality brine solution and from our wastewater, which will then be reused in our dyeing process. Once completely functional, this system will allow us to reduce both our water and salt consumption.

Biotop®

Gildan created a highly efficient biological wastewater treatment system called Biotop® in its Honduras and Dominican Republic plants, which has been in use since their inception. This system treats wastewater through a series of lagoons where pH is naturally stabilized and creates a safe habitat for local wildlife. The process uses bacteria to ensure chemical degradation and the removal of particles. The treated water is then released into a drainage channel that flows into the nearest river.



Biotop® system in the Dominican Republic

The Biotop® system has a number of advantages:

- No chemicals are used to reduce the chemical oxygen demand levels and the colour;
- No harm is done to the aquatic life in the receiving river or its ecosystem;
- Water treated by this natural system is suitable for agricultural use in surrounding communities, which helps local farmers;
- Several species of birds and fish have been observed in these lagoons of fresh water;
- No fossil fuel-based energy is consumed by this system;
- The 40-day retention time in a Biotop® system acts as insurance against sudden changes in production or accidental spills of dangerous liquids in the production process.

Water discharged in the Biotop® is monitored by our Environmental Coordinators for quality in accordance with the following indicators: Biological Oxygen Demand (BOD5); Chemical Oxygen Demand (COD); pH, Total Dissolved Solids (TDS); Oxygen; Oil and Grease; Temperature; Coliform Bacteria; Colour; Nitrogen Kjeldahl; Nitrogen Amonia; Phosphorus; Detergents; Phenols; Sulfide and Heavy Metal. We do not discharge in any protected rivers or wetlands.

BIODIVERSITY

Protected Species Living in the Biotop®

In the Dominican Republic, Gildan conducts an annual biodiversity inventory of all installations on its land, as part of its environmental impact assessment. As of September 2009, a total of 14 bird species and two reptile species were inventoried living in and around the facilities. In addition, its inventory process revealed that the Dominican Republic's national bird, Cigua Palmera (*Dulus dominicus*), a locally protected species, lives in our Biotop® system surroundings.



Cigua Palmera (*Dulus dominicus*)



Biotop® water sampling by Carolina Mateo, Environmental Manager



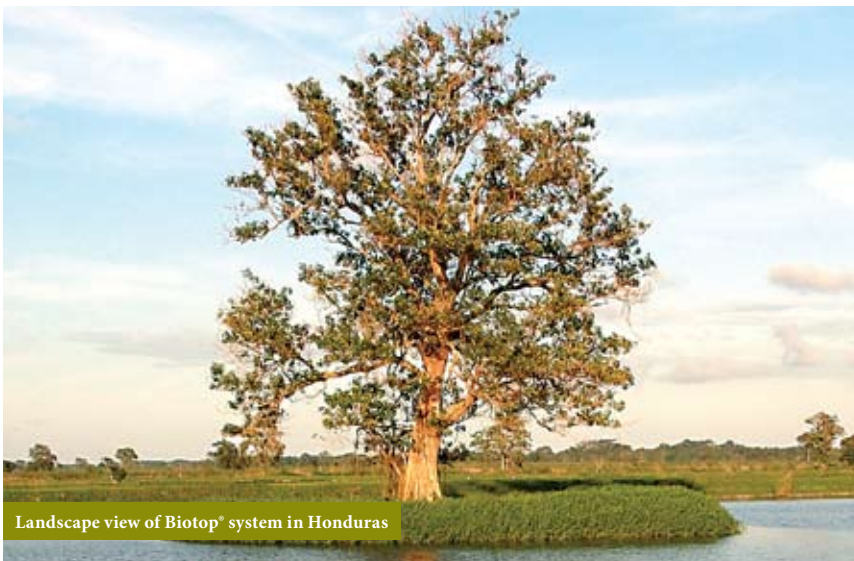
Reforestation project (Dominican Republic)

Reforestation Project

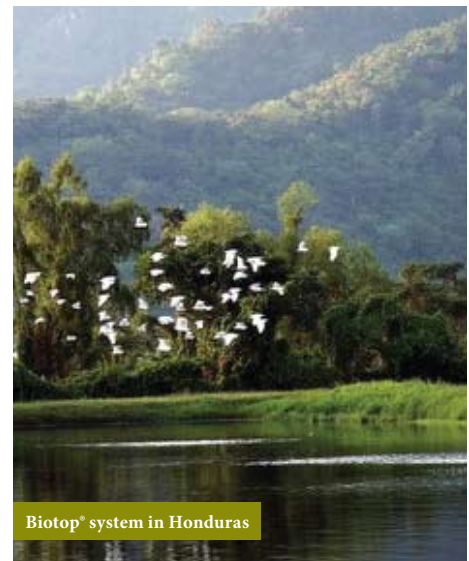
In 2009, Gildan facilitated a reforestation project at its Dominican Republic facility, which was organized jointly with the *Quisqueva Verde* reforestation program operated by the country's Secretary of Environment. Eighty-five Gildan employees volunteered in order to restore a section of the land that was clear-cut when Gildan originally constructed the facility. The Gildan volunteers planted 1,300 Caoba Criolla (*Swietenia mahogany*), Penda and Mara trees. In the second phase, employees and their children planted an additional 1,200 Coba Ciolla and Mara trees on the property.

Green Initiatives in Honduras

In 2008 and 2009, Gildan held a number of promotional campaigns to raise awareness among employees on the importance of saving energy and reducing water consumption. We also continued to implement our paper recycling initiative in the offices, as well as our plastic bottle recycling program in the cafeteria. In addition, seventy Gildan employees volunteered at the reforestation event we held at our Choltex and Hosiery facilities, through which 417 different types of trees were planted.



Landscape view of Biotop® system in Honduras



Biotop® system in Honduras

WASTE MANAGEMENT SYSTEM

One of our main objectives with regard to environmental sustainability is waste reduction through recycling and the establishment of waste prevention measures at all stages of the production cycle.

In 2008 and 2009, Gildan implemented its Waste Management System, which was first developed in 2007. This system is based on the 4R-D concept: *Source Reduction, Reuse, Recycle, Recovery, and Disposal*. It consists of identifying and quantifying all waste by type⁸ and weight on an annual basis, ensuring effective waste management and control. Over the last two years, landfill waste has decreased by 16% for textile operations and 26% for sewing operations. In 2010, we will implement the same system in every facility and distribution centre owned by Gildan.

Implementing this Waste Management System involved several key steps, which were communicated to supervisors and production staff at each facility in Central America and the Caribbean Basin. Dedicated environmental staff on-site supported key steps of the program including:

- Overview of waste classification
- Process for handling each type of waste
- Site-specific information for cafeteria, office, facility waste reduction and streaming
- Creation of additional facilities to store waste where necessary
- Process for documenting and reporting waste data
- Identification of impact the business has on the environment
- Finding opportunities to continue raising awareness and integrating waste management practices

These best practices are now part of Gildan's Waste Management System, and exceed what is required by local laws.

In 2009, the types of waste generated at each step of the textile and sewing production process were analyzed to identify what could be recycled through local recycling companies. In 2008 and 2009, we have managed to recycle 60% of our total non-hazardous waste.

Hazardous Waste

Gildan's hazardous waste includes oils and chemicals, batteries and fluorescent lights. In all of our facilities, oils and chemicals are recycled or disposed of by licensed waste management companies. In Montreal and the Dominican Republic, the batteries and fluorescent lights are separated for proper disposal by certified companies. Our facilities in Central America are currently looking for certified companies to avoid sending fluorescent lights and batteries to landfills.

Table 6 — Total Waste (per type) for 2008-2009 (Central America and Dominican Republic only)

Non-Hazardous Waste	2008	2009
Waste for disposal by landfill (tons)	8,070	6,298
Waste for recovery/recycling or reuse (tons)	13,784	8,654
Hazardous Waste		
Solid hazardous waste (tons)	N/A	96
Liquid hazardous waste (gallons)	24,495	24,640

⁸ Types of waste include general solids, hazardous, biomedical, recyclable waste, and special waste (such as batteries).

SUSTAINABLE RAW MATERIAL

Gildan uses threads, dyes, chemicals and other consumables such as buttons, zippers or labels in assembling its final products. Our packaging material consists of various components, principally plastic bags and boxes, that are used to distribute our blank products and branded products as an alternative to bags (specifically in socks and underwear). Gildan wholesale activewear products are shipped in box cartons that are made of 60% recycled content, which represents approximately 74% of our total box consumption.

Gildan is currently working on gathering corporate-wide data in order to evaluate the materials used by weight and is looking into suppliers that could provide 100% recycled content boxes.



Gildan Activewear Becomes Licensee of Cotton Council International (CCI)

In October 2009, CCI licensed to Gildan the right to use the internationally recognized [COTTON USA Mark](#) on Gildan products sold in the United States and abroad.

By sourcing virtually all of our cotton from the United States and being one of the largest domestic consumers of U.S. cotton, Gildan is conscious of the inherent benefits of U.S. cotton. These benefits are associated with various environmental and social advantages as U.S. cotton growers have taken a leadership position globally in developing sustainable agricultural practices and ethical workplace conditions.

The licensing agreement with CCI reflects Gildan's global commitment to delivering high quality products, while employing leading sustainable practices. Some facts about U.S. cotton:

- U.S. cotton is regulated as a food crop as well as a fibre crop by U.S. regulatory agencies (USDA and FDA), therefore subject to the same rigorous environmental standards as food producers
- U.S. cotton growers offer an ethical and safe work environment, respecting employee rights according to the laws and regulations as enforced under U.S. law
- U.S. cotton is a drought and heat-tolerant crop, with two-thirds grown of planted acreage requiring no supplemental irrigation
- Two-thirds of U.S. growers use conservation tillage, which saves about 907 million metric tons of soil per year and over one billion litres of tractor fuel
- U.S. cotton is a net GHG absorber, with more GHG absorbed in the fiber, plants and soil than are emitted during the entire agricultural cycle
- The majority of the U.S. cotton acreage is managed using the most advanced integrated pest management methods and modern technologies, which play a major role in the reduction of pesticide use

In comparison to other world sources of cotton, the U.S. cotton industry is highly regulated and transparent, with multiple third-party audits performed and an oversight from numerous NGOs and governmental departments.

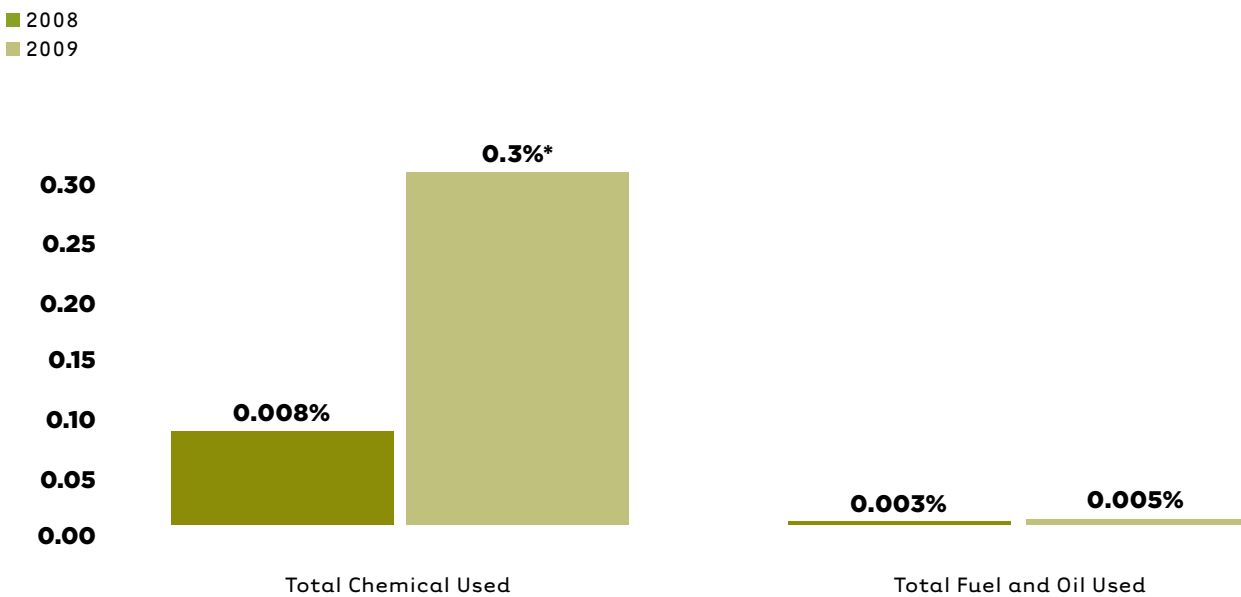
SPILLS

Gildan’s goal is to prevent all spills resulting from its supply chain, operations and transportation systems. As such, we have implemented preventive measures and reinforced our retention infrastructure to ensure that spills resulting from human error do not impact the environment. Spill monitoring is carried out as part of our Environmental Management System through a spill reporting procedure. Significant environmental accidents are reported to regulatory authorities and our Board. A complete root-cause analysis is conducted to develop sustainable corrective measures to prevent recurrence.

When a spill occurs, our internal spill-control procedure outlines how to secure and manage substances. In each facility, we have an emergency spill brigade that collects the spilled liquid and verifies that residual contaminants are managed appropriately.

Spills can be either eliminated or recovered: when possible, we recuperate the spilt substance and reuse it in our processes. When it is not possible to recover the spill, either because it contains dirt or other undesired substances, it is eliminated with absorbents or other cleaning methods, as required in our spill-management procedure. Eliminated spilt liquids are then sent to a licensed waste management company for proper disposal.

Figure 10 — Percentage of Spills per Total Volumes of Fuel, Oil and Chemicals⁹ Used Annually



**Despite our best efforts, in the 2009 fiscal year, we experienced two spills of brine (salty water) representing a total 28,000 litres. Of this total, 24,000 litres were eliminated while 4,000 litres were recovered.*

⁹ Chemicals include brine (salty water), NaOH, Hydrogen Peroxide, Sulfuric Acid, Acetic Acid, Citric Acid, Imerol.

OEKO-TEX CERTIFICATION

Gildan became the first manufacturer in North America to obtain the [Oeko-Tex Standard 100 certification](#), the most recognized international eco-label designation in the textile supply chain industry. Our activewear product-line has been certified Oeko-Tex Standard 100 since 2004 and our underwear and Gildan-branded sock product-lines have been certified since 2006. This certification applies tighter standards than the ones set in North America and provides consumers with assurance that our products are safe and that no harmful chemicals or materials are to be found in the products they are buying.

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.



Gildan employees participating in cleaning activities at Gildan Rio Nance 2 (Honduras) in 2009.



Preserving Nature at Gildan Rio Nance 2, Honduras

On October 1st, 2009, a group of 68 employees at Gildan Rio Nance 2 (fleece facility) volunteered for a project intended to preserve the local environment and make their working environment more attractive.

The workers divided into groups to clean a local stream, cut grass, remove dead trees, pick up garbage and give the Rio Nance property a new and improved look. Additionally, the volunteers painted colorful signs with positive messages and created a mural promoting the preservation of the environment.

This activity had a positive impact on the pride and moral of our employees and similar environmental activities are expected to be put into practice in the near future.


Green Expo in Barbados

Our Green Committee conducted a Green Expo in the form of an educational project to raise awareness of environmental issues. Invitations were sent to all businesses in close proximity to our office in Barbados. Local distributors showcased their green products and guest speakers attended the event from the Ministry of Health and from a Bottling Agency responsible for recycling and composting.

MONTREAL'S PLAN FOR SUSTAINABLE DEVELOPMENT

In 2008, Gildan registered to participate in the City of Montreal's First Strategic Plan for Sustainable Development. The plan includes a series of actions that the city carried out during the 2007-2009 period to ensure sustainable development is promoted in the Montreal metropolitan area. Gildan has pledged to carry out at least five sustainable actions at our corporate Head Office before the end of 2009, with emphasis on the third item outlined below.

Table 7 — City's of Montreal First Strategic Plan for Sustainable Development

Action	Results
1. Implement measures to reduce greenhouse gas emissions	<ul style="list-style-type: none"> ■ Gildan continued to conduct its GHG emissions inventory and developed and implemented an action plan to reduce emissions at corporate Head Office and at all facilities located in Latin America. ■ We also established a system of GHG indicators and routinely verified results.
2. Reduce Urban Heat Island	<p>In 2009, Gildan sponsored a greening project in the downtown Montreal area. We supported a program called Urban Heat Island, by contributing CAN \$2,500 for new trees and shrubs to be planted in the French Canadian neighbourhood where Gildan's corporate Head Office is located. In total, 60 shrubs, 81 perennials and three creepers were planted in a public lane during the summer of 2009, covering a surface of 737 square feet. This sustainable project has had positive repercussions on the community and the environment.</p>  <p style="text-align: right; font-size: small;">Urban Heat Island Project (Montreal)</p>
3. Implement waste reduction and recovery measures in institutions, businesses and industries	<p>2008</p> <ul style="list-style-type: none"> ■ The payroll department eliminated pay stubs and envelopes at the corporate Head Office. This information is now available on-line. ■ Gildan eliminated cheques and envelopes for expense report reimbursements. They are now directly added to employees' pay. <p>2009</p> <ul style="list-style-type: none"> ■ Gildan implemented an effective recycling program at Head Office, in collaboration with the building owner and Gildan's office management team. ■ All printing and photocopying was programmed to output double-sided. ■ We reduced employee travel and encouraged videoconferencing. ■ We eliminated Styrofoam cups by distributing a coffee mug to each employee at the corporate Head Office. ■ We implemented a recycling service for batteries and cell phones.
4. Integrate sustainable development criteria in decision-making processes	<ul style="list-style-type: none"> ■ In 2008, a Green Committee was created at the corporate Head Office to define and implement initiatives to reduce our environmental impact. ■ Gildan is also continuously improving manufacturing processes and its global supply chain to lessen its environmental footprint.
5. Take part in a major environmental event	<p>In 2009, we participated in Défi Climat, an awareness campaign to reduce GHG emissions in the workplace. It was part of the City of Montreal's Strategic Plan for Sustainable Development. This initiative was led by Équiterre, the Montreal Regional Environmental Advisory Board and the "Conférence régionale des élus (CRÉ)". More than 250 Montreal-based companies participated in this awareness campaign and approximately 50% of Gildan corporate Head Office employees joined in and pledged to reduce their personal GHG footprint.</p>

EMPLOYEES AND LABOUR RELATIONS

EQUALITY IN THE WORKPLACE IS A KEY COMPONENT OF GILDAN'S LABOUR PRACTICES. NO PERSON IS DISCRIMINATED AGAINST IN TERMS OF HIRING AND CAREER DEVELOPMENT BASED ON GENDER, RACE OR RELIGIOUS BELIEFS. ALL FEMALE AND MALE EMPLOYEES IN OUR COMPANY ARE COMPENSATED EQUALLY, WITH AN IDENTICAL SALARY SCALE FOR EACH TYPE OF EMPLOYMENT AND REMUNERATION BASED ON THEIR LEVEL OF EXPERIENCE, COMPETENCIES AND SENIORITY.

EMPLOYMENT PRACTICES

During the coming years, Gildan will continue to develop initiatives that build on our existing employee relations practices and to ensure our health and safety practices are the best in the industry. We will continue to provide training and development opportunities for employees. Updates and results will be presented in the 2010-2011 Report.

Gildan offers an ethical, stimulating work environment. The Company aims to provide a positive work climate for all employees. Details are outlined in the following section.

Working Conditions

Since 2005, Gildan has developed and implemented a competitive compensation structure that helps us attract, motivate and retain the best talent.

The majority of our permanent production workers are earning significantly more than the legally-mandated minimum industry wages in all the countries where we operate. In addition, all Gildan employees receive competitive benefits such as access to our medical clinics, free transportation and subsidized meals.



Lesvia Torres, Operator at one of Gildan's sewing facilities in Honduras

Table 8 — Permanent and Temporary Employees* (2009)

Country	% Permanent Employees	% Temporary Employees
Barbados	97	3
Canada	94	6
Dominican Republic	100	0
Haiti	100	0
Honduras	99	1
Nicaragua	99	1
U.S.	100	0

*Number of employees at the end of fiscal 2009.

Permanent: A permanent contract of employment is a contract with an employee for full-time or part-time work for an indeterminate period.

Temporary: A fixed term contract is a contract of employment as defined above that ends when a specific time period expires or when a specific task that has a time estimate attached is complete.

Table 9 — Percentage Decrease in Turnover Rates Between 2008 and 2009*

Barbados	-46%
Canada	-36%
Dominican Republic	-75%
Honduras	-66%
Nicaragua	-16%
U.S.	-17%

* Without accounting for motives related to downsizing, internal transfer and return to school.

Providing Equal Opportunities

In North America, we comply with equal-wage laws and in other regions, where no such laws exist, we follow a policy of non-discrimination. This policy clearly stipulates that no employee shall be subject to any kind of gender-based discrimination in relation to salary, benefits or promotion.

Training and Development

Gildan offers a wide range of employee training opportunities throughout the year in order to build on employee competencies and to increase knowledge and heighten employee awareness of the principles outlined in our Code of Conduct.

In 2009, in spite of the economic downturn, over 6,000 additional hours of training were provided compared with 2008.

Induction Training

Before beginning employment with Gildan, employees in Central America and the Caribbean Basin attend an induction training session where they are introduced to Gildan, its principles and their specific job responsibilities. The training covers topics related to the Code of Conduct, environmental awareness and Company policies, enabling workers to better understand the environment in which they will be working, as well as informing them of their rights and obligations.

In Canada and Barbados, every new employee receives a guidebook which includes information about employee benefits, policies, the Code of Conduct and the Code of Ethics. In our U.S. distribution centres, corporate policies are presented to employees as part of the orientation process.

In 2010, in addition to training on the Code of Conduct, security personnel (who are all employed by sub-contractors) will also receive training on labour and human rights as part of their induction. Specifically developed for security employees hired by third party contractors, this new training program emphasizes situations they might face while performing their duties on behalf of Gildan.

Technical Training

Training is a key factor in upgrading workforce competencies. We place great emphasis on “on-the-job training” for workers. Immediately upon hiring, direct production employees receive technical training, specific to their job. Learning the right techniques and safety protocols from “day-one” allows employees to more easily adapt to their new job environment and means they can quickly assume their role and responsibilities.

At Gildan-owned facilities in Central America and the Caribbean Basin, and at our contractors’ facilities in Haiti, we have sewing modules reserved exclusively for the purpose of training new employees. These modules are also used to teach new procedures throughout the course of the year. In 2009, in Honduras, this represented more than 850,000 hours of training and in Nicaragua, approximately 300,000 hours.

In 2008 and 2009, Gildan provided a number of health and safety training sessions¹⁰ to employees in all facilities. Health and safety programs have been implemented at all levels in all facilities. In addition, we provided both on-site and off-site technical, managerial and leadership education as well as labour-law training to Directors, Supervisors and Coordinators in the Central America region and the Caribbean Basin. In Nicaragua, employees received health and safety and environmental trainings in 2008 and 2009. Training on labour laws will be implemented in Nicaragua in 2010.

Educados Program in Honduras

Implementation of our [Educados program](#) continued during 2008 in our San José and San Miguel sewing facilities. By the end of the year, 71 students had finished their seventh, eight and ninth grades. In 2009, our San José, San Antonio and San Miguel sewing facilities merged, causing the temporary suspension of the program. Additionally, the program was suspended nationwide in 2009 due to the political crisis the country was undergoing. After the June 28th political events in Honduras, [USAID](#) suspended all support to the country, including the funds destined for the Educados program. Gildan will continue supporting the program among its own employees in 2010.

Personal Development

North America and Barbados

Specific training needs for employees are identified through the Performance Appraisal process. We provide tuition reimbursement to employees who participate in continuing professional development programs offered through universities or professional associations. We provide language courses to employees who need to use French, English and Spanish to perform their duties.

Gildan also provides transition assistance to support employees who are retiring or whose jobs have been terminated. This includes pre-retirement planning, re-training, job placement service and counseling assistance.

In the U.S., approximately 300 hourly employees were assisted with outplacement services in 2008 and 2009, including job readiness and computer skills training. 75 salaried employees have registered in a four-month outplacement program that taught skills such as resume preparation and distribution, interview skills, networking and computer-based job searches. In Barbados, a transition assistance service is also offered.

¹⁰ Health and Safety training includes: emergency response, forklift security, industrial security diploma, industrial security induction, fire control and prevention, ear protection, first aid, evacuation and rescue, extinguisher use, hazardous waste management, work permit/lock-out/tag-out, personal protective equipment, electrical hazards, spill response, working at heights, accident investigation, ergonomics, and chemical use and identification

Central America and the Dominican Republic

Employees are eligible for external professional training and in-house training courses (see Table 10) which are available based on years of service and on each employee's training needs. The Company covers all expenses, including paid time-off while employees attend the courses.

Table 10 — Central America In-house Training

Human Resources
Leadership, employee motivation, organizational skills, new employee training programs, conflict resolution, Labor Code, disciplinary process and reporting
Quality
Gildan Quality System, ISO 9001, quality control, auditor training
Environmental Health and Safety
Preparation of internal brigades, health and safety, facility safety training across all areas (fire control, chemical handling, etc.)
Technical
Operator skills development, knitting, cutting and dyeing procedures, IPC technical training (refrigeration and air conditioning)

Team Alignment Project in Nicaragua

In 2009, the Regional Vice President of Human Resources and the Manager of Occupational Development from our Rivas and San Marcos facilities in Nicaragua carried out a Team Alignment project with managers and their indirect employees¹¹. This project consisted of brainstorming sessions with staff aimed at obtaining the following objectives: determining individual working preferences, identifying team road-map, elaborating a team vision and purpose and defining new team commitment. This project greatly motivated employees.

Rewarding Employee Dedication and Performance

Performance Appraisal

Gildan has a performance appraisal process in place for indirect salaried employees which assesses employee performance using both objectives and competencies. Indirect hourly employees also participate in a site-specific performance review process, where criteria are more specifically related to production performance.

Short-Term Incentive Plan

Employees are eligible for short terms incentive plans. The plan provides annual bonuses when the Company's key financial profitability and growth objectives are met and recognizes individual and team efforts towards achieving superior financial results.

¹¹ There are two categories of employees at Gildan: direct and indirect. **Direct employees:** People directly involved in the production process, such as operators. Their wages are based on the legally-mandated wage plus additional bonuses based on production and efficiency, attendance, quality and safety. **Indirect employees:** People not directly involved in the production of the garment.

Worker-management Committees

Gildan supports strong and open lines of communication between managers and workers. Several worker-management committees have been created in order to share opinions and help manage various issues in the workplace. Besides Health and Safety Committees, other committees meet monthly to discuss various subjects including transportation, cafeteria and environmental initiatives.

Cooperatives

Our Honduras sewing facilities and both the sewing and textile facilities in the Dominican Republic have formed independent cooperatives in order to provide an incentive and encourage employees to accumulate savings, also assisting with greater access to loans that can be hard to obtain in such countries, and at low interest rates compared to those available through banking channels. Affiliation to these cooperatives is voluntary and can be canceled at any time. Our Honduran textile facilities are in the process of implementing the same program. These cooperatives are operating as independent legal entities managed by an administrative manager. All cooperatives are composed exclusively of regular employees (no management staff). Employees freely elect a Board of Directors among themselves biannually. Since the cooperatives are located within the facilities, the finance department and external auditors are mandated with ensuring they are properly managed and operate in compliance with local regulations.

Open-house Day with Family Members

Family Day

In Central America, a special day is organized for employees in sewing facilities to share their work environment with their families. Employees are allowed to invite three of their relatives for a facility tour and watch a video presentation on the overall Company. Afterwards, everyone is invited for a meal and is given a Gildan T-shirt as a souvenir. This activity provides family members with the opportunity to better understand our employees' work environment.

School Fair

In August 2009, before the beginning of the school year, Gildan sponsored a School Fair in its Dominican Republic facility to motivate employees and their children to stay in school. During the fair, employees could buy school books and materials at low prices. Three hundred children and their parents visited the fair.



School Fair at Gildan facility in the Dominican Republic

Christmas Play at our Hosiery Facility in Honduras

Since 2007, a group of employees at the hosiery facility in Honduras have been staging an annual Christmas play. The play is presented to all employees and their families at the city theater in San Pedro Sula. The play is written by the Director of the facility and auditions take place among employees and their families, including children, who volunteer to participate. The employees' families also participate in the preparation of the play by sewing the costumes and building the sets. Gildan covers all expenses associated with this activity.

It is a pleasure for me to participate in this important event that has helped me lose my fear of public-speaking and do things that I had never thought I could

Alejandro Lopez

Hi, I'm 11 years old and my dad is Guilberth Valladares. This has been a nice experience for me because it has been a great opportunity to have fun acting. Until now this has been the biggest role I have ever played and I loved it. I thank God for this opportunity.

Monica Valladares

I became a part of the beautiful Gildan family a year and six months ago. I want to thank God for giving us the opportunity to live, work and have fun with this play that has been a unique and fabulous experience. This play talks of our soul and our ability to change if we really desire it. I thank Frances Lynch, our Director, because without her this wouldn't be possible.

Carolina Calderón



Christmas Play (2008 edition)

Maternity Program in Nicaragua

In Nicaragua and Honduras, all pregnant employees are eligible to receive medical advice from Gildan's on-site medical staff. In Nicaragua, as female employees register for this program, they are given training on various topics such as:

- special care for pregnant women
- techniques to facilitate the birth (exercises)
- special care for the newborn (breastfeeding techniques, hygiene and home environment)

Pregnant employees are also given a baby shower celebration, where the Company gives gifts to employees, including diapers, baby care products (soaps, body cream, oil, powder, etc.) and a complete meal to demonstrate the importance of healthy nutrition.



Workers' Rights and Freedom of Association

Gildan's Code of Conduct and management team support the rights of workers to freely associate. Therefore, it recognizes the employees' right to form or join any organization or association of their choosing, including a union, and their right to engage in collective bargaining with the Company.

In September 2009, Gildan's textile plant in Guerra, Dominican Republic, received notifications from the Ministry of Labor that it had approved two "Comités Gestores" for two separate unions.

At the end of October, Gildan representatives met with both union representatives to establish a first contact and discuss the ongoing union drive within the plant. At the time of finalizing this report, both unions were in the process of attempting to recruit members in an effort to convince 50% + 1 of non-management employees to join their union, which would then require the Company to begin good faith negotiations of a collective bargaining agreement.

Gildan will enter into good faith negotiations with whichever union achieves the appropriate level of membership.

Supporting Employees during Political Instability

On June 28th, 2009, Honduran President Manuel Zelaya was ousted from the country by the military, acting further to a decision approved by Congress and the Supreme Court of Honduras, creating a political crisis in Central America.

As of December 2009, our business operations had not been affected by the political crisis and we have continued to operate our facilities normally. Gildan provided employees with support over this period of social instability, including the reorganization of Company-funded transportation to help employees adhere to curfew requirements implemented by the interim government. In addition, Gildan did not penalize employees for reduced working hours on account of curfew constraints, opting to pay employees their average wages for a regular work day in such occurrences. We also paid salaries in advance during the extended curfew period in case employees needed money to buy additional necessities for their families.

Throughout this political crisis, Gildan has stated its support to democracy, the rule of law, the preservation of civil liberties and the peaceful mediation process.

LABOUR COMPLIANCE

Our employees are our most valuable asset. We constantly monitor operations in order to develop sustainable solutions to labour compliance issues and provide our employees with a positive work environment.

The Gildan Code of Conduct

Our management team follows our own Code of Conduct in our day-to-day operations.

The Gildan Code of Conduct was implemented in 2005. It is based on the [International Labour Organization \(ILO\) Conventions](#). The ILO maintains and develops a system of international labour standards aimed at promoting opportunities for women and men to obtain a decent and productive work environment, in conditions of freedom, equality, safety and dignity. In today's globalized economy, international labour standards are an essential component in the international framework for ensuring that the growth of the global economy provides suitable benefits to all.

Our Code of Conduct also encompasses elements set forth by the [Fair Labor Association \(FLA\)](#) and the [Worldwide Responsible Accredited Production \(WRAP\)](#), and takes into account best practices commonly agreed upon in the area of Corporate Social Responsibility.

Employees and contractors are trained in the key elements of our Code of Conduct, which guides our activities wherever we operate and clearly states our position on a number of labour practice issues. These include compensation, benefits, hours of work/overtime, health and safety, environment, freedom of association and collective bargaining, harassment and abuse, discipline and termination, freedom of movement, grievance procedures, pregnancy and discrimination.

In 2008 and 2009, we completed an internal review of our Code of Conduct and began an external review, which has been put on hold in response to the FLA's own Code of Conduct reform. We will finalize our Code review only once the FLA Code has been fully updated in 2010. Gildan is part of the FLA Code of Conduct Working Group, which also includes representatives from NGOs and universities.

Integrating New Employees

In their first days of employment, Human Resources or CSR Managers give new direct employees a presentation on the Gildan Code of Conduct, as well as on topics related to CSR, policies, in-house/company regulations, rights and obligations. This provides new employees with a solid understanding of the Gildan Code of Conduct, while also introducing them to the concept of CSR and the role it plays within the Company.

Ad hoc refresher courses on specific topics, such as workplace harassment, are also provided to address and prevent potential workplace issues. Moreover, to ensure employees remember and follow the principles outlined in the Code of Conduct as they go about their daily activities, posters reiterating key conduct principles are displayed around common areas at both Gildan-owned and contractor facilities and are also announced via loudspeakers.



Labour Compliance Program

In 2007, the FLA Board of Directors voted to accredit Gildan's labour compliance program. This accreditation indicates that our Company's obligations with respect to the following matters have been fully met:

- Adopt and communicate a Code of Conduct
- Train internal compliance staff
- Provide employees with confidential reporting channels
- Conduct internal monitoring
- Remediate in a timely manner
- Take all steps necessary to prevent persistent forms of non-compliance
- Submit to independent external monitoring
- Collect and manage compliance information
- Consult with civil society

In 2009, our in-house team worked on some enhancements to the labour compliance program and we can therefore expect our accreditation to be renewed by the FLA in 2010.

Gildan's Vendor Guidebook

We work with our own facilities and contractors' management teams on an ongoing basis to improve their labour compliance performance, providing a comprehensive guidebook as a reference. This guidebook is a practical tool in CD format that covers principles of ILO convention standards and policies that must be implemented in order to protect and promote workers' rights. More specifically, Gildan's Vendor Guidebook contains the following:

- A detailed discussion on how to implement an integrated approach in meeting Gildan's labour compliance standards
- A *Management System Approach to Labour Compliance*, which outlines the benefits of adopting an integrated approach rather than an issue-focused and fragmented approach
- Policies and operating procedures for each labour compliance standard

Measuring Labour Compliance Performance

Gildan's facilities have been audited for more than five years through internal and external audits.

Internal Audits

All Gildan-owned and contractor facilities situated in Central America and the Caribbean Basin are subject to a complete internal audit each year, performed by internal CSR monitors. Follow-up audits are also conducted at least once yearly to assess each facilities' progress and to verify if corrective measures have been implemented to remedy initial findings.

External Audits

In all regions where we operate, external audits are conducted on an ongoing basis in Gildan-owned and contractors facilities. These audits are performed by third party monitoring organizations mandated by the FLA, WRAP and our customers.

Monitoring Tools

In 2008 and 2009, audits were primarily conducted by our internal monitors using Gildan's own monitoring tools. These were developed in 2007 and take into account our customers' requirements and best practices, integrating both the labour compliance requirements of our major retail customers as well as our own.

Gildan's Assessment Tools Include:

- Facility self-assessment questionnaire
- [Audit instrument](#) and management action plan
- Management interview form
- Monitoring guidelines
- Worker interview guidelines

Gildan also uses a sampling methodology to determine the number of individuals who are interviewed based on the size of each facility at each Gildan location. In 2009, we reviewed our methodology and increased our sample size in order to meet the requirements of our European customers, who are part of [Sedex](#) and require us to follow [Sedex Members Ethical Trade Audits](#) (SMETA) guidance and report formats.

Involving Contractors

When the decision is made to outsource production to a new contractor, we apply a comprehensive selection process to determine its ability to comply with our cost structures, quality, labour and environmental standards. This selection process includes a thorough analysis of the contractor's CSR self-assessment questionnaire on critical issues as well as a preliminary audit.

Expanding our Labour Compliance Program to Raw Materials Suppliers

In 2009, we created a new continuous improvement tool that assesses social and environmental issues, as well as quality control and production capabilities of both existing and new raw materials suppliers who provide us with labels, thread, boxes and bags. The tool will allow us to reach our goal of operating in a completely socially responsible supply chain, by enabling us to track progress and performance.

Additionally, we have developed an assessment procedure, which covers chemicals and dyestuffs as well as providing an in-depth analysis of environmental issues.

Social Compliance Auditing Results

In 2008 and 2009, a total of **107** monitoring visits were conducted, which represents at least one visit in each of the 44 facilities¹² where we had production.

- 55 complete social compliance audits were conducted in both Gildan and contractors' facilities (long-term and short-term contractors) located in the U.S., Central America and the Caribbean Basin
 - 29 were conducted by Gildan's internal auditors
 - 26 were conducted by external auditors, for the WRAP, the FLA or customers
- 52 follow-up audits were conducted in both Gildan and contractors' facilities
 - 46 were conducted by Gildan's internal auditors
 - 6 were conducted by external auditors, for the WRAP, the FLA or customers

¹² This number includes Gildan-owned facilities as well as long and short-term contractors in the Americas.

Figure 11 — Total Audits per Type for 2008-2009

- Follow-up (49%)
- Complete (51%)

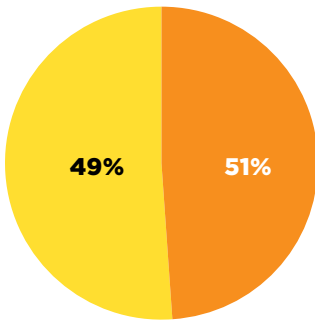


Figure 12 — Internal vs External Audits for 2008-2009

- External (30%)
- Internal (70%)

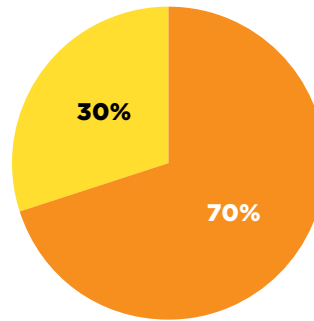


Figure 13 — Gildan-owned vs Contractors Audits for 2008-2009

- Short and Long Term Contractors (44%)
- Gildan (56%)

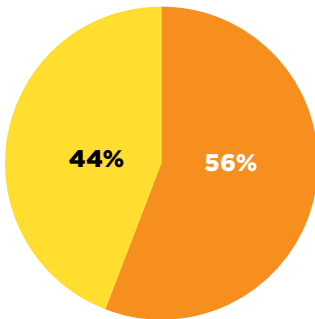
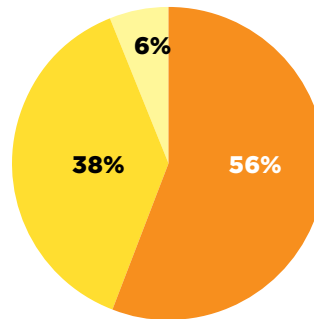


Figure 14 — External Audits for 2008-2009

- FLA (6%)
- Customers (56%)
- WRAP (38%)



Internal Social Compliance Audit Findings and Analysis

In 2009, Gildan started a new complete audit cycle. We conducted one complete internal social compliance audit in all our facilities during which we employed our own auditing tool covering twenty-six indicators and 290 benchmarks. We also conducted follow-up audits to ensure proper and timely implementation of corrective measures following the completion of the initial audits. During follow-up audits, we only focus on previous identified findings and remediation.

Gildan-owned Facilities - Internal Audit Results Analysis

Gildan-owned facilities internal audit findings are illustrated in the Figures below.

Figure 15A — 2008 Audit Results — Gildan-owned Facilities

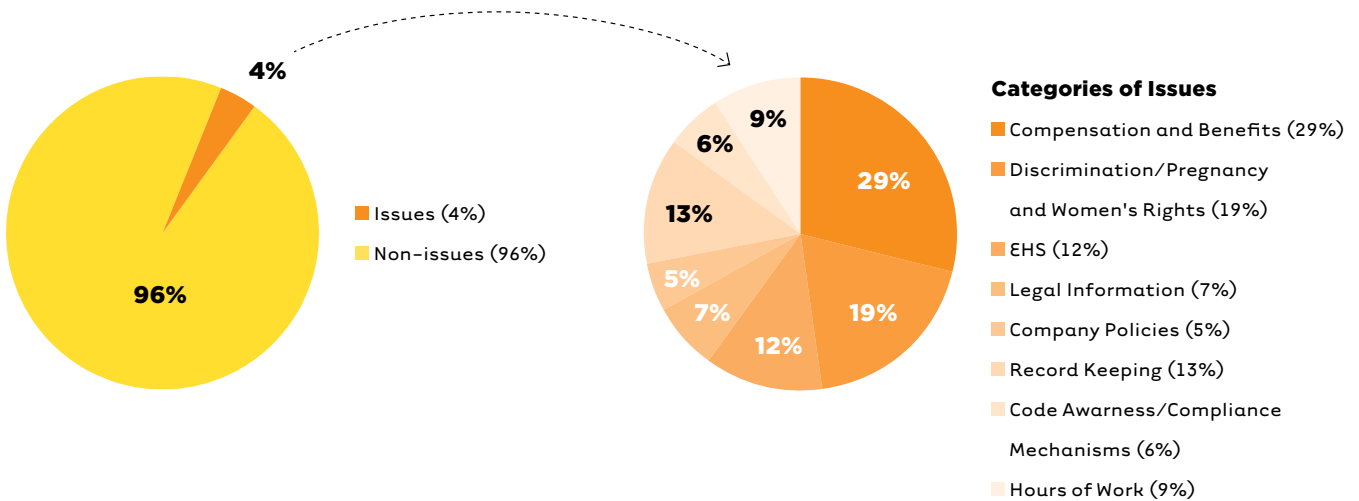
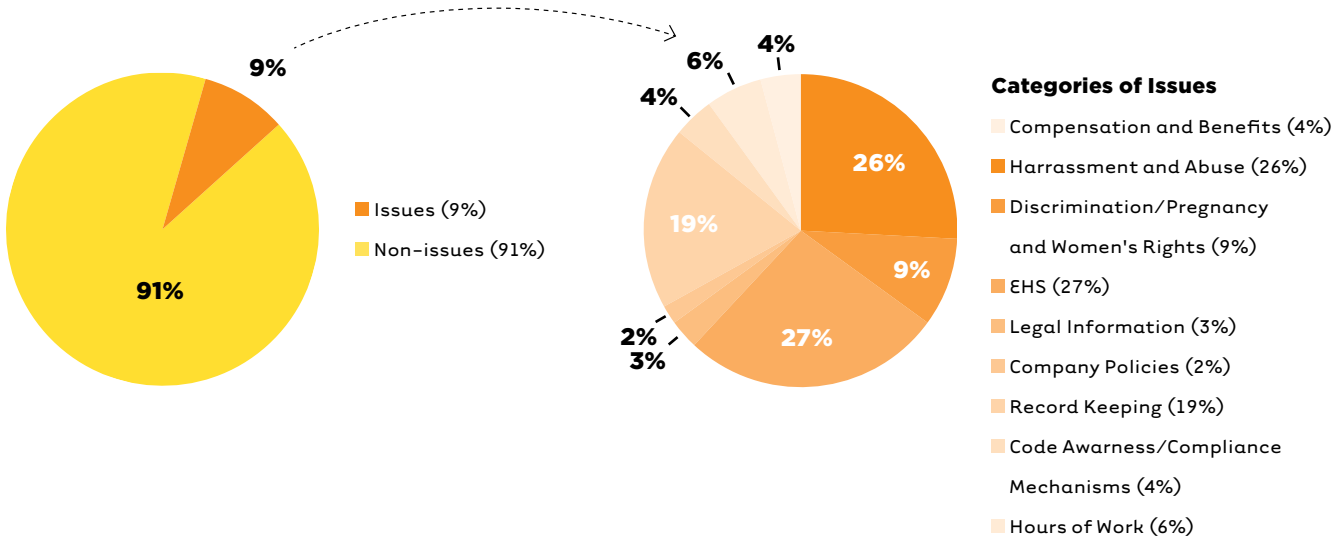


Figure 15B — 2009 Audit Results — Gildan-owned Facilities



Main findings at Gildan-owned facilities are related to the following:

- Incomplete documentation in records, compensation and benefits, and hours of work: *Findings uncovered in this area during the reporting period are all minor and have been resolved.*
- Discrimination: *Findings were related to the Health and Safety Committee procedures that contained elements that could be considered discriminatory. The procedure has been revised and communicated in each facility.*
- Harassment and abuse: *Although our management teams have been trained in harassment, we had three such cases related to verbal harassment from supervisors to workers in two of our plants during the course of 2008 and 2009. We have been working with the supervisors involved in these cases to ensure that they now comply with Gildan’s harassment policies.*
- Environmental health and safety (EHS):
The most common health and safety findings were related to fire safety, followed by general working conditions, machine and chemical safety. Fire safety non-compliances were mostly related to minor electrical hazards and were remedied in a timely manner. In the initial audits in 2009, one of the non-compliance issues related to general working conditions was linked to food handling in the cafeterias. In response to this, the sewing facilities are implementing a Cafeteria Certification Program, which is based on the [ServSafe program](#) from the United States Food and Nutrition Organization. We are currently evaluating the possibility of implementing this process in our textile facilities. Machine safety findings were mostly related to forklift and machine protectors and the latter was predominantly non-compliant at contractor facilities. Most of the findings on chemical safety in both contractor and Gildan-owned facilities were for chemical containers that were either not properly labelled or stored in containers that were inadequate in meeting standards.

Long Term Contractor's Facilities Internal Social Compliance Audit Results and Analysis

Contractor facilities internal audit findings are illustrated in the Figures below.

Figure 16A – 2008 Audit Results – Long Term Contractors' Facilities

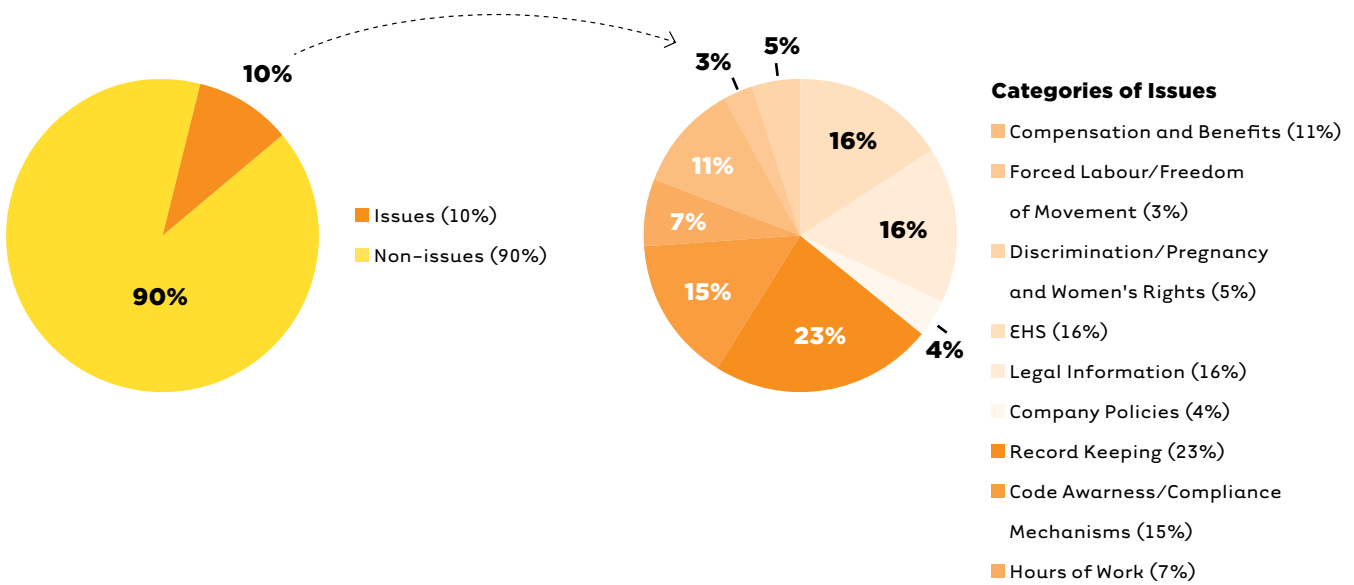
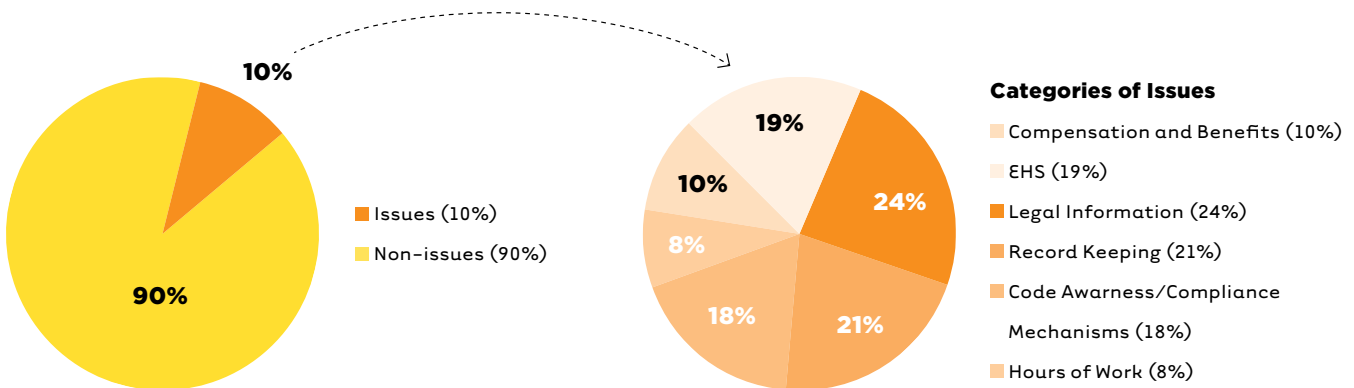


Figure 16B – 2009 Audit Results – Long Term Contractors' Facilities



Main findings at contractor facilities are related to the following:

- Lack of Code of Conduct awareness: *To remediate this issue, we have hired a Corporate Social Responsibility Coordinator in Port of Prince to work with our Haitian contractors and ensure that both awareness and compliance with our Code of Conduct takes place among our contractors.*
- Compensation and Benefits: *Wages and compensation findings were related to the software used for overtime wages calculations that displayed two decimals instead of three, as well as the currency used in the payroll system (Haitian dollars instead of Haitian Gourdes). Although no workers have been impacted, these issues have been remediated.*
- Records and legal information: *Findings uncovered in this area during the reporting period are all minor.*
- Environmental, health and safety: *These findings were mostly related to workers' training as well as general working conditions.*

Improving Reporting Mechanisms and Tracking Progress

In 2008 and 2009, in an effort to improve the management reporting process with regard to compliance with audits results, we benchmarked several IT platforms and systems and selected a sustainability software solution. This new software will be implemented during 2010 and will enable us to centralize our results, better track progress and provide our stakeholders with improved data.

Sustainable Remediation Process: Root-cause analysis

Gildan continuously seeks to further enhance employees' work environment. Identifying non-compliant situations is the first step in the remediation process. The main challenge, however, is to find the root-cause of a problem, then develop and communicate a remediation plan to ensure it does not recur, nor occur in other areas.

FLA 3.0: A Unique Approach to Sustainable Compliance

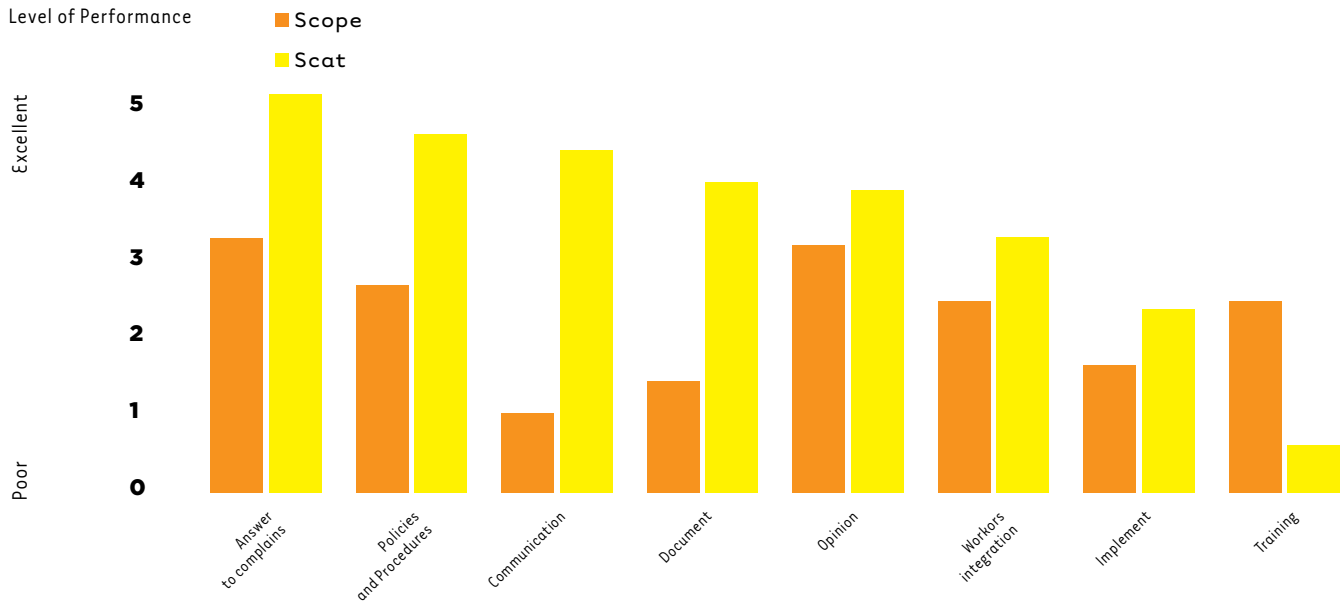
This approach to sustainable compliance shifts from an auditing to an assessing mindset in order to put greater emphasis on evaluating a situation and its gradual development. Instead of repeatedly sending in external monitors to identify non-compliant behaviours, the focus is now on determining why these non-compliant behaviours take place so that sustainable solutions can be found. The objective of the FLA 3.0 approach is to address corrective action plans in a sustainable way by conducting a root-cause analysis and building skills that focus on the most common weaknesses across the apparel industry, and specifically in the region where the facilities are located. As such, the FLA has developed tools that consist of self-assessment modules and worker surveys. Results from each of these findings are then combined into an integrated result. **The SCAT**, which is a self-assessment module, is used to measure the capacity and effectiveness of the procedures in place, from a management perspective, in order to display gaps and areas where improvement is needed. **The SCOPE**, which is a worker survey, investigates the same parameters but from a worker's perspective.

In 2008, Gildan volunteered to participate in this new project to implement effective root-cause analysis processes in its facilities. As a first step, Gildan participated in the FLA 3.0 Foundation Course on grievances late in 2008. In 2009, we implemented this approach in one of our textile facilities in Honduras which enabled us to detect opportunities to better communicate and train our workers on grievance mechanisms.

During the coming year, the Human Resources and Production employees will conduct in-house workshops in order to develop an effective action plan as well as sustainable solutions relating to handling of grievances.

"The FLA Board's decision in 2007 to accredit Gildan's labour compliance program recognized the Company's achievements since joining the FLA and was a vote of confidence in its implementation of labour standards. Gildan has demonstrated a serious commitment to improving working conditions not only in its own operations but also globally. Gildan's representative on the FLA Board participates actively in the organization's decision-making and new initiatives being undertaken by the FLA, including the development of new auditing methodologies. Gildan has also worked closely with the FLA, the Instituto Politécnico Centroamericano (IPC) and the University of Delaware on a project to prepare the next wave of fashion companies with the understanding and tools they need to produce ethical fashion" Aurret van Heerden, President and CEO of the Fair Labor Association.

Figure 17 — Result of the FLA 3.0 Survey on Hontex Grievance Handling System



In 2009, Gildan provided training on its corrective and preventive action procedures that were originally designed for root-cause analysis related to quality issues. In the coming year, this procedure will be expanded to cover social and environmental issues. We trust that this process will be very helpful to managers in finding long-term solutions to issues that occur in their day-to-day operations.

Grievance Mechanisms

Gildan has implemented mechanisms to allow employees to report concerns occurring in its facilities and offices.

Open Door Policy and Suggestion Boxes

In all our facilities, we have an Open Door Policy and suggestion boxes located on the production floor and in cafeterias. Suggestions boxes are opened every other week to collect input from employees. Ideas are compiled into a table and posted on the bulletin boards. Each item is linked to a staff supervisor who is responsible for reviewing the concern or suggestion and providing feedback, and a timeline is given.

Monthly Roundtables

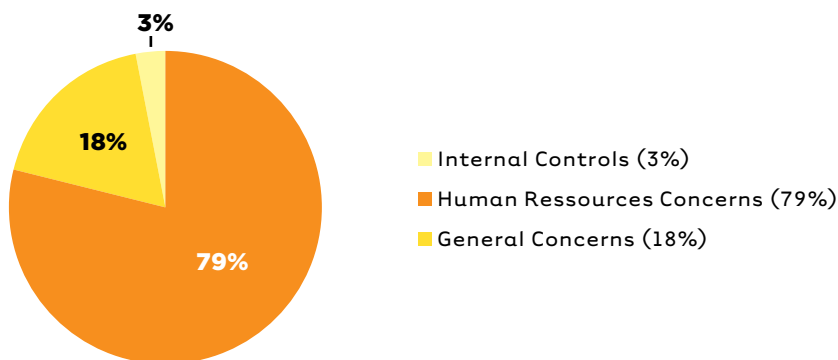
Monthly roundtables are organized between the management team and employees in order to identify best practices, discuss grievances received over the period, and to mutually develop an action plan to address them.

Toll-free Integrity and Social Responsibility Hotline

A toll-free Integrity and Social Responsibility Hotline is available 24 hours a day, seven days a week enabling employees to anonymously and/or confidentially report concerns in English, French, Spanish, and Creole. This line forms part of our whistle-blowing policy launched in 2004 in response to new [U.S. regulatory requirements](#). It is also required by the FLA and used as a tool for reporting alleged violations of our own Code of Conduct and Ethics Policy. The line is tested regularly by staff from the internal audit department. We expect to implement this Hotline at our long-term contractors' facilities in 2010.

In 2008 and 2009, out of 33 complaints, the majority were related to Human Resources issues, and more precisely to disciplinary actions, requests for guidance, discrimination, and workplace conduct (see Figure below for Gildan 2008 and 2009 Hotline complaints).

Figure 18 – Integrity Line Complaints per Allegation Topic



External Channels

In addition, external channels are also available for employees with a complaint or concern, such as via local non-profit organizations (NGOs) with which we engage. Gildan works closely with local NGOs in Central America and communicates with them in order to implement sustainable practices, resolve complaints and improve employee well-being.

Maintaining **Worldwide Responsible Accredited Production (WRAP) Certification**

WRAP certifications are requested by many of our wholesale customers that do not have their own compliance program. As each certification is attributed to a specific facility, unlike the FLA accreditation that was given for our overall labour compliance program, customers request a WRAP Certificate for the facilities where products they buy are made.

Since 2002, all of our mature sewing facilities have been certified by WRAP. In 2009, our San Marcos and Rivas plants in Nicaragua, as well as our Villanueva plant in Honduras, renewed their certification. San Miguel, our newest consolidated facility, received its first certification. Three of our contractors in Haiti obtained or renewed their WRAP certification during the reporting period and the remaining one is preparing for a first certification during 2010.

By the end of 2010, all of our existing sewing facilities will be WRAP certified.

WRAP is an independent, non-profit organization dedicated to the promotion and certification of lawful, humane and ethical manufacturing throughout the world. WRAP promotes a Code of Conduct, which ensures that core labour concepts are understood and practised on the shop floor and by management. WRAP relies upon independent, third-party monitors to certify that factories are in compliance with its Code of Conduct.

HEALTH AND SAFETY PRACTICES

As injuries and occupational illnesses can be prevented, we continuously improve our programs to provide our employees with the safest and healthiest work environment possible. Below, you will find some of Gildan's health and safety programs.

Health and Safety Committees

At all Gildan-owned facilities (except offices), formal Health and Safety Committees composed of managers, supervisors and production workers, meet once a month to discuss preventive measures to be implemented. They also review health and safety accidents that occurred during that time period and suggest improvements for our health and safety programs. These improvements are developed by health and safety managers who are also responsible for elaborating related procedures in both our sewing and textile operations.



Alba Chavez, Knitting Matrix Supervisor at Gildan Hontex and member of a Health and Safety Committee since 2009

Alba Chavez has been working at Gildan since 2007. Since she joined the Company, she has always been very interested in industrial safety issues. In May 2009, she joined the Health and Safety Committee as a member of the communications team. In this role, she is in charge of informing employees about how to behave in order to prevent issues from arising. She does this through the use of bulletin boards, brochures and training sessions and she also supports other teams that are part of the larger Health and Safety Committee.

“I like being part of the Health and Safety Committee because I participate actively and my ideas are heard. I work to ensure everyone is motivated to continue supporting the committee”

Alba Chavez



Health and Safety training session



Members of a Health and Safety Committee in Honduras

Health and Safety Compliance Performance

All Gildan-owned facilities are subject to specific health and safety audits that are performed by an in-house Safety Coordinator, internal Corporate Social Responsibility Monitors as well as external CSR Auditors on a regular basis. Facilities are assessed based on a compliance percentage allotted for each of these audits.

Table 11 – Health and Safety Audits Conducted at All Gildan-owned Sewing Facilities

Once per work shift	
Production Audit	Work station safety
Once a week	
Cafeteria Audit	Sanitary conditions
Once a month	
Facility Audit	Facility safety and cleanliness
Maintenance Audit	Condition of equipment
Chemical Audit	Labelling and maintenance of chemicals

Each year, the CSR department includes the following health and safety topics to be assessed within the scope of the social compliance audits:

- Legal and compliance issues
- Fire safety
- Machine safety
- Chemical safety
- Personal protective equipment
- Medical care
- General working conditions



Carlos Rodriguez, Packing Supervisor at the San Miguel facility (Honduras)

New Health and Safety Performance Measurement Scorecard

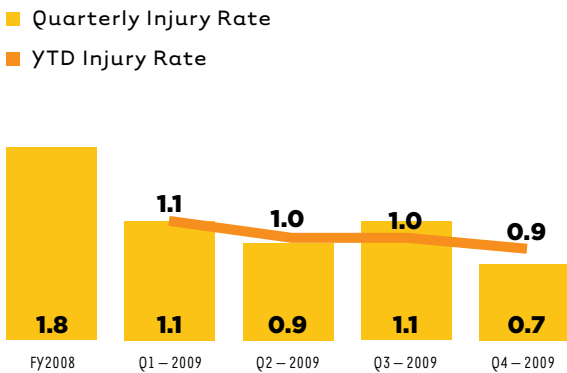
In 2008, Gildan implemented an internal health and safety performance scorecard in order to keep track of work-related injuries and occupational illnesses. Covering all of our Gildan-owned facilities worldwide, the scorecard contains data relating to first aid, injuries, lost-time accidents, musculo-skeletal disorders, work hours, lost workdays, injury rate and severity rate.

Although no work accidents resulted in fatalities or severe injuries, there is considerable scope for further improving in our manufacturing facilities. Work-related injury and severity rates have decreased from 2008 to 2009, partly because:

- Our two sewing facilities in Nicaragua improved their accident investigation and follow-up process by identifying root causes of the accidents and implementing the necessary corrective actions
- Proactive preventive measures have been implemented (identified through the accident investigation process) and have been shared amongst employees (whole work-stations or the employee involved in the accident, also sharing with other similar work-stations or employees in similar tasks in other facilities)
- Disciplinary measures were enforced for employees who participated in, encouraged or performed unsafe actions (such as failing to wear the required personal protective equipment)
- Increase in general safety awareness through presentations aimed at changing employee behavior
- Specific safety awareness training

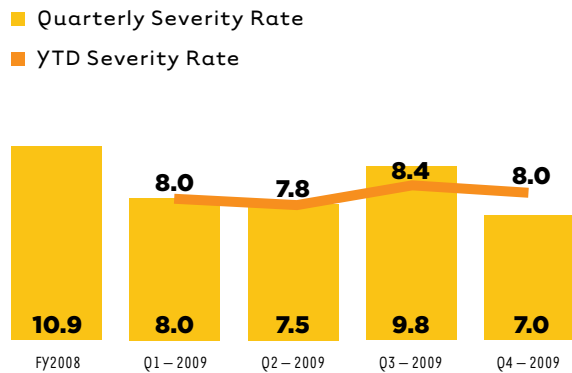
The following graphs illustrate data for 2008 and 2009.

Figure 19 – Work-related Injury Rate



Data based on Occupational Safety and Health Administration (OSHA) calculations.
 (Total Amount of Accidents/Total Work Hours) X 200,000
 Factor 200,000 is derived from 50 working weeks at 40 hours per 100 employees.

Figure 20 – Severity Rate



Data based on Occupational Safety and Health Administration (OSHA) calculations.
 (Total Lost Days/Total Work Hours) X 200,000
 Factor 200,000 is derived from 50 working weeks at 40 hours per 100 employees.

North America and Barbados

Employees Assistance Program

In 2008, Gildan expanded its Employee Assistance Program in the U.S. This program, which provides one-on-one counseling to employees dealing with issues such as family matters, personal, legal or financial problem, is now offered to all Canadian and U.S. employees. In 2010, a similar program will be made available to employees in Barbados and the Dominican Republic.

Safety Saves

Since 2008 in the U.S., the Health and Safety Committee teams have organized a number of creative incentives to improve health and safety within the facilities, including the “Safety Saves” initiative. As part of this incentive, employees take pictures of the safety issue they see, and they correct it. Each week a draw is held for each “safety saves” photo that was turned in and the winner receives a prize. This pilot project will be replicated throughout the rest of our facilities in the coming year.

Awareness Campaigns

Over the past two years in Barbados, the Health and Safety Committee has been informing employees about health and safety topics, through flyers and emails on a regular basis. The Committee has also organized several health and safety initiatives such as sessions on cancer awareness and health checks (blood pressure, cholesterol, etc).

Health and Safety Bulletin

In 2009, employees at the corporate Head Office started receiving health and safety bulletins on a monthly basis. These bulletins are prepared by the Corporate Human Resources and Corporate Communications departments and cover various health and safety topics such as general well-being and stress management, planning for an overseas holiday, emergency and safety procedures, etc. This pilot project will be replicated throughout the rest of our facilities and offices in the coming year.

Central America and the Caribbean Basin

Gildan’s health care programs in Central America and the Caribbean Basin have been developed to suit the overall healthcare situation within each country. For instance, due to the region’s tropical climate, Gildan implemented a preventive program in all facilities for respiratory illness from November 2008 through January 2009.

In most of the countries in which we operate, public or private healthcare programs are deficient. To make up for the deficiencies in the social security systems (which includes access to medical care), Gildan doctors at each facility analyzed public health statistics, common illnesses¹³ contracted by employees and the most common health issues faced in each national context. Based on the findings, Gildan subsequently implemented preventive programs, which included presentations, information on bulletin boards and via loud speakers.

¹³ Common illnesses are Flu, HIV and other sexually transmitted diseases, dengue, and conjunctivitis.

Gildan's "Saving our Family" Program in Honduras

In August 2009, a new assistance program called "Saving our family" was launched at our textile and hosiery facilities in Honduras, after many of our employees had requested support to handle personal issues and family situations in an effective and non-confrontational manner. This program gives employees free access to individual and confidential counseling conducted by a certified professional specialized in family and marriage matters. In 2010, we will expand this program to our sewing facilities in Honduras.

The same year, in Honduras, we also gave direct employees access to the "Parents of Excellence" program, which is composed of six different training sessions with six topics selected by employees through a survey. Topics selected were: how to be an excellent parent, family values, how to keep your children away from bad influences, family commitments, life project and family project. The pilot program, in its initial phase, will handle two groups (one per shift) in order to test its effectiveness.

Health Clinics

All Gildan facilities in Central America and the Caribbean Basin have a health clinic, staffed by a doctor and several nurses, available to employees on-site. The medical team's main mandate is to prevent and address workplace health issues. Our clinics also assist employees beyond their workplace-specific health needs including prenatal care for pregnant women, vaccination campaigns and many other initiatives, which are outlined below.

Health Fair in Nicaragua

In August 2009, Gildan organized the first Health Fair at our San Marcos facility. During the event, many organizations and doctors¹⁴ joined Gildan to provide employees and their families with information on HIV prevention, nutrition, and becoming a blood donor. They also received details on medical treatments for issues such as dental care, ophthalmology, diabetes, and gynecology among others. The event proved to be a great way of developing a social and humanitarian environment within the facility.



Health Campaigns

In 2008 and 2009, Gildan medical teams in Honduras worked on several health awareness campaigns, throughout which they posted information and gave presentations to employees relating to the following health issues:

- Personal hygiene
- Sexually transmitted diseases
- Conjunctivitis
- Dengue
- Flu and Influenza A (H1N1)
- Blood donations
- Dental care
- Hearing problems and ear protection
- Breast cancer

¹⁴ San Marcos Health Center (deworming, vaccines, vitamins), Diakonia Foundation of Nicaragua (information on HIV prevention), Jinotepe Health Center (HIV, dental care conferences), Red Cross of Nicaragua (Blood donation campaign), Harmim Hospital (Cytologist) and Munkel Optics (ophthalmology).

Women's Health

In Honduras, our teams also educated female employees to recognize signs of cervical cancer and provided free testing to those wishing to be tested. Since the first campaign in 2007, 480 female workers have undergone the cytology test that was made available thanks to a partnership between Gildan and the Honduran government, which donated the required equipment for such a procedure. This represents 9% of our female workforce and we will reinforce our campaign to ensure other women understand the issue at stake and participate in the future. We will evaluate implementing a similar program in other regions during the coming year.

Anti-tetanus Campaign

Since 2007, our sewing and textile facilities in Honduras have been organizing annual anti-tetanus campaigns, in partnership with the government which donates the vaccines to be administered. In 2008 and 2009, 1,240 employees were vaccinated.

Ergonomics

In 2008 and 2009, we enhanced our ergonomics program that began in 2004. This arose from a general concern felt by the Company in relation to the impact of day-to-day operational tasks on our employees but also out of issues that were raised by a Honduran NGO, Colectiva de Mujeres Hondureñas (CODEMUH), who approached our offices in Choloma in 2006.

In our Central American facilities¹⁵, music is very much in demand during working hours, therefore songs have been recorded by local artists and include references to Gildan's ergonomics program.

Gildan's Ergonomics Program

Inherent to the process of sewing globally are the risks caused by repetitive movements. In order to address that issue in its facilities, Gildan has been working with [BSR](#)¹⁶ and the Ergonomics Center of North Carolina (ECNC), from the North Carolina State University, to implement two special projects that started in 2009 at our San Miguel sewing plant in Honduras:

- **Working with the ECNC.** The ECNC is housed in the College of Engineering at the North Carolina State University. The Center utilizes its own research facility as well as its [Ergonomics Laboratory](#) located in the Industrial Engineering Department. We have selected this organization based on their extensive experience and credentials. A senior ergonomist from the Center has been allocated to Gildan to further develop an ergonomics program aimed at preventing injuries. He visited all Gildan facilities in Honduras in May 2009, to review and assess ergonomics practices based on [NIOSH](#) standards, and will ultimately develop a complete ergonomics program adapted to our manufacturing process. The assessment highlighted areas for improvement and recommendations to effectively reduce the risks associated with the development of work-related musculoskeletal disorders. Gildan's ergonomics policy and programs were reviewed in order to adapt the ECNC's Ergonomic Culture Maturity Model — a world class ergonomics program implementation plan developed by the ECNC- that will be implemented in all Gildan-owned facilities within the next 3 to 5 years.

In the first quarter of the 2010 fiscal year, ECNC will provide training for Gildan's Corporate Ergonomics Committee and the members of the Plant Ergonomics Committees at our textile and sewing facilities, as an initial step towards implementation.

- **BSR CAFTA-DR responsible competitiveness project.** Our San Miguel sewing plant in Honduras has been selected internally for a demonstration project as part of BSR's DR-CAFTA Responsible Competitiveness Project.¹⁷ Together with BSR and the local CSR organization FUNDAHRSE, we have developed a project that focuses on improving the well-being of our workers through continuous improvement in Occupational Health and Safety (OHS).

¹⁵ San Miguel and Villanueva (Honduras), San Marcos and Rivas (Nicaragua), Las Americas (Dominican Republic)

¹⁶ BSR works with its global network of more than 250 member-companies to develop sustainable business strategies and solutions through consulting, research, and cross-sector collaboration. For more information, you may visit www.bsr.org

¹⁷ The DR-CAFTA Responsible Competitiveness Project was made possible by a grant from the U.S. Department of State to BSR. The project works with producers, labor, government, and international buyers to promote responsible labor practices in countries of the Dominican Republic-Central America-United States Free Trade Agreement (DR-CAFTA). For more information, you may visit www.drcafta.bsr.org.

BSR and FUNDAHRSE began the project by conducting internal and external stakeholder interviews as input to a health and safety materiality analysis. The results showed that San Miguel's stakeholders — including employees — were most interested in ergonomics. BSR and FUNDAHRSE then conducted an OHS management systems best practices benchmark and gap analysis to determine areas for continuous improvement. The final stage of the project will consist in the creation of a peer-to-peer training program. This program will empower workers to more actively contribute to factory OHS trainings, both by helping decide the content and by reinforcing with their peers the concepts presented in trainings. The content of the training modules will be provided by the ECNC and sessions will be held in the facility in 2010.



Employees at the San Miguel sewing facility in Honduras practicing exercises from Gildan's ergonomics program



One of the Health and Safety brigades during the Health and Safety Week celebrated in April 2009

Gildan Celebrates Health and Safety Week

On April 28th, 2009, in commemoration of the World Day for Safety and Health at Work declared by the [International Labour Organization](#) (ILO), Gildan employees from all facilities and offices celebrated the Safety and Health week with various activities intended to raise awareness as to the importance of a healthy lifestyle and preventing risks at work.

The activities put together by the Safety Coordinators and the Corporate Human Resources departments included training on nutrition, stress, ergonomics and the use of personal protection equipment (such as boots, goggles and others), viewing of videos on health and safety, as well as placing posters on bulletin boards, and contests among emergency brigades. Additionally, a series of presentations were made by doctors who specialize in sexually transmitted diseases and by a group of three local Honduran NGOs¹⁸ specialized in HIV/Aids. The videos on these topics were shown in all our facilities and raised awareness of preventive measures to be adopted by participants.

The celebration focused on developing healthy habits and a safe work culture among employees. The employees' interest and active participation made the Safety and Health week a success.

Influenza A (H1N1)

In May 2009, in preparation for a pandemic of the flu virus named Influenza A (H1N1), Gildan formed a committee led by Human Resources Managers and Health and Safety Specialists in all our offices and facilities in order to monitor the evolution of the disease and develop specific preventive measures to be implemented. The committee was also in charge of implementing a solid communications plan for all our employees.

At all Gildan locations (manufacturing facilities and offices), the committees posted information on a range of self-protection measures to avoid getting or spreading the virus and also developed guidelines to help supervisors take appropriate measures with their immediate subordinates.

The committees worked with on-site medical teams to build temporary health clinics outside all Gildan facilities in order to prevent the spread of infection. Employees with flu symptoms were examined at this clinic and returned home if they are at risk of suffering from the Influenza A virus. They were given specific instructions as to what to do once at home.

COMMUNITY RELATIONS

**GILDAN STRIVES TO HAVE A POSITIVE
IMPACT ON THE COMMUNITIES
WHERE IT OPERATES, INCLUDING
SUPPORTING LOCAL ORGANIZATIONS
AND ACTIVITIES THAT STRENGTHEN
OUR COMMUNITIES.**

One of Gildan's four key CSR priorities, which will guide our initiatives over the coming five years, is community involvement, as mentioned in our President and CEO's message. Since 2005, Gildan has been contributing to community development through its donation policy, aimed at improving quality of life through youth education programs and humanitarian aid in our countries of operation.

In 2008-2009, approximately 8,000 Gildan employees were surveyed in Central America and the Caribbean Basin to identify needs within their communities with regard to housing, clean water, food and education. We had discussions and exchanged visions on where we would like to take our commitments going forward. In the coming year, we will reinforce our community development policy, adding best practices to further address needs expressed by employees during the survey process. We are currently elaborating specific objectives aimed at improving our community programs, as well as enhancing support systems and developing sustainable partnerships within regions where Gildan's operations are located.

CONTRIBUTING TO COMMUNITY DEVELOPMENT

Investing Locally

Gildan has a positive impact on local economies through the inclusion of local businesses in its supply chain. Although we do not have a formal policy regulating the use of local suppliers, we create business opportunities by buying the majority of our materials locally. In Honduras and the Dominican Republic, we buy 86% and 62% respectively of non-yarn supplies from local suppliers. The proportion of our use of local supplies from local suppliers in the Dominican Republic is smaller than that of Honduras as the textile industry in this country is not as extensive and local supplies for our operational needs are not available.

Hiring Locally

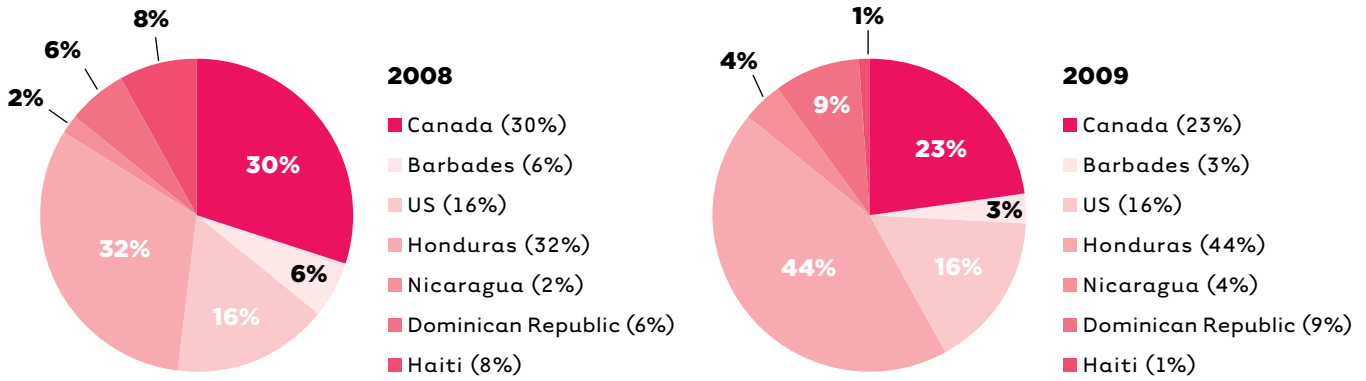
One of Gildan's key success factors is that we operate our facilities with well-educated and highly-motivated local managers. The Company provides local employees with competitive compensation in each of our operating regions, along with benefits and good employment conditions. We are building on the skills of our local management teams, which ultimately benefits the local community. Only 0.07% of our managers and upper management are expatriates.

Donating to Communities

Gildan seeks to improve overall quality of life in the communities in which we operate. We have revised our approach to charitable donations to focus on humanitarian aid, youth education programs and sustainable development within local communities. The specifics of our community involvement initiatives are adapted to suit the local situation and the unique needs of each community.

Gildan's Approach to Donations:
Improving overall quality of life for the communities in which we operate, through social investment and active participation in youth education programs and humanitarian aid.

Figure 21 — 2008-2009 Donations per Region (% of global donation budget)*



*The 2008 global donation budget excludes discretionary donations given by Gildan's executive management to charitable organization, a \$20,000 donation to the Canadian Red Cross Emergency Fund for hurricane relief in Haiti, and the Company's corporate commitment to Dans la rue. The 2009 global donation budget excludes discretionary donations given by Gildan's executive management to charitable organization as well as the Company's corporate commitment to Dans la rue.

Gildan provides charitable support in all its regions of operation. In 2009, we allocated additional funds to Honduras, Nicaragua and the Dominican Republic and we will continue to enhance our community development programs in these regions in the coming years. In Canada, we have a long-standing commitment of CAN \$125,000 per year given to *Dans la rue, in place* since 2005. While we no longer operate manufacturing facilities in Canada, we are still committed to supporting the communities where our corporate Head Office is located.

The following section contains examples of Gildan's contributions to local communities over the past two years. Donations contained in this Report were selected for one or more of the following reasons: the substantial nature of financial support, introduction of a new program or the great impact it had on the community.

Donations within Central America

Honduras

Instituto Politécnico Centroamericano (IPC)

In 2005, Gildan spearheaded an industry-wide initiative to create the Central American Polytechnic Institute in Honduras with senior management involvement and an initial donation of U.S. \$500,000¹⁹. The IPC was the first technical institute in Central America to train staff for the textile and apparel industries through the provision of short courses (from 2 to 5 months) and the development of an expanded management base in Honduras and Nicaragua through various programs²⁰.

Since its inception, a total of 2,762 students have graduated from the IPC's one-year programs. Twenty-five (25) Gildan employees have graduated from the one-year courses and 183 from the short courses.

As part of its long-term commitment, Gildan has been sponsoring 50 scholarships per year (since 2006) to encourage access to these programs for Gildan employees and their families, as well as to members of the communities in which Gildan operates, comprising a cumulative donation of more than U.S. \$285,000 to date.

Along with the above-mentioned financial aid through scholarships in 2009, Gildan provided business advice that resulted in the building of a new student residence that will allow Honduran and Nicaraguan students to benefit from the training programs without having to pay expensive fees related to transportation or temporary accommodation.



Refrigeration and Air Conditioning Program

During 2008, the IPC, in partnership with the New Brunswick Community College of Canada, identified training needs for the Honduran industry in the refrigeration and air conditioning (RAC) sector.

The RAC Program started in January 2009 to provide students with the fundamental skills and abilities to install, maintain, service and repair residential, commercial and industrial refrigeration and air conditioning systems. For the first year, 27 students enrolled in the yearly program including one Gildan employee.

¹⁹ For more information, please see page 15 of *Gildan 2005 Corporate Citizenship Report*.

²⁰ Apparel Technology, Industrial Electricity, Industrial Mechanics, and Industrial Refrigeration and Air Conditioning.

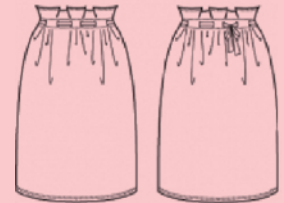
Ethical Fashion Show - Gildan's integrated approach to community development

The goal of the Spring 2009 [Ethical Fashion Project](#)²¹ at the University of Delaware in the U.S. was to demonstrate the broad range of considerations that should go into designing and producing an “ethical” garment: choosing materials that benefit the environment, opting for suppliers with verifiable fair labour practices, and maintaining responsible interactions and exchanges between the buyers, designers and suppliers. In a collaborative effort with the FLA, Gildan, and students at the *Instituto Politécnico Centroamericano* (IPC), students in the Department of Fashion and Apparel Studies at the University of Delaware worked on an ethical fashion project ranging from design development through to the production of final garments.

The students at the University of Delaware created the designs, Gildan donated fabric and the IPC created patterns and produced the garments. The FLA was able to test a new assessment tool for small companies in the ethical fashion market niche. FLA assessment tools provide the Company or facility undergoing assessment with a diversified analysis report on its strengths and weaknesses in regard to Code of Conduct compliance.

This project was presented during a conference organized by the Fashion and Ethical Industry during the 2009 Paris Ethical Fashion Show in October 2009. In line with this project, the University of Delaware received a U.S. \$40,000 grant from Cotton Inc. to fund a student exchange where 11 of the U.S. students will go to the IPC and 10 students from the IPC will visit the University of Delaware.

“One of our versatile designs is a drawstring skirt with pockets, that turns into a top. How? Well, the pockets open up and turn into armholes, while the drawstring goes over your head to become the new neckline (see images below). Our design goals involved minimizing wastes, creating designs that are versatile in order to use less energy and labor, creating designs that are multifaceted, and using wastes such as scraps in our very own designs as long as the amount of labor does not increase by doing so, and finally by increasing our fabric yield because all pattern pieces are similar shapes to rectangles and squares.” Mishqua Allie, student on the transformable skirt team at University of Delaware.



“Participating in this project with the University of Delaware has been a great experience for me since I could put into practice what I’ve learned at IPC about product development. At the same time I could practice my technical English since all the information we received was in this language. I feel really proud of being part of an institution that meets international standards and I thank IPC for choosing me to be part of the team to develop this project.” Kenia Cruz, technical design student at the IPC.

“IPC is proud to be a partner in this project as it teaches our students about teamwork, ethical work practices, environmental issues associated with life and the opportunity to produce the patterns and sew the products for the students of University of Delaware. The highlight of the project is the student exchange as the IPC students will fly for the first time, learn a different culture and visit a foreign country while the Delaware students will have the opportunity to work with equipment and labs replicating industry at IPC which covers textiles and apparel. The students will always remember this exchange throughout life.” Colin McLernon, IPC’s Executive Director.

21 For more information, please visit <http://ethicalfashionproject.wordpress.com/>.



Colin McLernon, IPC's Executive Director, Claudia Sandoval, Gildan Regional Director, Communications and CSR, and Leopoldo Crivelli, Mayor of Choloma, at the Mario Ugarte Technical Institute (Honduras)



New computer center at the Mario Ugarte Technical Institute

The Mario Ugarte Technical Institute

In 2009, Gildan saw another opportunity to support the development of technical education in Honduras, with a U.S. \$20,000 donation to a school by the name of *Centro Tecnico Vocational Mario Ugarte* located in the city of Choloma where Gildan operates four facilities. Our donation enabled the set up and ensuing operation of both a modern computer center and an English language laboratory.

As a result of this sponsorship, a group of 350 low-income students received an hour a day of computer and English lessons throughout the school year. This project will ultimately enable the implementation of the methodology known as [WORKKEYS²²](#), which will help graduates master basic skills in applied mathematics, information seeking and informative lectures on the profession for which they are being trained.

Gildan's contribution to the Centro Tecnico is part of an agreement between institutions sponsored by the *Centro Asesor para el Desarrollo del Recurso Humano* (CADERH) and IPC, which aims to improve and update the curricula of technical schools in Honduras in order to allow students to acquire the necessary competencies for the business sector.

Built in 1988 with funds from the United States Agency for International Development (USAID), the Mario Ugarte technical institute is part of a network of 32 vocational centers of CADERH (Centro Asesor para el Desarrollo de los Recursos Humanos) that are located throughout Honduras. It provides approximately 380 students annually with technical training in the areas of electricity, welding, industrial sewing machine mechanics, automotive mechanics and beauty.

World Food Program

In 2008 and 2009, Gildan maintained its partnership with the [World Food Program \(WFP\)](#) in Honduras and thus provided one meal for every school day to 120 children at the Noemi Ferrera School in the community of Rio Nance. This initiative also directly benefits some Gildan employees whose children attend this school. Students' mothers play an important role in preparing the meals for which Gildan pays through this program that we have been supporting since 2007.

WFP operations in Honduras strive to raise food safety awareness in the underprivileged rural population through activities aimed at improving health and nutrition. One of the WFP's main projects in Honduras is the School Meals Program, which provides a daily meal to boys and girls attending schools, increasing school attendance in the most at-risk communities within the country.

WFP school meals can take the form of a mid-morning snack or a nutritious breakfast of porridge. WFP uses fortified food to ensure that children get the micronutrients they need. Using international standards and guidance, WFP's nutrition experts advise on appropriate food baskets for people facing hunger and the risk of malnutrition.



World Food Program at Noemy Ferrera School (Honduras)

²² WorkKeys Assessment System is a comprehensive system for measuring, communicating and improving the common skills required for success in the workplace, such as reading, mathematics, teamwork, etc. It identifies the skills (foundational and personal) as well as skill levels needed to be successful on the job, shows the current skill level of an individual and helps educators and trainers develop curricula and instructional strategies for the WorkKeys skills areas.

Nicaragua

Francisco Cordero School

In the small town of Diriamba, near our San Marcos facility, the *Francisco Cordero School*, where a high percentage of Gildan employees' children go to school, was in urgent need of repairs. Gildan performed a needs assessment at the school, which highlighted that it had insufficient washroom facilities and needed overall repairs to plumbing. Gildan aided in having washrooms built and in providing drinking fountains for the 650 children that attend the school every day.



Washrooms at Francisco Cordero School, before and after repairs



Drinking fountains at the Francisco Cordero School (Nicaragua)

Donations within the Caribbean Basin

Dominican Republic

In 2006, Gildan extended its donation program to our newly-opened textile facility in the Dominican Republic. In our first year, Gildan's investments focused mainly on neighboring schools in serious need of repair, by providing financial support to four schools in the Guerra community, where Gildan's textile facility is located, in order to carry out building repairs, as well as purchase fans, desks, refrigerators and notebooks.

Although providing students with school furniture remains a constant necessity in this region and although we continue to fulfill these basic needs, Gildan's donations have also evolved from financing basic material needs to supporting the following educational initiatives:

- The organization of motivational lectures on personal development held at *Liceo Mario Amador Alvarez* and aimed at talking to youth about how to enter university or the workforce
- The Science Fair (financial contribution and prizes)

Finally, as part of our community support program, Gildan donated an electric generator to the local rehabilitation center to enable therapy for handicapped children.



Building repairs at *La Reforma School* (Dominican Republic)

Drainage System in Mata Vaca, Dominican Republic

During the rainy season, many houses in the Mata Vaca region, near Gildan's Guerra plant, were flooded, causing extensive damage largely due to inadequate drainage. Gildan hired a contractor to build three storm sewers to collect water as well as small bridges connecting houses with roads for people in this community. In addition, the Company paid to re-design the drainage system along the road that included a canal and a storm sewer to collect water. Gildan invested more than U.S. \$69,500 in the project benefiting 14 families.



Drainage system in Mata Vaca (Dominican Republic)

Haiti

Emergency Funds for Hurricane Relief in Haiti

In 2008, three major hurricanes in Haiti caused severe damage to the country. During this critical situation, Gildan donated U.S. \$20,000 in emergency relief funds, given to the Canadian Red Cross, in order to support the hurricane relief effort and also provided approximately 700 direct and indirect employees with food baskets.

Haiti Olympic Committee

Gildan renewed its sponsorship of the Haitian Olympic Committee in its third year of the Friendship and Peace Games at the border cities of Belladeres and Elias Pinas. Gildan's support, which consisted of the donation of T-shirts, benefited 15,000 children participating in the school program "Sport is the School of Life". This donation goes beyond a simple gift for the children, in that it allowed them to feel they belonged to a real success story which had a great impact in their social and educational development. The program aims mainly to educate Haitians teens on AIDS prevention, protecting the environment and cooperation through sporting activities.



"Sport is the School of Life" session (Haiti)

Donations within North America

Canada

Dans la rue

In Canada, Gildan's main charitable partnership is with Dans la rue, a non-profit organization in Montreal that supports homeless youth, helping them build a better life. Gildan has donated CAN \$625,000 to this cause since the relationship began in 2005. Gildan's donations predominantly finance the *Chez Pops Day Centre* cafeteria, which serves 1,000 meals a week. In addition to the financial support, our employees also volunteer at Dans la rue's annual fundraising event, "From the Street to the Stars". This event has allowed the organization to raise CAN \$414,016 in the past four years.

"Dans la rue is extremely grateful to Gildan and its employees for their continued support in helping us help kids get off the street. Thanks to Gildan's generous financial support, Dans la rue has been able to provide our kids with healthy meals daily. The work that we do would be impossible without partners like Gildan. Thank you, Gildan!"

Father Emmett Johns, Founder and President

Literacy Unlimited

In 2008 and 2009, Gildan donated CAN \$19,000 to Literacy Unlimited, a community resource dedicated to the advancement of literacy in the Greater Montreal area. With this donation, the Oasis School Literacy Program was established in three West Island high schools. Through this new venture, Literacy Unlimited provided free tutoring to high school students who were challenged by low literacy, and therefore at risk of dropping out, to help them improve their basic reading, writing and numeracy skills.

During the 2008-2009 school years, Literacy Unlimited trained 26 volunteer tutors who gave 1,800 tutoring hours to 30 students. This program is in line with Gildan's philanthropic mission to support youth education programs and has created new hope for high-school students with low literacy.

Toujours ensemble

Gildan has been supporting "Toujours ensemble" since 2005. This is a non-profit organization that provides academic, financial and social support to youth in the underprivileged community of Verdun, located in the Greater Montreal area. *Toujours ensemble's* mission lies in offering young people opportunities in education and recreational activities that will help them learn how to succeed. This organization is helping children with homework, organizing low-cost leisure activities and providing an after-school meeting place where they can acquire a sense of belonging. In 2008-2009, *Toujours ensemble* has supported over 400 kids per school year and has distributed 40 perseverance awards to high school students. In addition, over the past six years, 30 students have been granted scholarships to pursue post-secondary studies, totaling \$40,000. Gildan sponsors four scholarships per year: two bursaries at college level (CÉGEP) and two bursaries at university level. In 2008-2009, Gildan provided the organization with over 2,000 T-shirts, sweatshirts, and sport shirts and a total financial contribution of CAN \$10,000. Gildan's long-lasting partnership with *Toujours ensemble* is a fine example of the Company's willingness to help young people succeed in school and contribute to improving the quality of life for both children and their families.



Toronto Community Foundation

In 2009, Gildan partnered with the Toronto Community Foundation, a non-profit organization that supports Toronto's less privileged communities through charity work. In September, they launched the Beyond 3:30 Project, a new initiative providing children in grades 7 to 9 from eight inner-city high schools with after-school activities such as homework assistance, sports, drama and cooking classes. The main objective is to offer kids a safe place to go after school and keep them off the streets. Gildan supplied 1,500 t-shirts to the Beyond 3:30 Project, which will be distributed to the students participating in the program.



United States

Albert Harris Elementary School

In the U.S., as part of the Adopt-A-School program, which builds links between businesses and schools to improve student achievement, our distribution center in Virginia, partnered with the Albert Harris Elementary School. Gildan's employees raised funds to purchase and donate school supplies, winter coats and bicycles for children, while the Company donated gift certificates and gift cards to reward one student in each grade that demonstrated personal achievement, good attendance and academic excellence during the year. T-shirts were also donated for the school's year-end celebrations.



Encouraging our Employees to Make a Difference in their Community

We encourage and support employees' giving and volunteering through our [Employee Matching Grant Program](#) and our [Employee in the Community Program](#), by making a donation in cash to the organizations in which employees perform volunteer work. Following are some examples of this effort in 2008 and 2009:

United Way

In the **United States**, Gildan matched the employee donations to local [United Way](#) campaigns in Virginia and Alabama for a total donation of over U.S. \$25,000 in 2008 and over U.S. \$40,000 in 2009. Employees organized a number of activities to raise money for United Way.

Cedars Cancer Institute

For the past three years, Gildan corporate Head Office employees in **Canada** have been participating in the Dragon Boat Race and Festival, an annual event organized by the [Cedars Cancer Institute](#) to raise money for CanSupport, a program providing resources and services for cancer patients and their families. In 2008 and 2009, Gildan's team of 21 employees raised more than CAN \$15,000 for the Cedars Cancer Institute Dragon Boat Race, by organizing fundraising activities and raising money through family and friends. Gildan matched the amount raised among employees.

Teleton

Every year, [Teleton](#), a **Honduran** non-profit organization, holds a national television campaign to support people with mental and physical disabilities. This annual fundraising event helps Teleton finance its three rehabilitation centers located in Tegucigalpa, San Pedro Sula and Choluteca. Gildan and its employees have been supporting this project since 2004, organizing an internal fundraising campaign for the cause. Once again in 2009, Gildan will match its employees' total amount raised. In 2008, Gildan and our employees donated U.S. \$11,640 to the organization.

GRI
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GRI INDICATORS

Indicator number *Core	Description	Status	Reference and Explanation
1. Strategy and Analysis			
1.1	Message from Glenn Chamandy, CEO Message from Corinne Adam, Vice President Corporate Social Responsibility	Full Coverage	p. 6 p. 7
1.2	Description of key impacts, risks, and opportunities	Full Coverage	Risks and Uncertainties p. 19 Risk Management p. 20 Opportunities p. 20
2. Organizational Profile			
2.1	Name of the organization	Full Coverage	Organisational Profile p. 11
2.2	Primary brands and products	Full Coverage	Organisational Profile p. 11
2.3	Operational structure	Full Coverage	Organisational Profile p. 11 Gildan Operations p. 12
2.4	Location of organization's headquarters	Full Coverage	Gildan Operations p. 12
2.5	Countries of operations	Full Coverage	Gildan Operations p. 12
2.6	Nature of ownership and legal form	Full Coverage	Gildan Operations p. 12
2.7	Markets served	Full Coverage	Gildan Operations p. 12
2.8	Scale of the reporting organization	Full Coverage	Organisational Profile p. 11 Annual Report (link)
2.9	Significant changes during the reporting period	Full Coverage	Developments in the 2008 and 2009 Fiscal Years p. 15
2.10	Awards received	Full Coverage	Awards and Nomination p. 8

Indicator number *Core	Description	Status	Reference and Explanation
3. Report Parameters			
3.1	Reporting period	Full Coverage	Scope and Boundaries p. 3
3.2	Date of previous report	Full Coverage	Scope and Boundaries p. 3
3.3	Reporting cycle	Full Coverage	Scope and Boundaries p. 3
3.4	Contact point for questions regarding the report or its contents	Full Coverage	Review p. 3
3.5	Process for defining report content	Full Coverage	Materiality p. 3
3.6	Boundary of the report	Full Coverage	Scope and Boundaries p. 3
3.7	Limitations on the scope or boundary of the report.	Full Coverage	Scope and Boundaries p. 3
3.8	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organizations	Full Coverage	Scope and Boundaries p. 3
3.9	Data measurement techniques	Full Coverage	Materiality p. 3
3.10	Explanation of the effect of any re-statements of information provided in earlier reports	Not Applicable	
3.11	Significant changes from previous reporting periods	Full Coverage	Developments in the 2008 and 2009 Fiscal Years p. 15
3.12	GRI content table	Full Coverage	GRI Indicators p. 73
3.13	Policy and current practice with regard to seeking external assurance for the report	Not Applicable	As this is our first GRI-based Corporate Citizenship Report, we have not sought a formalized external assurance

Indicator number *Core	Description	Status	Reference and Explanation
4. Governance, Commitments and Engagements			
4.1	Governance structure	Full Coverage	Board of Directors and its Committees p. 15-16
4.2	Chair of the highest governance body	Full Coverage	Board of Directors and its Committees p. 15-16
4.3	Number of members of the highest governance body that are independent and/or non-executive members	Full Coverage	Board of Directors and its Committees p. 15-16
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body	Full Coverage	Communication with the Board and Company Management p. 17
4.5	Linkage between compensation for members of the highest governance body, senior managers, and executives	Full Coverage	Executive Compensation Practices p. 18
4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided	Full Coverage	Board of Directors and its Committees p. 15-16
4.7	Process for determining the qualifications and expertise of the members of the highest governance body for guiding the organization's strategy on economic, environmental, and social topics	Full Coverage	Board of Directors and its Committees p. 15-16 Board Performance Assessment p. 18
4.8	Mission, values, codes of conduct	Partial Coverage	Ethics and Foreign Anti-corruption Policies p. 18 Environmental Code of Practice (ECP) p. 23 The Gildan Code of Conduct p. 45
4.9	Risks and opportunities	Full Coverage	Risks and Uncertainties p. 20 Opportunities Related to CSR Practices p. 20 Risk Management p. 20
4.10	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance	Full Coverage	Board Commitment to Corporate Social Responsibility p. 17 Board Performance Assessment p. 18
4.11	Explanation of whether and how the precautionary approach or principle is addressed by the organization	Full Coverage	Risk Management p. 20 Environmental Code of Practices (ECP) p. 23
4.12	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses	Full Coverage	Commitment to External Initiatives p. 21
4.13	Memberships in associations	Full Coverage	Commitment to External Initiatives p. 21
4.14	List of stakeholder groups engaged by the organization	Full Coverage	Commitment to External Initiatives p. 21
4.15	Basis for identification and selection of stakeholders with whom to engage	Partial Coverage	Commitment to External Initiatives p. 21

Indicator number *Core	Description	Status	Reference and Explanation
4.16	Approaches to stakeholder engagement	Partial Coverage	Commitment to External Initiatives p. 21
4.17	Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting	Full Coverage	Commitment to External Initiatives p. 21 Ergonomics (Codemuh) p. 60 Workers Rights and Freedom of Association p. 44

Supply Chain Standards and Practices (Apparel and Footwear Sector-Specific)

AF1	Code of conduct content and coverage	Full Coverage	The Gildan Code of Conduct p. 45
AF2	Parties and personnel engaged in code of conduct compliance function	Partial Coverage	The Gildan Code of Conduct p. 45 Labour Compliance Program p. 46-47
AF3	Compliance audit process	Full Coverage	Labour Compliance Program p. 46-47
AF4	Policy and procedures for receiving, investigating, and responding to grievances and complaints	Full Coverage	Grievance Mechanisms p. 54 Communication with the Board and Company Management p. 17
AF5	Strategy and scope of efforts to strengthen capacity of management, workers and other staff to improve in social and environmental performance	Full Coverage	Training and Development p. 39 Integrating New Employees p. 45 Health and Safety Committees p. 55 Worker-management Committees p. 42 Health and Safety Practices p. 58-59-60 FLA 3.0: A Unique Approach to Sustainable Compliance p. 52
AF6	Policies for supplier selection, management, and termination	Full Coverage	Message from Glenn Chamandy p. 6 Developments in the 2008 and 2009 Fiscal Years p. 15 Involving Contractors p. 47
AF7	Number and location of workplaces covered by code of conduct	Full Coverage	All Gildan-owned and long-term contractors facilities are covered by the Gildan Code of Conduct. P. 45 Gildan Operations p. 12
AF8	Number of audits conducted per percentage of workplaces audited	Full Coverage	Social Compliance Auditing Results p. 47
AF9	Incidents of non-compliance with legal requirements or collective bargaining agreements on wages	Full Coverage	Internal Social Compliance Audit Findings and Analysis p. 49 to 52
AF10	Incidents of non-compliance with overtime standards	Full Coverage	Internal Social Compliance Audit Findings and Analysis p. 49 to 52
AF11	Incidents of non-compliance with standards on pregnancy and maternity rights	Full Coverage	Internal Social Compliance Audit Findings and Analysis p. 49 to 52
AF12	Incidents of the use of child labor	Full Coverage	Internal Social Compliance Audit Findings and Analysis p. 49 to 52

Indicator number *Core	Description	Status	Reference and Explanation
AF13	Incidents of non-compliance with standards on gender discrimination	Full Coverage	Internal Social Compliance Audit Findings and Analysis p. 49 to 52
AF14	Incidents of non-compliance with code of conduct	Full Coverage	Internal Social Compliance Audit Findings and Analysis p. 49 to 52
AF15	Analysis of data from code compliance audits	Full Coverage	Internal Social Compliance Audit Findings and Analysis p. 49 to 52
AF16	Remediation practices to address non-compliance findings	Full Coverage	Sustainable Remediation Process: Root-cause Analysis p. 52
AF17	Actions to identify and mitigate business practices that affect code compliances	Not Applicable	As a vertically integrated company producing basic activewear, Gildan is not subjected to late changes in design and production.

Economic Performance			
*EC1	Financial results	Full Coverage	Financial Highlights p. 13 Donating to Communities p. 63-64
*EC2	Risks and opportunities for the organization's activities due to climate change	Partial Coverage	Risk and Uncertainties p. 19 Opportunities Related to CSR Practices p. 20
*EC3	Coverage of the organization's defined benefit plan obligations	Not Disclosed	
*EC4	Significant financial assistance received from government	Full Coverage	Annual Report (link)
EC5	Range of ratios of standard entry level wage compared to local minimum wage at significant locations of operation	Not Disclosed	
*EC6	Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation	Full Coverage	Investing Locally p. 63
*EC7	Procedures for local hiring and proportion of senior management hired from the local community at significant locations of operation	Full Coverage	Hiring Locally p. 63
*EC8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement	Partial Coverage	Contributing to Community Development p. 63 to 71
EC9	Understanding and describing significant indirect economic impacts, including the extent of impacts	Not Disclosed	Processes for tracking and understanding the indirect economic impacts of the organization do not yet exist.

Indicator number *Core	Description	Status	Reference and Explanation
Environmental Performance			
AF18	Programs to replace organic-based adhesives and primers with water-based adhesives and primers	Not Applicable	Gildan does not use adhesives and primers in its process.
AF19	Practices to source safer alternative substances to those on the restricted substances list, including description of associated management system	Full Coverage	Environmental Code of Practice (ECP) p. 23
*EN1	Materials used by weight or volume	Not Disclosed	This is competitive information for Gildan.
*EN2	Percentage of materials used that are recycled input materials	Partial Coverage	Sustainable Raw Material p. 33
AF20	List of environmentally preferable materials used in apparel and footwear products	Full Coverage	Gildan Activewear becomes Licensee of Cotton Council International (CCI) p. 33
*EN3	Direct energy consumption by primary energy source	Not Disclosed	This is competitive information for Gildan.
*EN4	Indirect energy consumption by primary source	Not Disclosed	This is competitive information for Gildan.
AF21	Amount of energy consumed and percentage of the energy that is from renewable sources	Partial Coverage	Steam Generation from Biomass Residue p. 27
EN5	Energy saved due to conservation and efficiency improvements	Partial Coverage	Conservation and Energy Efficiency p. 27
EN6	Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives	Partial Coverage	Steam Generation from Biomass Residue p. 27 Conservation and Energy Efficiency p. 27
EN7	Initiatives to reduce indirect energy consumption and reductions achieved	Partial Coverage	Conservation and Energy Efficiency p. 27
*EN8	Total water withdrawal by source	Not Disclosed	Processes for collecting the data on a global level are currently being developed.
EN9	Water sources significantly affected by withdrawal of water	Partial Coverage	No water source is significantly affected by withdrawal of water (our withdrawals are below 5% of the annual average volume of a given water body)
EN10	Percentage and total volume of water recycled and reused	Partial Coverage	Water Efficiency p. 30
*EN11	Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Not Applicable	We do not operate in or adjacent to protected areas.
*EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas	Not Applicable	We do not operate in or adjacent to protected areas.

Indicator number *Core	Description	Status	Reference and Explanation
EN13	Habitats protected or restored	Full Coverage	Biodiversity p. 31 Green Initiatives in Honduras p. 31
EN14	Strategies, current actions, and future plans for managing impacts on biodiversity	Partial Coverage	Biodiversity p. 31
EN15	Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk	Partial Coverage	Biodiversity p. 31
*EN16	Total direct and indirect greenhouse gas emissions by weight	Full Coverage	Greenhouse Gas Emissions p. 28
*EN17	Other relevant indirect greenhouse gas emissions by weight.	Full Coverage	Greenhouse Gas Emissions p. 28
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved	Full Coverage	Energy Consumption and Greenhouse Gas Emissions p. 27 to 30
*EN19	Emissions of ozone-depleting substances by weight	Not Disclosed	Processes for collecting the data on a global level do not yet exist.
*EN20	NOx, SOx, and other significant air emissions by type and weight	Not Disclosed	Processes for collecting the data on a global level do not yet exist.
*EN21	Total water discharge by quality and destination	Partial Coverage	Water Efficiency p. 30
*EN22	Total weight of waste by type and disposal method.	Full Coverage	Waste Management System p. 32
*EN23	Total number and volume of significant spills	Full Coverage	Spills p. 34
EN24	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally	Partial Coverage	Waste Management System p. 32
EN25	Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the reporting organization's discharges of water and runoff	Full Coverage	Water Efficiency p. 30
*EN26	Initiatives to mitigate environmental impacts of products	Partial Coverage	Environmental Code of Practice (ECP) p. 23 Life Cycle Analysis p. 26
*EN27	Percentage of products sold and their packaging materials that are reclaimed by category.	Not Disclosed	We do not yet reclaim packaging material of sold products.
*EN28	Environmental fines and penalties	Full Coverage	Spills p. 34
EN29	Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce	Partial Coverage	Transport p. 30

Indicator number *Core	Description	Status	Reference and Explanation
EN30	Total environmental protection expenditures and investments by type	Not Disclosed	Processes for collecting the data on a global level do not yet exist.
Labor Practices and Decent Work			
AF22	Policy and practices regarding the use of employees with non-permanent and non-fulltime status	Partial Coverage	Employment Practices p. 38
AF23	Policy regarding the use of home working	Not Applicable	We do not use home workers.
AF24	Policy on the use and selection of labor brokers, including adherence to relevant ILO Conventions	Not Applicable	We do not use labour brokers.
AF25	Policy and practices on wage deductions that are not mandated by law	Full Coverage	The Gildan Code of Conduct p. 45
AF26	Policy on working hours, including definition of overtime, and actions to prevent excessive and forced overtime	Full Coverage	The Gildan Code of Conduct p. 45
AF27	Policy and actions to protect the pregnancy and maternity rights of women workers	Full Coverage	The Gildan Code of Conduct p. 45
*LA1	Total workforce by employment type, employment contract, and region	Full Coverage	Organizational Profile p. 11 Employment Practices p. 38
*LA2	Total number and rate of employee turnover by age group, gender, and region	Partial Coverage	Employment Practices p. 39
LA3	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations	Not Disclosed	
AF28	Percentage of foreign migrant workers as a portion of total workforce, broken down by region	Partial Coverage	Hiring Locally p. 63
*LA4	Percentage of employees covered by collective bargaining agreements	Full Coverage	Workers Rights and Freedom of Association p. 44
*LA5	Minimum notice period(s) regarding operational changes, including whether it is specified in collective agreements	Partial Coverage	Message from Glenn Chamandy p. 6 Developments in the 2008 and 2009 Fiscal Years p. 15
AF29	Percentage of workplaces where there is one or more independent trade union(s)	Not Applicable	
AF30	Percentage of workplaces where, in the absence of a trade union, there are worker-management committees, broken down by countries	Full Coverage	Worker Management Committees p. 42 Health and Safety Committees p. 55
LA6	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs	Full Coverage	Health and Safety Committees p. 55

Indicator number *Core	Description	Status	Reference and Explanation
*LA7	Safety Performance	Partial Coverage	New Health and Safety Performance Measurement Scorecard p. 57 Processes for collecting absentee data on a global level do not yet exist.
AF31	Initiatives and programs to respond to, reduce, and prevent the occurrence of musculoskeletal disorders	Full Coverage	Ergonomics p. 60
*LA8	Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases	Full Coverage	Health and Safety Practices p. 58-59-60
LA9	Health and safety topics covered in formal agreements with trade unions	Not Applicable	
*LA10	Average hours of training per year per employee by employee category	Partial Coverage	Training and Development p. 39-40
LA11	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	Full Coverage	Training and Development p. 39-40
LA12	Percentage of employees receiving regular performance and career development reviews	Partial Coverage	Rewarding Employee Dedication and Performance p. 41
*LA13	Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity	Partial Coverage	Corporate Governance p. 15
*LA14	Ratio of basic salary of men to women by employee category	Full Coverage	Employee and Labour Relations p. 37
AF32	Actions to address gender discrimination and to provide opportunities for the advancement of women workers	Full Coverage	The Gildan Code of Conduct p. 45 Providing Equal Opportunities p. 39 Maternity Program in Nicaragua p. 44

Indicator number *Core	Description	Status	Reference and Explanation
Human Rights			
*HR1	Percentage and total number of significant investment agreements that include human rights clauses or that have undergone human rights screening	Not Disclosed	
*HR2	Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken	Full Coverage	Involving Contractors p. 47
HR3	Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained	Partial Coverage	Training and Development p. 39 Integrating New Employees p. 45
*HR4	Total number of incidents of discrimination and actions taken	Partial Coverage	Internal Social Compliance Audit Findings and Analysis p. 49 to 52
*HR5	Operations identified in which the right to exercise freedom of association and collective bargaining may be at significant risk, and actions taken to support these rights	Partial Coverage	Worker Rights and Freedom of Association p. 44
*HR6	Operations identified as having significant risk for incidents of child labor, and measures taken to contribute to the elimination of child labor	Full Coverage	We had no incidents related to child labour. Since most of our production is done in our owned facilities, and that we have a strong labour compliance program in place, the risk of having incidents of child labour in our-owned and contractors' facilities.
*HR7	Operations identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of forced or compulsory labor	Full Coverage	We had no incidents related to forced labour. Since most of our production is done in our owned facilities, and that we have a strong labour compliance program in place the risk of having incidents of forced labour in our-owned and contractors' facilities is low.
HR8	Percentage of security personnel trained in the organization's policies or procedures concerning aspects of human rights that are relevant to operations	Partial Coverage	Training and Development p. 39
HR9	Total number of incidents of violations involving rights of indigenous people and actions taken	Not Applicable	

Indicator number *Core	Description	Status	Reference and Explanation
Society			
*SO1	Impact of programs and practices on communities, including entering, operating, and exiting	Full Coverage	Message from Glenn Chamandy p. 6 Developments in the 2008-2009 Fiscal Years p. 15 Contributing to Community Development p. 63 to 71
AF33	Priorities in community investment strategy	Full Coverage	Community Relations p. 63
AF34	Amount of investment in worker communities broken down by location	Partial Coverage	Donating to Communities p. 63-64
*SO2	Percentage and total number of business units analyzed for risks related to corruption	Partial Coverage	Ethics and Foreign Anti-corruption Policies p. 18 Risk Management p. 20
*SO3	Percentage of employees trained in organization's anti-corruption policies and procedures	Full Coverage	Ethics and Foreign Anti-corruption Policies p. 18
*SO4	Actions taken in response to incidents of corruption	Full Coverage	Ethics and Foreign Anti-corruption Policies p. 18
*SO5	Public policy positions and participation in public policy development and lobbying	Not Applicable	
SO6	Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country.	Not Applicable	
SO7	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes	Full Coverage	During the 2008-2009 fiscal years, we had no legal actions for anti-competitive behavior, anti-trust or monopoly practices
*SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations	Full Coverage	Spills p. 34

Indicator number	Description	Status	Reference and Explanation
*Core			
Customer Health and Safety			
*PR1	Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures	Partial Coverage	Oeko-Tex Certification p. 35 Environmental Code of Practice (ECP) p. 23
PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle, by type of outcomes	Full Coverage	During the 2008-2009 fiscal years, we had no incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of our products.
*PR3	Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements	Not Applicable	We currently do not have procedures for product information and labeling with respect to sustainability impacts.
PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes	Not Applicable	During the 2008-2009 fiscal years, we had no incidents of non-compliance with regulations and voluntary codes concerning product and service information and labelling.
PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction	Not Disclosed	Processes for collecting the data on a global level do not currently exist.
*PR6	Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship	Full Coverage	We are complying with the laws applicable in the countries where we operate.
PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship by type of outcomes	Full Coverage	During the 2008-2009 fiscal years, we had no incidents of non-compliance with regulations and voluntary codes concerning marketing communications.
PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	Full Coverage	During the 2008-2009 we have not received any complaints regarding breaches of customer privacy and losses of customer data
*PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services	Full Coverage	During the 2008-2009 fiscal years, we had no incidents of non-compliance with laws and regulations concerning the provision and use of products.

**CORPORATE SOCIAL RESPONSIBILITY
IS A WORK IN PROGRESS AND WE WISH
TO CONTINUE BUILDING ON THE
MOMENTUM WE HAVE GATHERED THUS FAR.
AS THE COMPANY FURTHER DEVELOPS
AND IMPLEMENTS CSR INITIATIVES,
WE WILL KEEP OUR STAKEHOLDERS
INFORMED OF OUR PROGRESS
AND WELCOME ANY FEEDBACK.**

Contact Information

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