



November 20, 2018

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Business & Human Rights Resource Centre

I would like to thank you for the opportunity to provide facts and further clarify the situation regarding the Facebook post (*Liga Sindical Internacional para Responsabilizar a las Marcas*, 15 of October 2018) and the blog article ("*Gildan Activewear continues to violate workers' rights in Haiti and Honduras*", IndustriALL, 6 of November 2018) which you referenced. In both of the situations the allegations as presented are inaccurate. Let me assure you that Gildan is committed to respecting workers' rights, applicable labor laws and international labour standards at each of its operating locations.

Over the years, Gildan has demonstrated a fair and respectful collaboration with our employees and a clear recognition of their rights to form unions, collectively bargain and engage with the Company free of harassment or intimidation in any form. We have successfully negotiated collective bargaining agreements with several unions across our company-owned facilities, with the majority of our current workforce now represented by unions and covered under CBA's. In 2017 alone, we provided our employees with more than 28,000 man-hours of training on our Code of Conduct, which includes training on freedom of association.

The Company's extensive CSR programs have been designed to ensure that our employees are treated with respect and fairness and that all of our own manufacturing facilities and contractors comply with our strict internal Code of Conduct, which encompasses local and international laws, including the Fair Labor Association's principles.

The first allegation is related to the Star facility in El Progreso, Honduras, which was acquired by Gildan in 2012. At the time of the acquisition, the facility was unionized and we have successfully worked together on three renewals of the collective bargaining agreements with the SitraStar union, the last of which was signed in March 2018.

In the Facebook post, the union has alleged a partial non-payment of severance to Star employees which was part of a negotiated agreement between the union and the Company related to changes in the production system within the facility. As background, the negotiated agreement included the advance to employees of accumulated severance, vacation days and other acquired labor benefits, none of which are required to be provided in advance under the laws of Honduras, nor any of which are commonly offered by other employers in the apparel sector in the country.

At the time of the change, employees that agreed to the new system were guaranteed their seniority and received their advance payments as described above. After receipt of the advance payments, the union requested of the Labor Ministry an inspection to review the payment process. The Labor Ministry visited the facility and issued a preliminary report of findings, which were not intended to be considered final, as the Ministry had yet to receive the complete data from the Company. The Company presented this complete data to the Labor Ministry in a hearing in early October that provided evidence to clarify



the payment process. The Labor Ministry has communicated that they will review the complete data and issue a final report in the coming months. The Company is committed to comply with legal resolutions and remediate in a timely manner, if applicable, in compliance with local and international regulations.

Regarding allegations pertaining to the IndustriAll article, we can state the following: The first part of the article involved a group of employees who were laid off as a result of seasonal fluctuations in production levels at our Mayan Textile facility, on Sept 29th, 2018. At the time of the dismissals, Gildan had not yet received notification of the existence of the SitraGilmas union, nor of any members thereof. The employees themselves acknowledged this failure to notify the Company prior to the Sept 29th dismissals during meetings held on September 30th and October 1st between Gildan and union representatives. During these meetings, Gildan agreed to reinstate all employees included in the union registration upon receipt of a confirmation letter from the Labor Ministry addressing the formation of the union, which was received at the end of October, nearly 30 days after the initial dismissals had occurred.

The IndustriAll article also included allegations regarding dismissals in Haiti at a sewing contractor engaged by Gildan, which occurred at a time when there was wide-spread national unrest in the country. The unrest was largely related to unresolved election results that prevented the annual revision to the country's minimum wage. Gildan was notified of the dismissals after they occurred and our contractor indicated at the time that the individuals had been dismissed for attempting to disrupt production in the facility after it had reopened. Gildan has been working with the contractor and other stakeholders to address the situation. To our knowledge, at this time almost all of the workers' situations have been remediated. We will continue to ensure that all contractors align with the principles of our Code of Conduct, including the rights of all workers to form unions and collectively bargain.

The respect of employees' rights to form unions and collectively bargain is a cornerstone of our strictly applied Code of Conduct and we have successfully collaborated with employees who have initiated the proper process of forming unions in our facilities. We believe that genuine engagement and active dialogue is the best approach to resolve any differences and hope that the above clarifications help to address your concerns.

Yours truly,

Claudia Sandoval
Vice President, Corporate Citizenship
Gildan