

2005
CORPORATE CITIZENSHIP REPORT



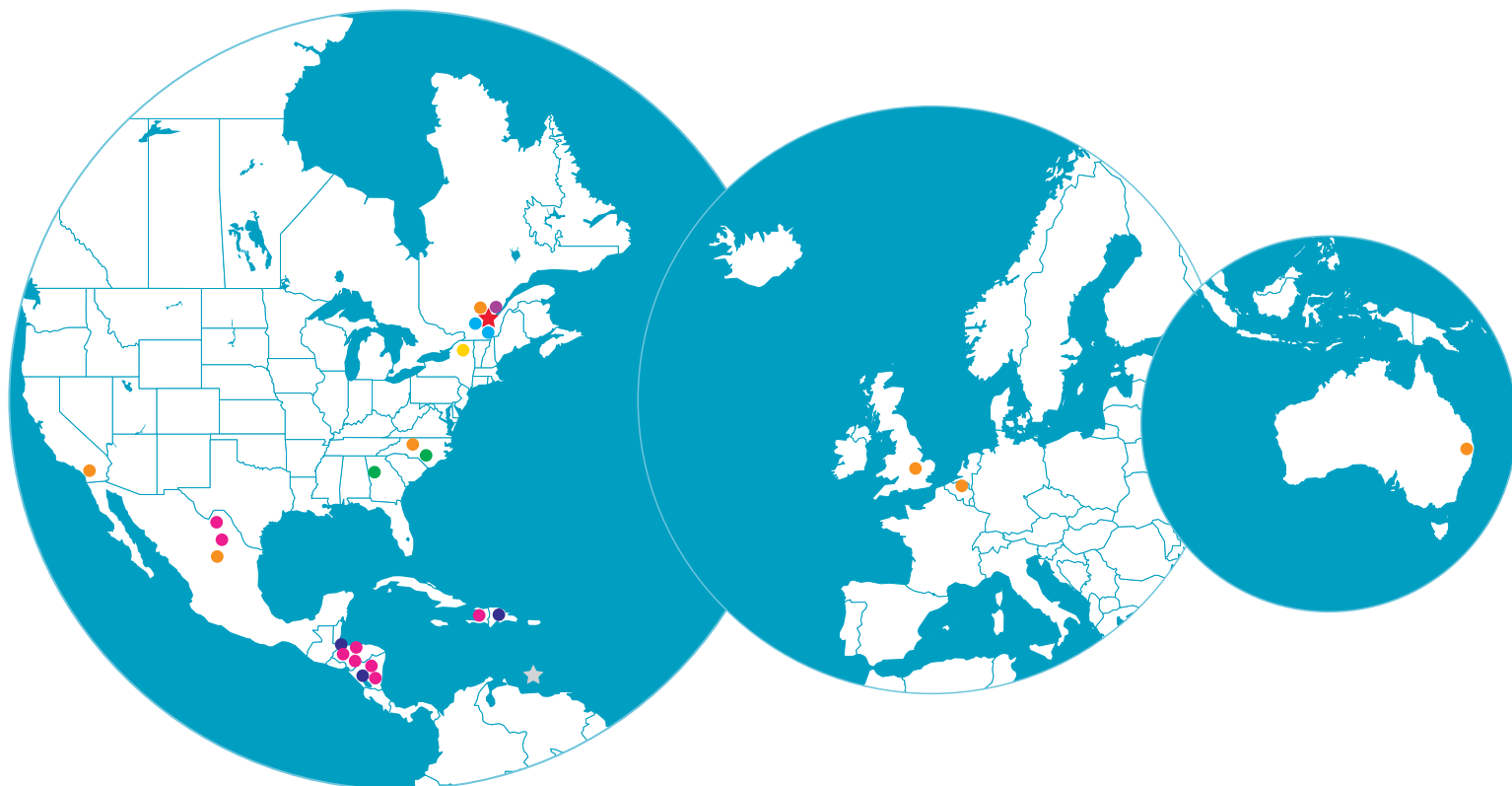
GILDAN®
PART OF YOUR LIFE

In 2005, Gildan sold over
380,000,000
shirts

Gildan has over
10,000
full-time employees
worldwide

Number of employees
as of November 2005

Canada	775
United States	350
Barbados	90
Mexico	1,850
Nicaragua	1,450
Haiti	1,300
Dominican Republic	480
Honduras	5,100



- ★ **Corporate head office**
Montreal (Canada)
- ★ **International sales office**
St. Michael (Barbados)
- **Integrated knitting, dyeing, finishing and cutting facilities**
Rio Nance¹ (Honduras)
Bella Vista (Dominican Republic)
Nadaime² (Nicaragua)
- **Yarn spinning facilities**
Cedartown³ (Georgia, United States)
Clarkton³ (North Carolina, United States)

- **Knitting facility**
Montreal (Canada)
- **Dyeing and finishing facilities**
Montreal and Valleyfield (Canada)
- **Cutting facility**
Bombay (New York, United States)
- **Sewing facilities**
San Pedro Sula, Choloma (2 facilities) and Villanueva (Honduras)
Castanos and San Buenaventura (Mexico)
Port-au-Prince (2 facilities) (Haiti)
San Marcos and Rivas (Nicaragua)

- **Distribution Centres**
Montreal (Canada)
Eden (North Carolina, United States)
Ontario⁴ (California, United States)
Bletchley⁴ (United Kingdom)
Meer⁴ (Belgium)
Brisbane⁴ (Australia)
Monterrey^{4,5} (Mexico)

¹ Gildan currently operates one textile facility in Rio Nance, Honduras. Two new textile facilities are also under construction.
² Site of future textile facility.
³ Joint venture with Frontier Spinning Mills, Inc.
⁴ Third party warehouse.
⁵ Operations scheduled to start in January 2006.

Corporate Citizenship Mission: Gildan is dedicated to being a socially responsible employer in all of our geographical hubs. We are committed to investing in modern, state-of-the-art facilities and to adhering to progressive hiring and employment practices.

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MESSAGE FROM THE PRESIDENT AND CEO

“A strong internal corporate social responsibility compliance function will ensure that our code of conduct is understood and followed by all of our management and workers.”



Becoming recognized as an industry leader in corporate social responsibility and corporate citizenship is a long-term process of earning, and continuously re-earning, trust and credibility.

I am pleased with the progress we have made at Gildan during our 2005 fiscal year. Our 2005 Corporate Citizenship Report presents a “scorecard” of our progress in implementing our objectives set out a year ago together with a detailed review of the year under three readings – labour practices, community relations and environmental sustainability, and our action plan against which we will be measured for fiscal 2006. The developments that I would highlight as being most worthy of note during fiscal 2005 are the following:

1. Constructive engagement with non-governmental organizations (NGO's)

A positive and dramatic change from prior years is our new spirit of collaboration with NGO's. We worked in conjunction with the Maquila Solidarity Network and the Worker Rights Consortium to develop a program for the re-integration into other Gildan factories of workers displaced by the shutdown of our El Progreso plant. Our compliance with this program is currently being independently audited by EMIH, a local Honduran NGO. We have maintained an ongoing constructive dialogue with NGO's on a wide range of issues and quickly found mutually satisfactory resolutions to other issues that have arisen at Gildan plants or at our outside contractors.

2. Verité Training and Auditing

One of the main reasons we were previously resistant when issues and concerns were raised by NGO's is that we were proud of our modern factories and had established a strict written internal code of conduct for labour practices within the Company. We have come to appreciate the benefit of building a strong internal corporate social responsibility compliance function to conduct training and auditing within our manufacturing operations. This will enable us to take responsibility internally within Gildan to ensure that our code, as well as the other external codes to which we subscribe, are understood by all of our management and workers, and that instances of non-compliance are identified and corrected. We have therefore engaged Verité, a globally respected training and auditing organization, to carry out a comprehensive program of training and auditing at all of our Company-owned and contractor facilities, and to advise us on the structuring of our internal compliance function. By the end of fiscal 2006, we are committed to have established this function within the Company, under strong and credible internal leadership.

3. Sponsorship of Dans la rue

For those of our shareholders and other stakeholders who may not be familiar with *Dans la rue*, this is a widely respected, Montreal-based, non-profit organization founded in 1988 by Father Emmett Johns, or "Pops", as he is reverentially known within the Montreal community. The mission of *Dans la rue* is to help and re-orient homeless young people living on the streets of Montreal. We are extremely proud to have been accepted by Dans la rue as its major corporate sponsor. In fiscal 2005, we supported the organization with not only a significant financial contribution but also with the time and personal efforts of our Gildan employees.

4. Central American Polytechnic Institute (IPC)

August 2005 saw the admission of the initial group of students into the IPC, the first technical institute in Central America created to train personnel for the textile and apparel industries.

Gildan was the initiator and also the lead corporate sponsor of the IPC, with a donation of U.S. \$500,000. We have also committed to fund a scholarship program, which will provide for 50 scholarships annually, requiring further ongoing support in the range of U.S. \$300,000 by Gildan over the next five years.

We are gratified to have played such an important role in the foundation and development of the IPC, as we believe it will make an important contribution to the continuing economic development of Honduras, a country in which Gildan is a major employer and a leading business investor.

Overall, I believe that fiscal 2005 was the year in which Gildan began to achieve credibility not only as a company which is successful in economic terms, but also as one which is emerging as a leader in corporate social responsibility, corporate citizenship and corporate governance. There is a financial cost associated with a true commitment to corporate social responsibility, including investment in modern, bright, air-conditioned factories and state-of-the-art water treatment facilities, providing attractive wages and benefit programs, the cost of training and auditing consultants such as Verité, and support and donations for local communities and for economic development in host countries. However, I have no doubt that making these investments and incurring these costs will in the long-term contribute to the enhancement of shareholder value, as well as further the development of Gildan as a company of which our employees and all of our stakeholders can justifiably be proud.



Glenn J. Chamandy
President and Chief Executive Officer

2005 SCORECARD

This scorecard summarizes the progress made by Gildan in 2005 in carrying out the action plan set out in last year's Corporate Citizenship Report.

LABOUR PRACTICES		
Area of focus	Actions in 2005	Status
Codes, certification	• Expand and implement labour practices code and guidelines by integrating Gildan, FLA and WRAP labour codes and best practices.	The new labour practices code will be implemented during the second quarter of fiscal 2006.
	• Expand and implement procurement code and guidelines for external sewing contractors.	We will implement updated guidelines for our contractors and ensure their understanding of and compliance with the code of conduct, in fiscal 2006.
	• Expand WRAP certification to all sewing facilities.	Our San Jose and San Miguel sewing plants in Honduras and our largest Mexican plant renewed their certifications. Three additional plants, in Nicaragua, Honduras and Haiti, were also certified with WRAP during fiscal 2005. We will continue this process for other facilities.
Training	• Conduct labour code training in our facilities.	Completed
	• Evaluate and report on training effectiveness.	We are finalizing our selection of an independent local third party to evaluate and report on training effectiveness.
Management team	• Recruit senior manager to head the Corporate Responsibility function and oversee internal monitoring process, as well as relationships with NGOs.	Function will be filled during fiscal 2006.
Monitoring team	• Structure internal compliance function and train compliance team in all geographical hubs.	Ongoing during fiscal 2006.
Monitoring program	• Conduct internal monitoring at all facilities	Internal monitoring was outsourced to Verité while they provided assistance in structuring internal monitoring function.
	• Conduct annual independent third party audits of our facilities.	Audits were conducted at every Gildan off-shore facility, except in Haiti where security conditions prevented on-site presence.
Corrective actions	• Develop and implement corrective action plans as required.	Corrective action plans are being undertaken on ongoing basis to address findings of Verité facility audits.
NGO engagement program	• Place strong emphasis on building on initial constructive dialogue with North American and Central American NGOs.	Positive collaborative relationships developed to constructively resolve issues and maintain dialogue with NGO's.

COMMUNITY RELATIONS

Area of focus	Actions in 2005	Status
Community involvement program	• Implement new and expanded donations policy focusing on youth and education in communities where we have operations.	Major sponsorship undertaken with Dans la rue.
	• Continue to develop existing on-site schooling program for each facility.	Continuing to expand Educatodos program to include more employees and facilities.

ENVIRONMENTAL SUSTAINABILITY

Area of focus	Actions in 2005	Status
Policy	• Post environmental policy in all facilities.	Completed
Certification	• Renew Oeko-Tex certification.	Completed
	• Conduct pre-audit for ISO 14001/OHSAS 18001 certification.	Completed
	• Conduct environmental awareness training program.	Presentation given at all Gildan facilities to explain Company and individual employee responsibilities.

LABOUR PRACTICES



LABOUR PRACTICES

Gildan Code of Conduct

Gildan is committed to ensuring that all of its manufacturing facilities comply with its strict internal code of conduct, local and international laws, and the codes to which it adheres, including those of Worldwide Responsible Apparel Production (WRAP) and the Fair Labor Association (FLA). Our internal code of conduct specifies guidelines pertaining to hours of work, compensation and benefits, health and safety, environmental practices, harassment and abuse, non-discrimination, freedom of association, the prohibition of forced labour and the employment of children.

Gildan has posted its internal code, as well as external codes such as the FLA Workplace Code of Conduct in its facilities and has conducted employee training sessions, with workers and management.

A comprehensive labour practice code that will integrate the Gildan, FLA and WRAP codes of conduct, as well as incorporate current best practices, is currently being developed.

Fair Labor Association

Gildan became a Participating Company of the Fair Labor Association (FLA) in 2003. We were the first manufacturer catering to the wholesale imprinted activewear market, as well as the first manufacturer with operations in Honduras, to join this organization. The FLA represents a multi-stakeholder coalition of companies, universities and non-governmental organizations committed to the implementation of a rigorous code of conduct based on the fundamental labour standards of the International Labor Organization.

Gildan's membership in the FLA was reaffirmed in December 2004 after it met all the requirements set out by the FLA following the closure of the El Progreso plant.

Participation in the FLA requires companies to establish an internal compliance program throughout their supply chain. After three years, the FLA evaluates the Participating Company's program and determines whether to award full accreditation. Gildan is eligible to be considered for full FLA accreditation at the end of 2006.

Worldwide Responsible Apparel Production

Several of Gildan's sewing facilities have been certified by Worldwide Responsible Apparel Production (WRAP), 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 that ensures that core labour concepts are understood and practiced 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.

Gildan's San Jose and San Miguel sewing facilities in Honduras, as well as our largest plant in Mexico, have renewed their WRAP certification again this year. In 2005, Gildan obtained WRAP certification for its San Marcos sewing plant in Nicaragua, its San Antonio plant in Honduras and the first of its two facilities in Haiti. In 2006, the Company will seek to obtain WRAP certification for its other sewing facilities.

LABOUR PRACTICES



Working conditions

Gildan's employees work in modern, air-conditioned, clean and safe manufacturing facilities. In every country where Gildan has operations, the Company is committed to adhere to local laws, to respect employee rights and provide attractive salaries and benefits. For example, wages of Gildan's Honduran employees are generally twice the national minimum wage for the apparel sector. Gildan also offers incentives over and above salaries and benefits to employees who exceed certain objectives. These bonuses reward above-average performance, similar to the model found in many North American companies.

Gildan provides many benefits to its employees, such as access to free medical assistance, subsidized transportation to and from work, subsidized meals and filtered water. Every plant, which has its own medical clinic, requires that a female nurse must be present at all times when female workers are being treated.

Training and monitoring

Verité is an internationally recognized, independent, non-profit social auditing and research organization whose mission is to ensure that people worldwide work under safe, fair and legal working conditions. Verité has earned the acceptance of corporations, workers, labour unions and advocacy groups internationally.

In 2005, Gildan commissioned Verité to review its social compliance program and make recommendations to enhance Gildan's program to be in line with best practice benchmarks.

During the year, Verité undertook a series of independent and unannounced social compliance audits that evaluated the practices and performances of twelve Gildan-owned and sub-contracted facilities in Honduras, Mexico, Nicaragua, El Salvador and the Dominican Republic. The audits planned for Haiti were postponed because of the difficult political climate in the country, which prevented on-site assessment. Verité's audits were designed primarily to evaluate



▲ Soccer tournament

It was under heavy rain on September 23rd that Gildan's soccer tournament finals took place at the Francisco Morazan Stadium in San Pedro Sula with the participation of employees from Gildan San José, Gildan San Antonio, Gildan San Miguel and Gildan Rio Nance facilities. This year, our champion team was from Gildan Rio Nance and the team from San Miguel finished in second place.

compliance with the Company's code of conduct. To correct issues arising from the audits, Verité is now working in collaboration with Gildan to develop corrective action plans through a combination of training for management and workers, education programs and remediation programs. Auditing of our facilities and those of our contractors will continue in 2006.

In spring 2005, Verité also provided follow-up training on labour codes and freedom of association in Gildan's Honduran sewing facilities, in accordance with Gildan's commitments to the FLA. In collaboration with Verité, Gildan will also develop and implement a comprehensive social compliance training program including workshops on compliance codes, operating practices, internal

monitoring and reporting, and remediation protocols. This work will be carried out in conjunction with the development of Gildan's internal corporate social responsibility management and compliance function, under Verité's guidance.

Communications

It is important that our employees are well informed about issues and developments in the Company around the world. Since April, we have developed "The Gildan Global", a quarterly newsletter offered in three languages (English, French and Spanish). With this newsletter, we can inform employees about topics such as Gildan's business orientation and new projects in different facilities.

LABOUR PRACTICES



Education

Gildan provides workers with the opportunity to upgrade their skills and education. Classes are offered to employees that want to earn their diplomas and the Company also provides extensive on-the-job training. In Honduras, in 2003, Gildan put in place the Educados Program, developed in partnership with the Honduran Ministry of Education and the United States Agency for International Development (USAID), which offers 6th, 7th and 8th grade classes to improve employee literacy. In 2005, 103 students registered in the program. As we add new facilities in Honduras, we are incorporating them into the Educados Program.

Heart surgery for Omar Claros

Omar Claros was born with a congenital heart defect, one that, if left untreated, would become life-threatening. He started working as a dye operator in 2002 and his health problem was detected in Gildan's medical clinic at Rio Nance. For two years, he visited public hospitals to see if they could perform the required surgery. Unfortunately, none of them had space to do so and Omar's health deteriorated. A group of employees started a campaign to collect money from their colleagues and the Company. Thanks to this show of solidarity, Omar had the surgery in May 2005 and he is now back at work. Omar is married with three children. His wife also works in one of Gildan's sewing facilities.

STAKEHOLDER ENGAGEMENT

Throughout the year, we have built effective relationships with North American and Central American stakeholders. This engagement has helped us better understand each other's point of view and address issues in a collaborative manner.

Beginning in the fall of 2004, we entered into a constructive dialogue with the Canadian-based Maquila Solidarity Network (MSN) and the US-based Worker Rights Consortium (WRC). This led to an agreement with regard to preferentially reintegrating workers from our El Progreso sewing facility, which was closed in September 2004, into our other sewing plants in Honduras. On January 21, 2005, WRC issued a statement to all of its members, re-instating Gildan into full compliance with university codes of conduct. On January 25, MSN issued a press release announcing that it was suspending its campaign against Gildan.

Since then, we have also addressed other issues that have arisen (one in Mexico and one at an external sewing contractor in Nicaragua) by immediately responding as soon as we were informed of potential problems by MSN, acting as liaison for other U.S. and Central American groups. Gildan looks forward to continue building successful relationships with NGOs in North America and in the countries in which we have off-shore manufacturing operations.

COMMUNITY RELATIONS



COMMUNITY RELATIONS

Commitment with Imagine Canada

Gildan donates at least one per cent of pre-tax Canadian profits to the charitable sector each year and therefore has been recognized as a Caring Company of the Imagine Program since February 2005. Imagine is a program that promotes public and corporate giving, volunteering and support to the community.



Donations

Gildan has a donations policy focusing on humanitarian aid as well as on youth and education in communities where the Company operates. To be considered for support, organizations must demonstrate that their projects improve quality of life and integrate humanitarian aid or youth and education into their mission statements. The organizations must also operate in regions where Gildan has offices and/or facilities and be registered as charities.

Over the year, Gildan has supported different causes in the countries where it operates. In Canada, the following organizations received a contribution from Gildan:

Dans la rue

Dans la rue is a non-profit organization that has been a leader in working with homeless Montreal youth since its creation in 1988 by Father Emmett Johns, more commonly known as "Pops". This greatly respected man first started helping street kids by visiting them with a van. Quickly, Dans la rue became a special place where first contacts were made and where trust was slowly developed. Over the years, Dans la rue created an impressive array of services and programs adapted to the needs of young street kids.



From left to right: Father Emmet Johns, Founder of Dans la rue; Toni Cochand, Executive Director of Dans la rue; Glenn J. Chamandy, President and CEO of Gildan.

In 2005, Gildan contributed \$125,000 to Dans la rue. The majority of Gildan's contribution went to support the cafeteria of the Chez Pops Day Center, which provides meals to 200 street kids, five days a week, and is the site of daily informal meetings between homeless youth and counsellors, teachers, therapists, a nurse and volunteers. The cafeteria is where solid relationships are created and is often where kids take their first steps to eventually getting off the streets.

Gildan's relationship with Dans la rue was reflected in various activities throughout the year. In April, Dans la rue's staff visited Gildan's head office in Montreal and met with the employees to explain how they could become personally involved. In July, as part of Dans la rue's Employability Program, Gildan offered a tour of its facilities in Montreal to present a part of the manufacturing industry to young adults. Finally, in September, Gildan was the title sponsor of Dans la rue's annual fundraising event, "From the Street to the Stars". This second edition of the event, where employees from Gildan helped out as volunteers, was held in downtown Montreal and welcomed approximately 300 guests. The evening raised more than \$52,000.

"Gildan is an amazing example of a corporation that gives back to the community and makes a meaningful difference in people's lives at a grassroots level," stated Toni Cochand, Executive Director, Dans la rue.

COMMUNITY RELATIONS

Maison Dauphine

This year, Gildan donated to Maison Dauphine, a non-profit organization in Quebec City that also helps homeless kids. For more than a decade, Maison Dauphine has unconditionally helped youth aged 12 to 22 by developing a personalized helping relationship to provide them with essential services, as well as support for job rehabilitation and/or going back to school.

Toujours Ensemble

Gildan is also making a contribution over a three-year period to the *Toujours Ensemble* Foundation. *Toujours Ensemble* is a Verdun organization whose mission is to help youth with school, family or social problems by giving them a place to go and providing creative educational, recreational and support activities for their development. Every year, more than 250 kids, mainly coming from underprivileged areas, visit the organization.

Gildan contributes to support the efforts of *Toujours Ensemble*, particularly in the fields of intervention and activities, in order to prevent school dropouts. To encourage youth to pursue their post-secondary studies, Gildan also offered scholarships to students in 2005.

Je passe partout

This organization, located in the Hochelaga-Maisonneuve neighbourhood of Montreal, also received a donation from Gildan. *Je Passe Partout* focuses on preventing school dropouts in an underprivileged area of the city of Montreal. The aim of the school support program is to motivate children in their academic development and help them acquire a positive attitude with respect to

school and their studies. The family support program helps parents to acquire educational and coaching skills in order to help their children with their homework.

La Fondation de l'Athlète d'Excellence du Québec

Gildan is also donating, over a three-year period, to the Fondation de l'*Athlète d'Excellence du Québec* to provide scholarships to athletes. These bursaries are offered to student-athletes who have distinguished themselves through community service and have displayed a leadership role within their teams. This year, the athletes rewarded with the *Gildan Leadership bursary* were:

- Ader Aimable (Football – Carabins)
- Annie Martin (Volleyball – Vert & Or)
- Karell Blais (Athletic – Rouge et Or)
- Martin Villeneuve (Badminton – Carabins)

Employee donations program

Gildan also encourages and supports employees that want to give back to their community by donating money or volunteering for the organization of their choice. Gildan now has two programs in Canada that encourage employees to give back to their community. The Gildan Employee Matching Grant Program matches donations that employees make to charitable organizations. The Gildan Employee in the Community Program provides support to employees who volunteer their personal time to community projects. Gildan makes cash donations to charitable organizations where employees volunteer.

Gildan supports education and environment projects in Choloma, Honduras

In August, Gildan announced a donation of U.S. \$820,000 to the municipality of Choloma in Honduras. The money, which will be donated over a period of 10 years, will be used for educational and environmental protection projects to be developed by the municipality.

For Gildan, which employs approximately 4,000 workers in the region of Choloma, this donation is a way of giving back to a community that has played a large role in the Company's success. Three out of the five Gildan facilities in Honduras – Gildan Rio Nance, Gildan San Miguel and Gildan San Antonio – are located in the region of Choloma. By investing in education and environmental protection, Gildan hopes to strengthen the foundations for the continued development of this region.

"We are very thankful for the support Gildan has been giving to our community. The educational needs of our local population are very important and we are glad that a company such as Gildan is doing its part to help us meet those needs," commented Sandra Deras, Mayor of Choloma.



From left to right: Charles A. Ford, United States' Ambassador in Honduras; Ricardo Maduro, President of Honduras; Glenn J. Chamandy, President and CEO of Gildan; Dr. Xavier Arguello, President of FUNDETEC; Colin McLernon, Project Manager of FUNDETEC.

The Central American Polytechnic Institute

GILDAN FUNDS HONDURAN TEXTILE AND APPAREL INSTITUTE

Pursuing its commitment to support the communities and regions in which it operates, Gildan spearheaded an industry-wide initiative to create the Central American Polytechnic Institute (Instituto Politécnico Centroamericano – IPC). The IPC is the first technical institute in Central America developed with the objective of training personnel for the textile and apparel industries. It will help expand the base of educated workers and managers in Honduras and contribute to the country's continuing economic development.

The IPC, which is based on a model of a similar project previously implemented and successfully operating in Indonesia, is a project initiated by Gildan and for which it is the lead corporate funder, with an initial donation of U.S. \$500,000. Total commitments received for the funding of the Institute amount to U.S. \$12 million. In addition, Gildan has pledged to launch a scholarship program, which will be offered throughout Central America. Over the next five years, Gildan will award 50 scholarships per year, for a total contribution of U.S. \$300,000.

The IPC welcomed a first group of 60 students at the end of August, and a second group of about 300 students started in January 2006. Once the IPC is fully operational, more than 1,800 students each year will attend classes on various aspects of apparel and textile manufacturing and electro-mechanics. All of the IPC's programs will include courses in English, computer literacy, ethics, environmental sustainability, leadership and personal finances.

"Without Gildan's leadership role in the development of the IPC and its financial donation of U.S. \$500,000, the concept of the Institute would not have become reality," stated Colin McLernon, Project Manager of FUNDETEC (Fundación para la Educación Técnica Centroamericana), the non-profit organization responsible for building and operating the Central American Polytechnic Institute.

COMMUNITY RELATIONS

Offshore support

Honduras

Teleton

Teleton, an organization offering physical rehabilitation, is a non-profit foundation that has centres for disabled people in different areas of the country. Every December it organizes a two-day television campaign to collect money from companies and individuals in order to keep their centres running. In December 2004, with the support of employees, Gildan donated U.S. \$11,000 to support Teleton.

Fundación Ecológica Rodrigo Pastor Fasquelle

For a third year, Gildan has provided financial support to Fundación Ecológica Rodrigo Pastor Fasquelle. This Foundation is committed to offering environmental education to elementary and high school students.

Fundación Ruth Paz

The Ruth Paz Foundation has been helping children in Honduras for thirty years by providing free medical treatment that would otherwise not be available. One of their most urgent projects is the construction of a much needed unit for child burn victims. During 2005, Gildan donated U.S. \$6,000 to this foundation to help build a 1,300 square metre burn unit in San Pedro Sula.

Haiti

In Haiti, over 54,000 T-shirts have been donated this year to help different causes such as:

- The Women in Democracy organization
- The support group against cancer
- Donation for the victims of Tornado Denis, for the town of Port Salut
- Donation for underprivileged kids, for the town of Tabarre
- Association des Jeunes de l'Eglise Baptiste de Delmas – Donation to a summer camp for kids

Dominican Republic

Gildan's new textile facility was inaugurated in June 2005 and the Company has already started helping the communities surrounding the plant. Gildan has sent supplies valued at over CA \$4,000 to a school near the facility. Six computers were donated to create a computer lab for the 320 students attending this school. In addition, dictionaries, grammar books and other books were donated to the school library. Gildan has also sent globes, notebooks, pens, pencils, watercolours and colour pencils.

Nicaragua

During the year, Gildan has donated over 47,000 T-shirts to different organizations in Nicaragua such as fire fighters, police departments, homes for elderly and the Office of the First Lady.

ENVIRONMENTAL SUSTAINABILITY

Dedicated to the memory of Pierre Morin, Environmental Technical Advisor, colleague and friend, who passed away at the age of 29 in a tragic accident during the summer of 2005. Pierre led Gildan's environmental compliance program and was committed to the goal of always better protecting the environment. We thank him for the legacy he has left to the Company.



ENVIRONMENTAL SUSTAINABILITY

Gildan's green production process

Manufacturing textile products impacts the environment in a variety of ways, including the consumption of natural resources and energy and the creation of waste in the transformation process itself. Our production process is managed in a way to continuously improve our efficiency and productivity in an eco-friendly manner. Every Gildan-owned and contractor facility is required to comply with our Environmental Code of Practices (ECP), which was implemented last year.

Manufacturing inputs

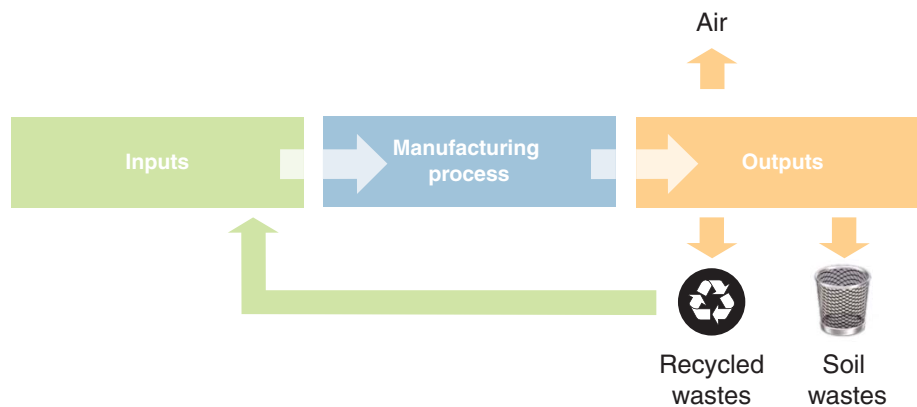
Protecting the environment starts at the beginning of the manufacturing process. Our buying policy has been formulated to exclude all harmful chemicals. This ensures that the Company's use of raw materials, dyes and chemicals complies with local legislation and Gildan's ECP. In addition, biochemistry technology is always preferred to traditional chemistry.

Manufacturing process

We continuously evaluate NOX (nitrogen oxides) levels in order to reduce greenhouse gas emissions. We also reduce energy consumption by recycling condensed heat. In addition, the Company has found ways to reduce solid wastes and use of petroleum consumption by utilizing selected oils.

Manufacturing outputs

A first for the Company was the implementation of a biological high-efficiency wastewater treatment system (biotope) at its Rio Nance textile plant in Honduras. Given its success, we also implemented a biotope system at our new Dominican Republic textile facility. Gildan also renewed for a second year its Oeko-Tex Standard 100 certification, the most internationally recognized eco-label designation in the textile supply chain. Finally, Gildan prevents soil contamination by integrating recycling processes at all of its facilities.





Gildan actively developing eco-friendly production processes

Gildan has taken a leadership role in adopting sustainable environmental practices in the textile and apparel manufacturing industry. Among its environmentally friendly initiatives, the company has created a highly efficient, biological wastewater treatment system (biotope).

This biotope is currently in use at our Rio Nance textile facility in Honduras and at our newly established textile plant in the Dominican Republic.

The wastewater flows from the plant through a series of lagoons where pH is naturally stabilized, using 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 three kilometres away.

This environmentally friendly process has the following advantages:

- No chemicals are used to reduce the chemical oxygen demand levels and the colour.
- The water treated by this natural system, and available for surrounding communities, comes out cleaner than it was before being used by the Company.
- No harm is done to the aquatic life in the receiving river and its ecosystem.
- Several species of birds and fish have been spotted in these lagoons of fresh water.
- Our water treatment system helps farming communities that use the water to irrigate crops.

Gildan Activewear renews Eco-Label certification

Gildan recently renewed its Oeko-Tex Standard 100 certification, the most internationally recognized eco-label designation in the textile supply chain.

What is the Oeko-Tex Standard 100?

The Oeko-Tex Standard 100 was launched in April 1992 by the International Textile Research Centre at the Hohenstein Institute, Bönnigheim, Germany, and the Vienna-based Austrian Textile Research Institute (ÖTI). It represents the first uniform safety standard of its type within the textile industry. The Oeko-Tex Standard 100 also ensures that the production process and the textiles themselves pose no risk to the human body through skin contact, ingestion or inhalation, thereby offering consumers maximum confidence in terms of health and environmental implications when buying textiles.

The test program

The test program of the Oeko-Tex Standard 100 takes into consideration the wide range of available textile products and their various fields of application. A rigorous process comprising over 100 individual tests lies behind achieving the standard. Tests are conducted to identify substances that present a health hazard, those which pose a risk to human health, such as allergenic disperse dyestuffs or formaldehyde, as well as all other parameters that can safeguard human health, such as verifying that the pH value is within the skin-friendly range.

Gildan's commitment to environment

Gildan obtained its initial Oeko-Tex certification in April 2004. As a first step towards obtaining its certification, Gildan had to make sure that all materials used in the production process did not contain substances that were harmful to the environment. To this effect, Gildan implemented an Environmental Code of Practice (ECP) containing requirements for materials used in manufacturing, including cotton, dyes and chemicals. Suppliers were asked to fully comply with the ECP by disclosing information on their products and providing eco-friendly alternatives. To further minimize its impacts on the environment, Gildan has expanded the scope of its ECP to include materials used in areas other than production. All new materials continue to be screened.

2006 ACTION PLAN

LABOUR PRACTICES	
Structure Compliance and Monitoring Team	Structure internal compliance function and train compliance/internal audit teams in all geographical hubs.
Code, Policies and Procedures	- Develop and implement new and integrated code of conduct as well as policies and procedures for Gildan-owned facilities and external contractors. - Develop a social compliance tracking system tool for better follow-up on communications and remediation actions throughout the Company. - Prepare for Fair Labor Association accreditation.
Auditing and Remediation Program	- Obtain sign-off by the Fair Labor Association, the Maquila Solidarity Network and the Worker Rights Consortium on Gildan's compliance with its commitment to support former El Progreso employees. - Continue to conduct independent third party audits with Verité for our sewing facilities and external contractors which were not visited in 2005. - Implement remediation on Verité's 2005 audit findings. - Expand WRAP certification to new and recently opened sewing facilities in Honduras, Nicaragua and Haiti.
Communications	- Communicate effectively Gildan's commitment to the new code of conduct and its elements to all Gildan employees and to external contractors. - Publish regular website updates, communicate directly with NGOs and other interested parties and include annual progress in our 2006 Corporate Citizenship Report.
COMMUNITY RELATIONS	
Community Involvement Program	Implement a new structured program for off-shore locations that will allow regional manufacturing hub resources to take an active part in their communities through causes related to humanitarian aid as well as youth and education.
Communications	Publish regular website updates, communicate directly with NGOs and other interested parties and include annual progress in our 2006 Corporate Citizenship Report.
ENVIRONMENTAL SUSTAINABILITY	
Certification	Renew Oeko-Tex certification on all product lines including T-shirts, sports shirts, sweatshirts, underwear and socks.
Manufacturing	Establish a Clean Production Program company-wide to continuously improve manufacturing processes.
Communications	Publish regular website updates, communicate directly with NGOs and other interested parties and include annual progress in our 2006 Corporate Citizenship Report.

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

*Gildan, Public Affairs Department
725 Montée de Liesse
Montreal, Quebec
H4T 1P5, Canada*

*1-866-755-2023
www.gildan.com*



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