

Q2 2023

# CORPORATE ENGAGEMENT PROGRESS REPORT: GILDAN ACTIVEWEAR

## Sector

Consumer discretionary

## Focus theme; sub-theme(s)

Human rights; human rights in the supply chain

## Related UN Sustainable Development Goal(s)



## Engagement activity

Investor collaboration

## Responsiveness

Highly responsive

## Holding status (subject to change without notice)

NEI ESG Canadian Enhanced Index Fund;  
NEI Canadian Equity Pool

## Gildan is on a path to stronger human rights oversight and improved disclosure

**Objective:** Learn about the company's latest efforts to improve oversight of human rights in its supply chain and encourage greater depth of disclosure.

We are pleased to see the progress Gildan Activewear is making on oversight of human rights throughout its global supply chain. We met with the Montreal-based apparel company in June as co-lead of the engagement with the Shareholder Association for Research and Education, or SHARE. Representatives from Gildan were at the Vice President and Senior Vice President level. This was our first meeting with Gildan regarding the latest KnowTheChain Apparel & Footwear benchmark, which scores and ranks companies on their policies, procedures and disclosure around human rights in their supply chains.

The company was highly responsive and engaged, eager to share news of their progress and receptive

to our views. Evidence of their commitment to improvement can be found in their extensive response to the KnowTheChain findings, which companies are invited to provide at their discretion. Our main topics of discussion were traceability, worker voice, and "remedy." Remedy refers to a company's policies and processes for remediating a situation that has harmed workers in some way. For example, when asked about a controversy in Haiti after a suppliers' workers were fired for striking over wage violations, Gildan said they engaged with the supplier as well as with the International Labor Organization and has made plans with the supplier to remedy the situation.

Gildan says 90% of their supply chain is vertically integrated, meaning they have direct control and oversight—and that's a good thing for understanding their supply chain. This is atypical of apparel manufacturers, which tend to use more third-party

suppliers. We explained that we would like to see the company improve disclosure and transparency around the remaining 10% of suppliers, and they said we can expect to see greater detail in their forthcoming ESG report.


**Next steps:** We look forward to reviewing the company's ESG report and may take them up on their offer of a follow-up conversation once the report is released.

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## *Leadership in corporate engagement*

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We believe the most effective tool for achieving that goal is corporate engagement. We talk directly with companies—alerting them to ESG risks, encouraging them to improve their ESG performance, and influencing how they are run. The NEI approach to corporate engagement is a proprietary model that incorporates internationally recognized principles and frameworks such as the Principles for Responsible Investment, the UN Guiding Principles on Business and Human Rights, the OECD Guidelines, and the UN's Sustainable Development Goals.



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