



**HANESBRANDS**

---

**ASSESSMENT FOR ACCREDITATION**

October 2010

## TABLE OF CONTENTS

Introduction .....	2
Hanesbrands' Corporate Social Responsibility Program .....	2
Analysis of Hanesbrands' Social Compliance Program Using the FLA Obligations of Companies and Evaluation Working Group Benchmarks .....	4
Conclusion.....	16

## INTRODUCTION

FLA-accredited Participating Companies have demonstrated that they have the systems and procedures in place to successfully uphold fair labor standards throughout their supply chains. The complexity and ever-evolving nature of global supply chains make it impossible to guarantee that a product is made in conditions free of labor rights violations. For this reason, FLA does not certify brands. Instead, FLA evaluates companies at the headquarter level – in addition to standard factory-level due diligence activities that are conducted annually – to determine whether they have social compliance systems in place to proactively identify and address risks or instances of noncompliance. Accreditation is the highest level of recognition for FLA-affiliated companies, and is reevaluated every three years.

The FLA Board of Directors voted to approve the accreditation of Hanesbrands' compliance program on October 26, 2010, based on proven adherence to FLA's Workplace Code of Conduct and the Obligations of Companies. Details on FLA's accreditation methodology can be found at [www.fairlabor.org/accreditation](http://www.fairlabor.org/accreditation).

**HANES**  
*Brands Inc*

## HANESBRANDS' CORPORATE SOCIAL RESPONSIBILITY PROGRAM

Hanesbrands, Inc. is a global consumer goods company that has been in existence for more than a century. It is headquartered in Winston-Salem, North Carolina. Hanesbrands has a portfolio of apparel essentials including T-shirts, bras, women's, men's and children's underwear, socks, hosiery, casual wear and activewear. Their products are sold in mass retail, wholesale to printers, in branded outlet stores, through catalogues and through the web. Brands owned by Hanesbrands include: Hanes, Champion, Playtex, Bali, Wonderbra, L'eggs, Just My Size, Barely There, Duofold and Outer Banks.

Hanesbrands affiliated with the FLA in 2008. At the time of affiliation, Hanesbrands chose to implement the FLA program over a two year period.

Hanesbrands established its labor compliance program while part of Sara Lee Corporation in the late 1990s and issued the Global Standards for Suppliers (GSS). These standards set forth the minimum requirements for manufacturers of Hanesbrands products with respect to employment practices, child labor, compensation, discrimination, forced labor, freedom of association and collective bargaining, safety and health, workplace harassment or abuse, and working hours.



*Hanesbrands' headquarters in Winston-Salem, North Carolina*

Hanesbrands monitors its manufacturing facilities for compliance with labor and environmental laws and regulations, conflicts of interest, anti-corruption, and accuracy of business records.

Hanesbrands' labor compliance program is headed by the VP of Corporate Social Responsibility, who reports to the Executive VP and General Counsel. In 2008-2009, there were 9 full-time and 4 part-time staff persons working in the Corporate Social Responsibility Department in the Americas and Asia, each directed by a Hemisphere Manager. There were 5 auditors in the Eastern Hemisphere and 4 auditors in the Western Hemisphere who assisted with compliance audit follow-ups and corrective action plan implementation. In addition to the Corporate Social Responsibility staff, Hanesbrands also engaged third-party monitoring organizations to conduct internal monitoring for both owned and contracted factories. Internal social compliance managers oversee audits conducted by approved third-party monitors and trained internal personnel.

Hanesbrands is making efforts to integrate corporate social responsibility internally and into its business partnership by (a) conducting vendor summits which have taken place in Jordan, India, Thailand, China, Bangladesh, Indonesia, Honduras and El Salvador; (b) providing training on social compliance for all sourcing managers and licensee companies; and; (c) a series of supplier workshops in China, Bangladesh, Philippines and Indonesia.

The table below describes Hanesbrands' supply chain over the period 2008-2009, as reported to the FLA. Hanesbrands sourced from 309 applicable facilities in 2008 and 358 facilities in 2009. During this period, Hanesbrands' factories were subject to a total of 32 unannounced Independent External Monitoring events (IEMs) conducted by FLA-accredited independent external monitors. Information on the results of the IEMs, and the remediation undertaken by Hanesbrands in response to IEM findings are discussed, as appropriate, in the next section.

<b>HANESBRANDS APPLICABLE FACTORIES &amp; IEMS, 2008-2009</b>				
<b>COUNTRY</b>	<b>2008 APPLICABLE FACILITIES</b>	<b>2008 IEMS</b>	<b>2009 APPLICABLE FACILITIES</b>	<b>2009 IEMS</b>
Argentina	2		3	
Bangladesh	14	1	19	1
Brazil	1		1	
Cambodia	10	1	12	
Canada	2		2	
China	95	1	101	6
Colombia	4		5	
Costa Rica	10		12	
Dominican Republic	12	1	11	1
Egypt	4		5	
El Salvador	6	1	8	2
Guatemala	2	1	2	1
Haiti	5		4	
Honduras	15	1	17	2
India	24	3	21	1
Indonesia	16	1	21	

<b>HANESBRANDS APPLICABLE FACTORIES &amp; IEMS, 2008-2009</b>				
<b>COUNTRY</b>	<b>2008 APPLICABLE FACILITIES</b>	<b>2008 IEMS</b>	<b>2009 APPLICABLE FACILITIES</b>	<b>2009 IEMS</b>
Italy	6		5	
Japan	1		1	
Jordan	5	1	7	1
Laos	0		3	
Lesotho	1		1	
Malaysia	3		2	
Mexico	8		7	
Nicaragua	1		2	1
Pakistan	3		4	
Philippines	7		12	
Singapore	1		1	
Sri Lanka	2		3	1
Swaziland	1		1	
Taiwan	3		4	1
Thailand	17	1	22	
Turkey	2		3	
Turkmenistan	1		1	
UAE	1		3	
USA	17	1	23	
Vietnam	7	1	9	
<b>TOTAL</b>	<b>309</b>	<b>15</b>	<b>358</b>	<b>18</b>

## **ANALYSIS OF HANESBRANDS' SOCIAL COMPLIANCE PROGRAM USING THE FLA OBLIGATIONS OF COMPANIES AND EVALUATION WORKING GROUP BENCHMARKS**

Information used in this assessment originates from annual reports submitted by Hanesbrands to the FLA verified through: (1) a visit to Hanesbrands' headquarters by FLA staff in late 2009 and a meeting with the Eastern Hemisphere Manager in Hong Kong in April 2010; (2) shadowing of internal monitors during audits and follow-up visits conducted by Hanesbrands staff in Honduras, El Salvador and China; (3) observation of a training exercise in China in the Spring of 2010; (4) information gathered via in-person, phone interviews, and/or email correspondence with Hanesbrands' Social Responsibility Manager, Director of Labor Relations and other key staff; (5) results of IEMs of Hanesbrands applicable facilities conducted by the FLA and ensuing remediation during the implementation period; and (6) communications with other stakeholders.

## 1. ADOPTS AND COMMUNICATES A CODE

### 1.1 Formally adopts a code that meets or exceeds FLA standards

#### **Actions Taken:**

Hanesbrands' Global Standards for Suppliers (GSS) set out that the company will not knowingly violate a country's laws governing any matter. These standards set forth the minimum requirements for manufacturers of Hanesbrands branded products with respect to employment practices, child labor, compensation, discrimination, forced labor, freedom of association and collective bargaining, safety and health, workplace harassment or abuse, and working hours. Hanesbrands also monitors these manufacturing facilities for compliance with environmental laws and regulations, conflicts of interest, anti-corruption, and accuracy of business records.

#### **Verification by FLA:**

Hanesbrands' GSS were adopted in the late 1990s. Copies of the GSS are available online and at the FLA offices. Hanesbrands' GSS meet FLA standards and go beyond the FLA Workplace Code of Conduct by incorporating standards related to (1) environment; (2) conflict of interest; (3) anti-corruption; and (4) gifts, favors and entertainment. Hanesbrands has indicated that it intends to revise its GSS in 2011 in light of the ongoing revision of the FLA Workplace of Conduct and will make other necessary adjustments to the GSS.

### 1.2 Informs all suppliers in writing

#### **Actions Taken:**

All new vendors and suppliers receive a package containing the GSS code and posters in their local language to be displayed in their facilities. Each manufacturing facility must: (1) sign and submit the GSS acknowledgement card indicating they have read and will comply with the code; (2) ensure all facilities are registered in the Hbl Vendor Master database; and (3) display the Hanesbrands GSS poster. During follow-up visits, Hanesbrands' internal auditors verify that the code is posted.

#### **Verification by FLA:**

The FLA reviewed the vendor/supplier package that includes the GSS and posters and an acknowledgement card that must be signed by the vendors/suppliers and submitted to Hanesbrands indicating that they have read and will comply with the GSS. During observation of internal audits conducted by Hanesbrands' staff in Honduras and El Salvador, it was noted that the contract suppliers did have the Hanesbrands GSS available at their offices and posters were displayed in prominent areas of the factories.

### 1.3 Posts the code in a prominent place in supplier facilities in the local languages of workers and managers

#### **Actions Taken:**

Hanesbrands requires that vendors/suppliers post the Hanesbrands GSS poster in their factories in a place that is accessible to workers. Hanesbrands provides vendors/suppliers with the GSS in the local language of workers and managers.

#### **Verification by FLA:**

Hanesbrands sends GSS posters to factories when they are approved to start production. Verification of the posting of the GSS is done through internal audits. During Hanesbrands' internal audits at contract suppliers in Honduras and El Salvador, FLA staff confirmed that the Hanesbrands GSS were posted in prominent areas and in the local language. However, in IEMs conducted at contract suppliers in 2008 in Guatemala and Vietnam, noncompliances were noted regarding code posting and communication. The FLA encourages Hanesbrands to develop policies leading to more consistency in Code posting and a procedure to ensure Code posting, especially at contract suppliers.

**1.4 Ensures that workers are informed orally and educated at regular intervals (to take account of labor turnover)**

**Actions Taken:**

As part of the protocol for internal monitoring, Hanesbrands auditors interview employees on their awareness of the GSS code.

**Verification by FLA:**

FLA staff reviewed the supplier package, which includes an acknowledgment card that is returned by factories to Hanesbrands. There is no specific requirement in the GSS package for factories to train their workforces about the Code. IEMs conducted during the implementation period identified noncompliances with respect to worker awareness of the Code across countries. This was also confirmed by FLA staff while shadowing an internal audit in Honduras.

The FLA recommends that Hanesbrands require factories to create a program to provide workers with Code training regularly. Such training should be part of the basic worker orientation at the time of hiring and should also be provided on an ongoing basis to provide reinforcement. The FLA also recommends that Hanesbrands analyze the degree of understanding about the Code on the part of managers and supervisors and provide training to managers and supervisors as well.

**1.5 Obtain written agreement of suppliers to submit to periodic inspections/audits, including by accredited external monitors, to remediate instances of noncompliances with FLA Workplace Standards that arise, and to inform employees about those standards**

**Actions Taken:**

Hanesbrands' Supplier Finished Goods Agreement require suppliers to agree to audits. They must sign the agreement before production begins.

**Verification by FLA:**

Hanesbrands requires suppliers to sign an agreement that gives the company's auditors access to factories for internal/external labor compliance audits. There is no specific language in the agreement that requires suppliers to provide access to monitors for the conduct of FLA IEMs/IEVs.

The FLA recommends that Hanesbrands amend the supplier agreement language to add the requirement to provide access to FLA monitors, to remediate noncompliances, and to inform workers about FLA standards.

**2. TRAINS INTERNAL COMPLIANCE STAFF**

**2.1 Identifies the staff or service provider responsible for implementing their compliance program**

**Actions Taken:**

The VP of Corporate Social Responsibility has overall responsibility for the social compliance program. Hanesbrands has 2 full-time compliance managers who oversee audits in all regions, 5 full-time in-house auditors in the Eastern Hemisphere and 4 in-house compliance managers in the Western Hemisphere who assist with social compliance audit follow-ups and corrective action plans, as needed.

**Verification by FLA:**

The FLA has interacted with Hanesbrands' labor compliance staff during the headquarters visit and during FLA meetings. Interactions with field staff occurred at the time of the shadow audits and observation of training exercises. FLA staff visited Hanesbrands' headquarters at the end of 2009 and the Hong Kong office in 2010, observed audits of contract factories in El Salvador, Honduras and China, and spent time with internal compliance staff in both hemispheres to better understand the compliance program and company plans to enhance it. Hanesbrands staff has held frequent meetings and telephone conversations with FLA staff to discuss challenging compliance issues, IEMs/IEVs, Third Party Complaints, outreach to stakeholders, and so on.

## **2.2 Ensures that they had training in all the areas under their responsibility, including, as appropriate, international and national labor standards, local languages, occupational and production risk factors, and techniques for monitoring, interviewing and remediating**

### **Actions Taken:**

All new internal auditors receive, from their team leader, one week of orientation training followed by one week of on-the-job training. Hanesbrands has a policy of only hiring auditors with significant prior experience in the field. All members of the labor compliance team have participated in a two-day “Internal Compliance Auditors Training” conducted by [certification organization].

The Eastern Hemisphere team participated in a 5-day “Lead Auditors Training” in August 2010. The same training will be conducted for the Western Hemisphere team in February/March 2011.

### **Verification by FLA:**

Based on review of documents, FLA staff confirms training of internal compliance and sourcing staff. FLA staff reviewed records indicating that in August 2009, Western Hemisphere compliance staff received training on audit process and principles and at the same time Eastern Hemisphere compliance staff received ILO conventions training. FLA staff also examined documents showing that training on labor compliance issues was provided in 2008 and 2009 for labor compliance staff in India, Philippines, China and Brazil.

FLA staff recommends additional training for the labor compliance staff and external monitors in the area of Freedom of Association, especially on how to gather and evaluate worker testimony in Freedom of Association cases.

## **2.3 Updates that training at regular intervals**

### **Actions Taken:**

The Corporate Social Responsibility Department holds yearly meetings to review and make enhancements to the program, including training materials. Regional meetings are held twice a year to discuss audits statistics, challenges, and best practices.

### **Verification by FLA:**

During the headquarter visit, FLA staff observed an internal compliance staff team meeting at which the compliance program was being reviewed and approaches to update/enhance it were discussed. FLA staff reviewed Hanesbrands’ plans to outsource aspects of the training of its compliance staff to third-party training services providers. FLA staff also reviewed records of internal trainings at the Eastern Hemisphere office in Hong Kong for compliance staff as well as sourcing and quality assurance staff and found the trainings to be thorough and well organized.

## **3. PROVIDES EMPLOYEES WITH CONFIDENTIAL REPORTING CHANNELS**

### **3.1 Encourages the establishment of grievance procedures at supplier facilities**

#### **Actions Taken:**

Consistent with Hanesbrands’ Global Business Practices (GBP) program, employees can confidentially and anonymously (if preferred), express their concerns in the following manners: (1) open door policy through which employees can meet directly with management to raise concerns; (2) through an email to a secure GBP email address; (3) enter complaint information directly on the GBP website; or (4) use the Resource Line.

In all countries where Hanesbrands has operations, employees can dial a local telephone number toll-free; their call will be routed to the Resource Line service provider. No operator assistance is required. Calls are answered in the local language by trained communications specialists. Confidentiality is maintained to the fullest extent possible. There is a pledge of no retaliation against individuals who report an ethical or legal concern in good faith through the Resource Line. Hanesbrands takes all complaints seriously and investigates them thoroughly.

**Verification by FLA:**

During FLA staff shadowing of Hanesbrands' internal audits in Honduras and El Salvador, FLA staff observed that factories are encouraged to create or maintain grievance procedures. It was also observed during worker interviews that internal monitors included questions about the existence and functionality of the factory's grievance procedures. During a shadow audit in China, however, it was observed that Hanesbrands internal auditors did not focus on the factory's communication and grievance channels.

The FLA recommends that Hanesbrands create consistency across regions by including specific grievance procedures expectations in the audit tool to encourage factories to create communication channels, including internal grievance policies and procedures. The FLA also recommends that Hanesbrands provide training for management, supervisors and workers on grievance procedures.

**3.2 Provides channels for Company employees and workers at those facilities to contact the Company directly and confidentially if warranted**

**Actions Taken:**

As noted above, Hanesbrands has a number of channels for employees to contact the company directly and confidentially.

**Verification by FLA:**

The FLA staff confirms the existence of several grievance channels at owned facilities, i.e., Resource Line, email, website and open door policy.

During the headquarter visit, FLA staff learned that the Resource Line program is operational only in owned facilities. This was confirmed in IEMs during 2008 and 2009 at contract suppliers in India, Bangladesh, Vietnam, Guatemala and Honduras, where it was found that there was no mechanism for workers to contact the company directly. The FLA recommends that Hanesbrands develop alternative channels to receive worker complaints at contract suppliers directly or via its third-party monitors and consider extending the Resource Line on a case by case basis

In shadowing internal audits in contract facilities in Honduras and El Salvador, FLA staff observed that monitors provided business cards to workers, but did so inconsistently. Providing business cards to participants in worker interviews is not required by Hanesbrands' audit process guidelines. The FLA recommends that Hanesbrands amend its monitoring guidelines to require monitors to make business cards available to all participants in worker interviews and consider adding local staff contact information to the Code posters. Similarly, third-party monitors should also ensure that they provide workers with local Hanesbrands contact information.

**3.3 Ensures the channel is secure, so workers are not punished or prejudiced for using it**

**Actions Taken:**

Resource Line complaint channels are secure and workers are protected against retaliation.

**Verification by FLA:**

During field observations by FLA staff in Honduras and El Salvador, it was noted that written policies on reporting channels issued to contract factories do not explicitly cover protections against retaliation. The FLA recommends that Hanesbrands amend policies and procedures regarding reporting channels for contract factories to include protections against retaliation. This should also be reinforced by third-party monitors and Hanesbrands staff during audits and at vendor summits/meetings with suppliers.

#### 4. CONDUCTS INTERNAL MONITORING

##### 4.1 Internally monitors an appropriate sampling of suppliers to assess compliance, which includes worker interviews, records review, occupational safety and health review, practices of suppliers in relation to the FLA Workplace Standards

###### **Actions Taken:**

For all facilities that are not [certification organization] certified, Hanesbrands requires a third-party, independent audit on no less than an annual basis. Hanesbrands' internal audit teams then perform follow-up audits on a level achieved by the supplier and the severity of compliance issues identified. All follow-up audits are unannounced. [Certification organization] certified facilities are brought into the internal auditing cycle one year after sourcing starts.

Hanesbrands' internal auditors perform the following activities during audits: (1) opening and closing meetings; (2) facility walkthrough; (3) payroll review; (4) employee files review (based on facility size); (5) procedures review; and (6) worker interviews (number based on facility size).

###### **Verification by FLA:**

Based on documentation reviewed during and after the headquarter visit and Hong Kong office visit in 2008, Hanesbrands audited 86% of its active factories (including contract suppliers) using a combination of internal and external monitors. Hanesbrands conducted follow up visits on all of the audited factories, with some receiving more than one follow up compliance visit. FLA staff also confirmed through document review that in 2009 Hanesbrands increased its auditing of suppliers to 93%, again with more than 100% of visits followed up.

During the shadow by FLA staff of audits conducted by Hanesbrands internal compliance staff in Honduras, El Salvador and China, it was observed that the monitors followed standard audit procedures. In the case of the Honduras and El Salvador audits, the Hanesbrands internal monitor paid special attention to contributions to social security and pension funds, areas known to be problematic in the region. Worker interviews were conducted in a conference room near management offices. It should be noted that all of Hanesbrands' internal audits are unannounced.

No previous civil society consultation was conducted in the Honduras and El Salvador audits. In China, the Hanesbrands internal monitor was found to be highly knowledgeable of labor laws and practices. Grievance procedure verification was not included in the audit scope and neither was a review of the factory's production capacity even though the monitor had suspicion of unauthorized subcontracting.

FLA staff recommends certain areas for improvements of Hanesbrands' internal auditing of suppliers: (1) include grievance procedures in the audit scope; (2) consider holding worker interviews off-site as well as moving the location of worker interviews from conference rooms to common areas such as the canteen/cafeteria or recreational areas away from management's view; (3) require production capacity reviews in cases of suspected subcontracting; and (4) require regular consultation with local civil society organizations to learn about specific factory conditions (particularly in the case of contract factories) and use of the information to focus audits in areas that would potentially pose a risk of noncompliance.

##### 4.2 Collects, verifies and quantifies compliance with workplace standards

###### **Actions Taken:**

The supplier vendor master (SVM) database is a repository for Hanesbrands supply base information. It houses audits, finished goods agreements, certificates, etc. The database is accessible to suppliers via internet. The Hanesbrands groups that use this system (Global Sourcing, Corporate Social Responsibility, and Supply Chain Production) access it via HBI Zone (intranet). The SVM has the ability to generate email alerts to manage time-sensitive requirements such as open remediation plans and to periodically verify and update other information.

###### **Verification by FLA:**

At Hanesbrands' headquarters, FLA staff reviewed Hanesbrands' centralized software platform that houses audit protocols, findings and remediation plans of assessed factories.

FLA staff also reviewed a “facility alarm list” maintained by Hanesbrands’ compliance staff that contains names of “not approved” facilities, where orders may not be placed, as well as facilities with incomplete or untimely remediation plans. The facility alarm list is updated and published quarterly for internal use. FLA staff also reviewed similar documents for the Eastern Hemisphere at the Hong Kong office.

#### **4.3 Analyzes the monitoring results and implements remediation plans to address noncompliance issues**

##### **Actions Taken:**

Various reports are generated from the SVM database to help monitor the status of the production facilities’ audits, finished goods agreements, suppliers’ acknowledgement of global standards, etc. Such reports include the quarterly alarm list that contains all suppliers that are not approved or on probation.

Using the information from the SVM database, a statistical report is generated annually for the VP of Corporate Social Responsibility. The information is used to update country risk ratings and also to inform country training programs. It is also presented to sourcing groups and to suppliers at vendor summits.

##### **Verification by FLA:**

FLA staff reviewed reports prepared by Hanesbrands’ compliance staff containing information on noncompliance issues with associated level of severity (color-coded), remedial actions, and number of days needed to take remedial action. Hanesbrands uses this information to assess and grade factories according to their performance and provides the information to monitors to assist them in their work. Hanesbrands headquarters staff compiles audit information by Hemisphere to identify and analyze the most pervasive noncompliance issues.

FLA staff also reviewed a country risk list prepared by Hanesbrand’ compliance staff which is made available to sourcing and other departments to identify countries that would pose risks in compliance terms.

FLA staff confirms that Hanesbrands has brought to their attention complex noncompliances identified in the IEMs and has sought FLA support in developing appropriate remediation responses.

#### **4.4 Tracks the progress of remediation**

##### **Actions Taken:**

Hanesbrands tracks the progress of remediation through the remediation plans stored in the SVM database. Hanesbrands’ internal auditing teams use these plans to guide follow-up audits until every pending finding is remediated.

##### **Verification by FLA:**

FLA staff reviewed and confirmed that Hanesbrands compliance staff uses the SVM database to track progress of factory remediation and corrective action plans. FLA staff tested the SVM Database and its functionalities, following complex remediation plan for a supplier in Central America. Hanesbrands thoroughly pursued the remediation of the noncompliances.

## **5. REMEDIATES IN A TIMELY MANNER**

### **5.1 Upon receiving the internal and independent external monitoring reports, contacts the supplier concerned (within a reasonable timeframe) to agree to a remediation plan that addresses all compliance issues identified by the monitor**

##### **Actions Taken:**

Upon receipt of the audit results, a corporate compliance manager reviews them and finalizes the audit with factory management. The compliance manager then uploads audit dates on an internal tracking sheet. A corporate compliance manager is also responsible for setting up a clarification call with a FLA representative for facilities that are part of the IEM process. The corporate compliance manager then works with regional compliance managers and factory management to complete the remediation plans.

**Verification by FLA:**

During the visit to Hanesbrands' headquarters, FLA staff reviewed email correspondence between the compliance staff and factories that received an internal audit or an IEM/IEV with respect to the development of a corrective action plan. The review confirmed that Hanesbrands closely followed its written procedures. While the majority of the facilities subject to IEM/IEV accepted remediation plans, in the case of a contract factory in Nicaragua, plant management was reluctant to implement remediation. Hanesbrands followed up with factory management through email correspondence and phone calls. FLA staff reviewed the correspondence at Hanesbrands headquarters and can confirm Hanesbrands' persistence in developing a corrective action plan.

**5.2 Implements a remediation plan regarding the noncompliances and the actions taken to prevent the recurrence of such noncompliances**

**Actions Taken:**

The regional compliance manager prepares a follow-up program by requesting feedback and specific evidence of compliance and by scheduling visits as necessary. A final unannounced audit is then scheduled to verify the total completion of remediation plans.

**Verification by FLA:**

Over the implementation period, FLA staff has seen marked improvement in the remediation plans developed by Hanesbrands for factories subject to IEMs, with remediation plans increasingly focusing on sustainable and preventative remediation.

**5.3 Within sixty (60) days, supplies the FLA with the remediation plan citing all progress made and a timeline for outstanding items**

**Actions Taken:**

The Corporate compliance manager uploads the remediation plan into the database for FLA audits and informs FLA when completed.

**Verification by FLA:**

For the 2008-2009 IEM cycles, Hanesbrands received 15 and 18 IEMs, respectively. Hanesbrands exceeded the 60-day limit for submission of remediation plans 9 times in 2008 and 8 times in 2009, (60% and 40% submission delay, respectively). The FLA strongly recommends that Hanesbrands improve its timeliness with respect to development and submission of remediation plans to meet the requisite 60-day time limit.

**5.4 Confirms the completion of remediation**

**Actions Taken:**

Once a remediation plan is completed and updated in the database, a notification email is sent to the FLA.

**Verification by FLA:**

The FLA staff reviewed records of factory verification audits in which confirmation of remediation had been noted and viewed samples of photographic evidence of completion.

**5.5 Conditions future business with contractors and suppliers upon compliance standards**

**Actions Taken:**

Hanesbrands includes the possibility of discontinuing business based on lack of labor compliance in its Supplier Finished Goods Agreement. A supplier is typically provided from 15 days to 180 days, depending on the significance of the noncompliance issues, to complete remediation plan requirements. Zero tolerance violations typically lead to immediate disapproval of the facility for one year.

**Verification by FLA:**

During the headquarter visit, FLA staff reviewed the Supplier Finished Goods Agreement and confirmed that Hanesbrands conditions business upon compliance with the GSS.

**6. TAKES ALL STEPS NECESSARY TO PREVENT PERSISTENT FORMS OF NONCOMPLIANCE****6.1 Analyzes compliance information to identify persistent and/or serious forms of non-compliance****Actions Taken:**

A year-end findings report by region is prepared by Hanesbrands headquarters staff. The report is discussed and analyzed at the annual Corporate Social Responsibility department meeting. Training and orientation programs are designed based on these statistical reports.

**Verification by FLA:**

During the headquarters visit, FLA staff reviewed annual compliance findings reports prepared by Hanesbrands staff. FLA encourages Hanesbrands to expand its analysis of year-end findings regarding critical issues and supply chain risks to cover noncompliances by product type and by country. This analysis will help Hanesbrands determine whether different remediation strategies may be appropriate to address recurring issues based on business model or country context.

**6.2 Establishes and implements programs designed to prevent the major forms of such noncompliance****Actions Taken:**

Hanesbrands discusses findings statistics with sourcing and Corporate Social Responsibility personnel and also with vendors at compliance trainings to develop preventive strategies.

**Verification by FLA:**

During the headquarters visit, FLA staff reviewed training materials and other documentation regarding training for mid-level factory managers with the objective of preventing pervasive noncompliance issues. The FLA recommends that similar training be provided to workers at owned and contracted factories and expanded to include wages, hours of work and freedom of association requirements.

**6.3 Takes steps to prevent recurrence in other Applicable Facilities where such noncompliance may occur****Actions Taken:**

Based on statistics generated from audit results, Hanesbrands has put together 3-hour training workshops for mid-level managers at supplier factories on addressing noncompliances. In 2009-2010 Hanesbrands conducted 39 such sessions for 3,075 mid-level managers in China, Philippines, Indonesia, Bangladesh, Thailand, Honduras and El Salvador.

**Verification by FLA:**

Hanesbrands uses audit result analysis to develop training for staff and suppliers to address the most pervasive forms of noncompliance. For example, based on results from audit reports, Hanesbrands developed and conducted training on harassment or abuse in Honduras and El Salvador. Similarly, based on results of audits in dormitories (especially in China), Hanesbrands created a policy of minimum dormitory requirements. Documentation on these training activities and policies are on file with the FLA.

Observation by the FLA of a workshop for mid-level managers in China confirmed that it focused on several Code standards, but that issues such as wages, hours of work, overtime compensation and freedom of association were treated lightly. The FLA recommends that the workshops for managers offer equivalent treatment to all elements of the Code.

## 7. SUBMITS TO INDEPENDENT EXTERNAL MONITORING

### 7.1 Provides the FLA with an accurate, up-to-date factory list, factory profile, access letters, etc.

#### **Actions Taken:**

Hanesbrands prepares its factory list from the SVM database. Before it is submitted to the FLA: (1) the compliance database analyst reviews the list with the sourcing department; (2) the list is revised by the regional compliance managers; and (3) the list is reviewed and approved by the VP of Corporate Social Responsibility.

#### **Verification by FLA:**

Hanesbrands has, for the most part, provided the FLA with up-to-date factory lists. It has also provided all other information and documentation required for conducting IEMs. During the implementation period, one IEM in Turkey and one in Canada were aborted because the factories were no longer active for Hanesbrands which was an oversight when Hanesbrands submitted the factory lists.

### 7.2 Ensures that the suppliers selected for IEMs cooperate with the FLA monitors

#### **Actions Taken:**

An access letter is sent annually to all active suppliers under the signature of the VP of Corporate Social Responsibility.

#### **Verification by FLA:**

The FLA confirms that Hanesbrands suppliers have cooperated with FLA-accredited monitors conducting IEMs. During the implementation period, all Hanesbrands suppliers subject to IEMs provided access to FLA-accredited monitors.

### 7.3 Cooperates with FLA requests for information, clarification and follow-up in the IEM process

#### **Actions Taken:**

Hanesbrands staff maintains an open communication channel with FLA staff to assist on follow-ups and clarification of any questions.

#### **Verification by FLA:**

Hanesbrands has promptly responded to FLA requests for information or clarification regarding IEMs.

## 8. COLLECTS AND MANAGES COMPLIANCE INFORMATION

### 8.1 Maintains a database

#### **Actions Taken:**

Hanesbrands requires that all facilities register in its SVM database so that they can more efficiently manage and monitor the compliance status of all facilities manufacturing its products.

#### **Verification by FLA:**

Hanesbrands currently uses the SVM database to house IEM findings, remediation plans and follow ups. This was corroborated through review of the database during the headquarters visit by the FLA in 2009.

### 8.2 Generates up-to-date lists of its suppliers when required

#### **Actions Taken:**

Factory list and updates were submitted to FLA in a timely manner.

#### **Verification by FLA:**

Hanesbrands has provided the FLA with updated factory lists when requested.

### 8.3 Analyzes compliance findings

#### **Actions Taken:**

A year-end statistical report is discussed and analyzed by region at the annual Corporate Social Responsibility department meeting. Training and orientation programs are designed based on these statistical reports.

#### **Verification by FLA:**

The FLA also has on file samples of analyses of noncompliances and of the progress and impact of remediation at the factory level (both owned and contracted suppliers).

### 8.4 Reports to the FLA on those activities

#### **Actions Taken:**

Reports of noncompliance findings are shared with the FLA through the annual report and also on an ad hoc basis.

#### **Verification by FLA:**

The FLA has on file samples of reports analyzing compliance findings.

## 9. CONSULTS WITH CIVIL SOCIETY

### 9.1 Maintains links to organizations of civil society involved in labor rights and utilizes, where companies deem necessary, such local institutions to facilitate communication with Company employees and employees of contractors and suppliers in the reporting of noncompliance with the workplace standards

#### **Actions Taken:**

Hanesbrands has been actively engaged with civil society organizations and local labor unions in the countries where it operates.

#### **Verification by FLA:**

Hanesbrands has strived to maintain working relationships with stakeholders in the countries where it sources and has also engaged with civil society in different manners and settings.

By way of example through 2008 and early 2009 Hanesbrands engaged with the FLA, [CSO], [university], and another FLA Participating Company in an effort to resolve a case of non-payment of severance arising from the closure of a facility in Guatemala. A third-party monitor conducted an independent investigation and estimated the value of unpaid severance due workers. As a result of the multi-stakeholder engagement, additional severance was paid to 871 workers by the factory's parent company.

### 9.2 Consults knowledgeable local sources as part of its monitoring activities

#### **Actions Taken:**

Hanesbrands routinely works with local authorities, local counsel and others in the industry in sourcing countries and shares information about compliance trends, specific areas of concern and overall best practices, especially with other FLA stakeholders.

#### **Verification by FLA:**

FLA staff confirms Hanesbrands' engagement with many organizations in sourcing countries around the globe, among them various civil society organizations, union federations in Honduras, El Salvador, and the Dominican Republic.

**9.3 Consults periodically with the legally constituted unions representing employees at the worksite regarding the monitoring process and utilize the input of such unions where appropriate**

**Actions Taken:**

Hanesbrands management consults regularly with legally constituted unions at various Hanesbrands facilities regarding relevant matters, including but not limited to collective bargaining. Hanesbrands management welcomes and utilizes feedback from legally constituted unions representing its employees.

**Verification by FLA:**

In 2008, Hanesbrands created the position of Director of Labor Relations with responsibility for dealing with unions representing Hanesbrands employees and providing guidance on industrial relations matters to local Human Resources teams.

FLA staff confirms Hanesbrands' on-going communication with unions representing workers in sourcing countries. In the Fall of 2008, Hanesbrands negotiated a collective bargaining agreement (CBA) in an owned facility in the Dominican Republic with a union affiliated with a labor confederation and since then has implemented training on freedom of association and CBA negotiation for managerial staff as well as union members. In the lead up to the conclusion of the CBA, Hanesbrands officials met with representatives of [CSOs]. Hanesbrands' Director of Labor Relations also consulted with the General Secretary of the [union federation] with regard to an issue involving a local union in El Salvador affiliated with the [union federation].

**9.4 Assures the implementation of monitoring is consistent with applicable collective bargaining agreements**

**Actions Taken:**

Hanesbrands communicates regularly with legally constituted unions representing employees and consistently applies collective bargaining agreements.

**Verification by FLA:**

The FLA staff has verified that Hanesbrands' audit questionnaire for workers includes a question about the presence of unions or any other worker representation committee. During the shadowing of Hanesbrands' internal audits in Honduras and El Salvador, FLA staff observed that factory workers were consistently asked about respect for their right to associate and existence of a CBA at their factories.

**10. PAYS DUES AND MEETS ITS OTHER PROCEDURAL REQUIREMENTS**

**10.1 Pays annual dues**

**Actions Taken:**

All dues to FLA were paid in a timely manner.

**Verification by FLA:**

Hanesbrands is up-to-date on payment of its annual dues. Documentation is available at the FLA offices.

**10.2 Pays IEM administrative and monitoring fees**

**Actions Taken:**

All IEM administrative and monitoring fees were paid in a timely manner.

**Verification by FLA:**

Hanesbrands is up-to-date on payment of all relevant fees to the FLA. Documentation is available at the FLA offices.

### 10.3 Signs and honors required FLA contracts

**Actions Taken:**

All required contracts have been signed.

**Verification by FLA:**

The FLA confirms that Hanesbrands has signed and honored required FLA contracts.

### 10.4 Submits factory lists, a standardized annual report and other information in complete form and on time

**Actions Taken:**

Factory lists and updates were submitted to the FLA in a timely manner.

**Verification by FLA:**

Hanesbrands submits factory lists regularly; annual reports have also been received on a timely basis.

## CONCLUSION

Accreditation of Hanesbrands' compliance program should not be interpreted as a guarantee against issues and risks in the supply chain. Rather, accreditation indicates that the company has the systems in place to proactively identify and remediate those risks. Accreditation is not granted automatically, and is only renewed every three years following a satisfactory FLA evaluation of labor compliance systems and activities during the timeframe. FLA will continue to conduct standard due diligence activities on Hanesbrands. To check an affiliate's accreditation status, visit [www.fairlabor.org/accreditation](http://www.fairlabor.org/accreditation).