



HANESBRANDS INC. (HBI)

ASSESSMENT FOR REACCREDITATION

FLA BOARD OF DIRECTORS MEETING  
OCTOBER 2019

TABLE OF CONTENTS

TABLE OF CONTENTS..... 2

INTRODUCTION ..... 3

SECTION 1: HBI COMPANY AFFILIATE OVERVIEW ..... 4

SECTION 2: HBI SUPPLY CHAIN & FLA DUE DILIGENCE 2010 – 2019 ..... 6

SECTION 3: HBI SOCIAL COMPLIANCE PROGRAM ANALYSIS..... 7

SECTION 4: RECOMMENDATION TO THE FLA BOARD OF DIRECTORS ..... 28

APPENDIX A: THE HBI GLOBAL STANDARDS FOR SUPPLIERS (CODE OF CONDUCT) .. 29

APPENDIX B: HBI’s REMEDIATION PROGRESS CHART ..... 32

APPENDIX C: PRINCIPLES OF FAIR LABOR RESPONSIBLE PRODUCTION & SOURCING  
..... 33

APPENDIX D: HBI’s SAFEGUARDS CHART ..... 37



Workers at an owned Hbi facility in El Salvador.

## INTRODUCTION

On October 23, 2019, the FLA Board of Directors approved the reaccreditation of Hanesbrands' social compliance program.









Affiliates eligible for accreditation agree to the respectful and ethical treatment of workers and the promotion of sustainable conditions through which workers earn fair wages in safe and healthy workplaces by adopting the FLA [Workplace Code of Conduct](#). Affiliates with accredited social compliance programs have the systems and procedures in place to successfully uphold fair labor standards throughout their supply chains and mitigate and remediate violations.

Accreditation is a multi-year process to assess the performance of a Participating Company against the FLA [Principles of Fair Labor and Responsible Sourcing and Production](#). During this process, FLA staff verify the implementation and effectiveness of a company's social compliance program through:



FLA ACTIVITY	PURPOSE
<b>Headquarter (HQ) Assessment</b>	<ul style="list-style-type: none"> <li>• Interview compliance staff, senior leadership, and relevant staff or purchasing, production, and planning</li> <li>• Review documentation, processes, and database capabilities</li> </ul>
<b>Field Office Assessment</b> (as applicable)	<ul style="list-style-type: none"> <li>• Interview compliance staff, senior leadership, and relevant staff or purchasing, production, and planning</li> <li>• Review documentation, processes, and database capabilities</li> </ul>
<b>Field Observations</b>	<ul style="list-style-type: none"> <li>• Observe internal audits, training sessions, and/or remediation visits</li> <li>• Verification of progress over time and provide constructive feedback</li> </ul>
<b>Factory-Level Assessments (SCI &amp; SCIV)</b>	<ul style="list-style-type: none"> <li>• Assess for labor violations at the factory-level so the company remediates identified labor violations sustainably</li> </ul>
<b>Annual Self-Assessment</b>	<ul style="list-style-type: none"> <li>• Review company-reported documentation, processes, capabilities and the evolution of the social compliance program</li> </ul>
<b>Safeguard Investigations</b>	<ul style="list-style-type: none"> <li>• Can occur throughout the company's FLA affiliation and provides insight into compliance programs, remediation strategies, and engagement with civil society, as applicable</li> </ul>
<b>Fair Compensation</b>	<ul style="list-style-type: none"> <li>• Review use of the FLA's Wage Data Collection Tool Kit in applicable facilities</li> <li>• Provide feedback on short- and long-term Fair Compensation plans and strategies</li> </ul>
<b>Strategic Projects</b>	<ul style="list-style-type: none"> <li>• Learn about compliance strategies to detect and remediate complex issues, as applicable</li> </ul>
<b>Stakeholder Engagement</b>	<ul style="list-style-type: none"> <li>• Additional perspective, especially from civil society, on the social compliance program from relevant organizations</li> </ul>

## SECTION 1: HANESBRANDS, INC. COMPANY AFFILIATE OVERVIEW

<b>Name</b>	Hanesbrands, Inc. (Hbl)	<b>Category</b>	FLA Participating Company
<b>Location</b>	Winston-Salem, North Carolina, USA	<b>Product</b>	Apparel
<b>Revenue</b>	6.8 Billion USD	<b>Applicable Facilities</b>	498
<b>FLA Affiliation Date</b>	February 2008	<b>Accreditation Date</b>	October 2010
<b>Hanesbrands' Strengths &amp; Recommendations for Improvement<sup>1</sup></b>			
<b>Workplace Standards</b> 	<b>Principle 1:</b> Committed to accountability and transparency through established workplace standards.		
	<b>Strength:</b> Senior management actively participates in the CSR Committee and has improved publicly reporting by disclosing owned and strategic contract facilities.		
<b>Supplier &amp; Production Staff Training</b> 	<b>Principle 3:</b> Obtains commitment and trains relevant supplier management on workplace standards and tracks effectiveness of supplier workforce training; trains all management staff and employees at owned production sites on workplace standards.		
	<b>Strength:</b> Robust training programs on the Hbl Code of Conduct and workplace standards for all Hbl production managers, supervisors, and employees.		
<b>Functioning Grievance Mechanisms</b> 	<b>Principle 4:</b> Ensures workers have access to functioning grievance mechanisms, which include multiple reporting channels of which at least one is confidential.		
	<b>Strength:</b> Multiple and comprehensive channels for workers at owned production facilities to raise grievances, including confidential channels and roundtables with management.		
<b>Monitoring</b> 	<b>Principle 5:</b> Company affiliate conducts workplace standards compliance monitoring.		
	<b>Recommendation for Improvement:</b> Ensure third party auditors are held accountable for assessing Hbl's workplace standards and providing contact information to workers during the interview process.		
<b>Collection &amp; Management of Compliance Information</b> 	<b>Principle 6:</b> Collects, manages, and analyzes workplace standards compliance information.		
	<b>Strength:</b> The social compliance data platform and audit tool support data analysis on facility performance on workplace standards and identify strong performers and risk areas.		
<b>Timely &amp; Preventative Remediation</b> 	<b>Principle 7:</b> Works with suppliers to remediate in a timely and preventative manner.		
	<b>Recommendation for Improvement:</b> Continue to remediate labor violations.		

<sup>1</sup> To see the full list of FLA Principles, Benchmarks, and Key Performance Indicators (KPIs) in which Hanesbrands was assessed for reaccreditation, see Appendix C.



<b>Responsible Purchasing Practices</b> 	<b>Principle 8:</b> Aligns planning, purchasing, and production practices with commitment to workplace standards.
	<b>Recommendations for Improvement:</b> Further develop its strategy and program to progressively realize fair compensation for workers.
<b>Consultation with Civil Society</b> 	<b>Principle 9:</b> Identifies, researches and engages with relevant labor non-governmental organizations, trade unions and other civil society institutions.
	<b>Strength:</b> Engagement with civil society organizations and unions in Central America. <b>Recommendation for Improvement:</b> Further increase engagement with civil society organizations in all production and sourcing regions, especially in Asia.
<b>Draft Board Resolution</b>	The FLA Board of Directors is asked to approve the following resolution: <b>Hanesbrands, Inc. is hereby granted FLA reaccreditation of its social compliance program.</b>

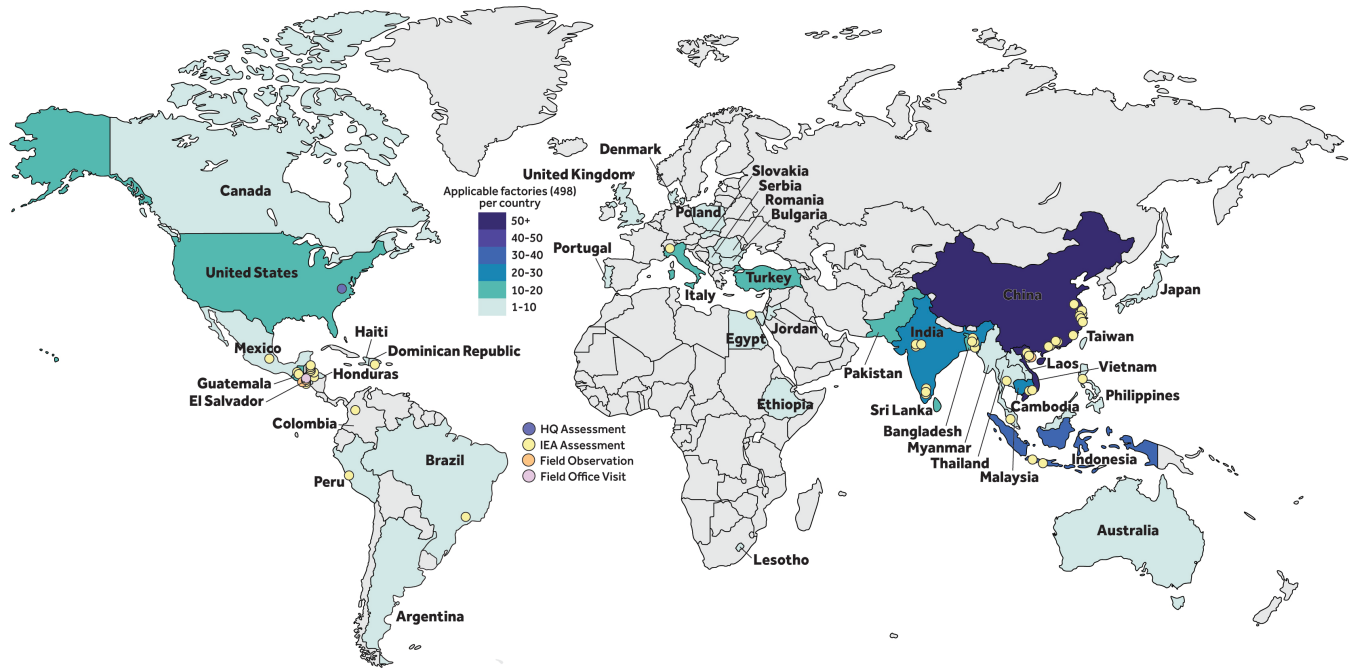
Hanesbrands, Inc. (Hbl) is an apparel and accessories parent company and manufacturer that owns various brands<sup>2</sup> in the blanks, intimates, collegiate, and sportswear markets. Hbl owns 32 manufacturing facilities and sources from 466 contract facilities; its largest sourcing and production countries are China, Vietnam, and Indonesia. Much of Hbl's owned production is vertically integrated and includes finished goods and textile production facilities.

Over the past decade Hbl has acquired about one brand per year including three FLA members: Gear for Sports Inc. (GFSI), Knights Apparel, and GTM. Both GFSI and Knights Apparel had FLA-accredited social compliance programs prior to the acquisitions. GFSI produces collegiate licensed products and maintains a licensing agreement with Under Armour to produce its collegiate bookstore products. During the acquisitions Hbl has maintained a centralized corporate social responsibility (CSR) program, streamlined its sourcing operations and hubs, and continues to consolidate its contract facility supply chain.

Hbl's Vice President of Corporate Social Responsibility (VP, CSR) is responsible for implementing the social compliance program and oversees a team of 23 people in 11 countries. CSR staff are responsible for communicating and training suppliers and owned facilities on Hbl's Global Standards for Suppliers (GSS) and supporting the remediation of labor violations. Hbl works with audit service providers to implement its monitoring program and conduct additional audits to comply with retailer and licensor requirements. Through the reaccreditation process, the FLA verified how Hbl's social compliance program remediates and mitigates violations to workplace standards through training, ensuring functioning grievance mechanisms, implementing responsible purchasing and production practices, and engaging with civil society organizations and unions.

<sup>2</sup> HBI brands include: Hanes, Alternative Apparel, Bali, Champion, DIM, Gear for Sports, Knights Apparel, GTM, Playtex, Bali, Bonds, L'eggs, Just My Size (JMS), Bras N Things, Barely There, Wonderbra, Cacharel, Celebrity, Daisyfresh, J. E. Morgan, One Hanes Places, Maidenform, Playtex, Pacific Brands, Rinbros, Ritmo, Sol y Oro, Tagless, Nur Die Nur Der, Lovable, abanderado, and Zorba.

## SECTION 2: HANESBRANDS, INC. SUPPLY CHAIN & FLA DUE DILIGENCE 2010 – 2019



As of 2019, Hbl owns or sources from 498 applicable facilities. Hbl's highest production countries are those in which it owns facilities: Vietnam, Honduras, El Salvador, and the Dominican Republic. Hbl has the highest number of contract facilities in China and Vietnam. From 2012 to 2019, Hbl received 23 Sustainable Compliance Initiative (SCI) Assessments and five Verification (SCIV) Assessments from the FLA.

During the assessment for reaccreditation, the FLA conducted audit field observations in Vietnam (2018) and El Salvador (2019), a training field observation in El Salvador (2019), and a field office visit in El Salvador (2019). In April 2019 the FLA conducted the headquarter assessment in Winston-Salem, North Carolina, U.S. to review implementation of the social compliance program.

## SECTION 3: HANESBRANDS, INC. SOCIAL COMPLIANCE PROGRAM ANALYSIS

The remainder of this report describes Hbl's compliance with the Fair Labor Association [Principles of Responsible Sourcing and Production](#) according to the information gathered during the accreditation process. This report also includes recommendations from the FLA for further improvement of Hbl's compliance program. FLA's complete principles can be found in Appendix C.

### PRINCIPLE 1: WORKPLACE STANDARDS<sup>3</sup>

#### **Workplace Standards**

The FLA requires that company affiliates establish and articulate clear, written workplace standards that meet or exceed those embodied in the FLA Workplace Code of Conduct. Hbl's [Global Standards for Suppliers](#) (GSS) applies to all Hbl facilities. Hbl fully aligned the GSS with the FLA's Workplace Code of Conduct by updating the Freedom of Association and Compensation elements in 2018. In addition, Hbl has an employee code of conduct which applies to workers in owned facilities and includes some additional details on issues, such as harassment and abuse and nondiscrimination. The FLA also verified that Hbl's compliance benchmarks operationalize the summary of workplace standards stated in Hbl's GSS.

#### **Senior Management Commitment**

The FLA requires commitment from a company's top management to uphold workplace standards and integrate them into company business practices. At Hbl, the Corporate Social Responsibility (CSR) program reports to Hbl's Chief Administrative Officer, General Counsel & Corporate Secretary, who is a member of the senior team. Additional oversight comes through the Audit Committee of the Hbl Board of Directors, which receives annual updates on the program. Hbl also has a CSR Committee that meets on a quarterly basis and includes the CEO and their direct reports. The FLA verified that these quarterly meetings include a review of grievances and discussion of improvements needed to the CSR program. Hbl's top management has implemented policies and procedures to ensure that newly acquired brands and facilities begin the implementation of Hbl's GSS and CSR program within six months of the acquisition being finalized and publicly announced.

Hbl demonstrates public commitment by publishing its standards on the Hbl website. Hbl also publishes information on Hbl's [affiliation with the FLA](#), its [Global Human Rights policy](#), and its factory list for [owned facilities](#), [collegiate contract facilities](#), and [other strategic contract facilities](#). Hbl submits information regularly to ranking and reporting organizations such as Baptist World Aid and Corporate Human Rights Benchmark (CHRB) and includes references to its CSR program in relevant press releases. The FLA recommends, as a best practice, that Hbl continue to increase the level of public reporting on its CSR program and include information on remediation of labor violations. The FLA also recommends that Hbl establish a regular public reporting cycle.

### PRINCIPLE 2: RESPONSIBILITY & HEAD OFFICE TRAINING<sup>4</sup>

#### **Hanesbrands Corporate Social Responsibility Staff**

The FLA requires that company affiliates clearly identify and train the staff who are responsible for implementing their social compliance program. Hbl's CSR department, led by the VP of CSR, has 23

<sup>3</sup> Principle 1: Company affiliate establishes and commits to clear standards. To review the benchmark and KPI standards, see Appendix C.

<sup>4</sup> Principle 2: Company affiliate identifies and trains specific staff responsible for implementing workplace standards and provides training to all head office. To review the benchmark and KPI standards, see Appendix C.

staff members, an increase of ten staff positions since Hbl's 2010 accreditation. The department has a director, two senior managers, as well as a CSR Manager of Stakeholder and Customer Compliance who ensures that Hbl is upholding all FLA, collegiate licensee, and other customer requirements.

### **Social Compliance Training**

To ensure that staff are knowledgeable of workplace standards and labor rights, Hbl's CSR department receives regular training that includes the latest updates to the GSS and other monitoring program requirements. CSR staff also regularly attend training sessions provided by the American Apparel & Footwear Association (AAFA), Bureau Veritas, ELEVATE, and Textile Exchange and have participated in multiple trainings on modern slavery and forced labor. Hbl incorporates learnings into its programs; for example, the CSR Manager of Stakeholder and Customer attended the FLA's training on supply chain mapping and is using the information to develop a mapping of Hbl's upstream supply chain, with special attention to areas at risk of forced labor.

The CSR team works closely with the Director of Global Labor and NGO Relations to ensure that staff understands the complexities of freedom of association, union engagement, relations, and collective bargaining. Where necessary, Hbl works with legal experts to provide training on freedom of association issues; for example, Hbl worked with the Independent Monitoring Group of El Salvador (GMIES) to train regional staff in El Salvador on freedom of association and industrial relations. The FLA recognized this expertise during the El Salvador field office visit in July 2019. The FLA further recommends that Hbl ensure regional staff in the EMEA and Asia regions receive similar training.



Materials at a textile facility in the United States

### **Hbl All-Staff Training**

Hbl annually trains all staff on Hbl's Code of Conduct and GSS to ensure a company-wide commitment to workplace standards. At its U.S. headquarters and regional offices, this training happens during new hire orientation. During the HQ Assessment, FLA staff recommended that there be a mechanism to ensure this training is effective. Hbl has since implemented activities and quizzes to help monitor the success of its all-staff training.

## **PRINCIPLE 3: SUPPLIER AND PRODUCTION STAFF TRAINING<sup>5</sup>**

### **Supplier Commitment**

The FLA's principle on supplier training emphasizes that companies must obtain a commitment from all suppliers to uphold the workplace standards. Hbl requires that all contract facilities to sign its Finished Goods Agreement and the GSS Acknowledgement card before being approved for

<sup>5</sup> Principle 3: Company Affiliate trains all management staff and employees at owned production sites on workplace standards and tracks effectiveness of training. To review the benchmark and KPI standards, see Appendix C.

production and on an annual basis thereafter. During the HQ assessment in April 2019, the FLA identified that there were some gaps in this system. Specifically, not all facilities that were added to the Hbl vendor database as part of brand acquisitions in 2016 and 2017 had signed these required documents. Hbl addressed these gaps and received these signed documents shortly thereafter.

### **Conditioning Future Businesses on Suppliers' Improvement of Working Conditions**

The FLA recognizes that companies should evaluate working conditions when making sourcing decisions. Hbl's Finished Goods Agreement allows Hbl to terminate the business relationship with a contract facility based on certain findings of noncompliance or insufficient remediation of those findings. After every GSS audit, a facility receives a score on a 0-100 scale and is classified into one of four groups:

- GSS Preferred: 91% or above; assigned to the normal audit cycle
- GSS In-Compliance: 71%-90%, assigned to the normal audit cycle and remediation audits
- GSS Sub-standard: 51%-70%, assigned to the normal audit cycle and remediation audits
- GSS Alarm List: 50% or below, assigned an annual audit and a remediation audit, with notification to the sourcing teams and applicable business units.

Hbl reserves the right to cease the business relationship with the facility if it is placed on the Alarm List, has findings of zero tolerance issues, or if the same serious issue is repeatedly identified without evidence of appropriate corrective action.

Hbl is consolidating its supply chain due to multiple acquisitions, and performance on GSS audits plays a key role in this decision making. Along with strategically exiting lower performing suppliers, Hbl has mandated that all strategic facilities must achieve at least an 85% on the GSS audit in 2020. During the HQ assessment in 2019, the FLA verified that the Vice President of Global Sourcing is carrying out this mandate by meeting weekly with the CSR team to discuss factory compliance and consolidation.

### **Supplier Training**

Training suppliers is an essential piece of upholding workplace standards, and Hbl uses a variety of methods to address this need. Because of its complex supply chain, Hbl has programs to train workers and management at both contract and owned facilities. The FLA has reviewed many of these training materials and recognizes Hbl's ability to train tens of thousands of workers on workplace standards as a strength of Hbl's program.





Hbl's CSR Senior Manager for Western Hemisphere training production workers at an owned facility in El Salvador.

Hbl's strategic contract suppliers receive training during annual supplier summits; topics include the Hbl monitoring program, the GSS audit tool, the GSS scorecard, remediation, and other relevant labor topics.

Production staff at owned facilities receive training during Hbl's annual Global Ethics and Compliance (GEC) week. Topics from 2019 included reporting unethical behavior, discrimination, harassment and abuse, respectful communication, and conflicts of interest. In addition to training for production employees, Hbl provides specialized training for facility supervisors and management in its owned facilities. All supervisors and managers

(approximately 8,000 worldwide) are automatically enrolled in an online training program on the Hbl Code of Conduct. Hbl continues to invest in this online program and will use it to track the effectiveness of the training over time. The FLA considers this investment in innovative training systems to be a strength of Hbl's program.

To verify the rigor and effectiveness of Hbl's training program, the FLA observed a GEC training at an owned facility in El Salvador in 2019. A member of the CSR team and the El Salvador code of conduct officer trained approximately 20 production employees on how to respectfully communicate with each other and supervisors. This training was multi-dimensional and included a video that showed the consequences of disrespectful communication. The FLA observed that workers participated actively and were able to report back about the information shared.

### **Ensuring Training Effectiveness**

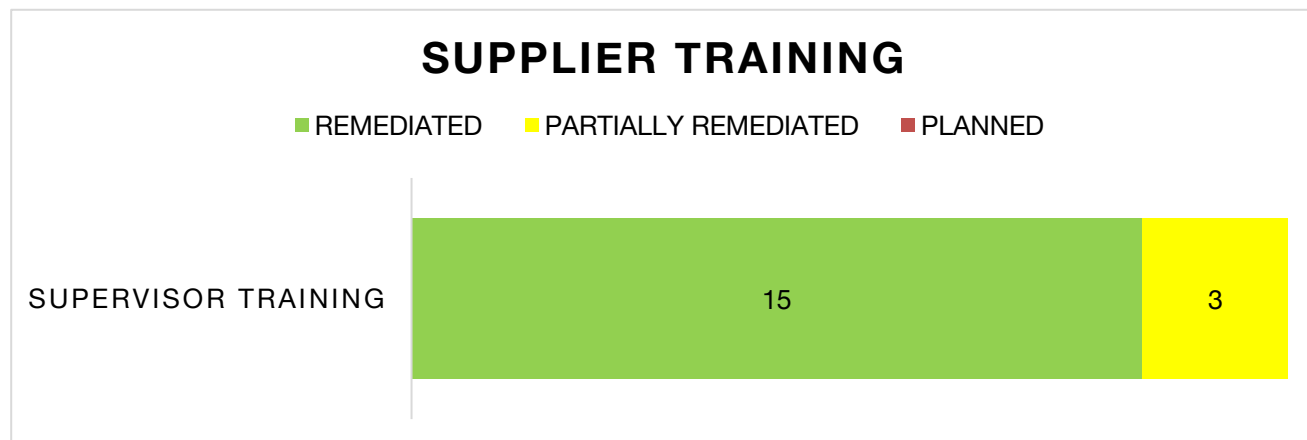
When providing training it is important to make sure that workers are retaining knowledge. Hbl deploys interactive activities, including quizzes, bingo, matching games, and raffles to reinforce key themes of a training. Hbl also regularly updates its training topics after reviewing data such as incident reports, alleged breaches, retaliation and substantiation rates, employee exit interviews, worker surveys, internal audit findings, and grievances. The FLA recognizes Hbl's efforts to constantly ensure training effectiveness and update the training programs as a strength of the program.

### **Access to Workplace Standards in Contract Facilities**

To ensure that all workers have access to the workplace standards contained in the GSS, Hbl's vendor agreement requires all facilities to post the GSS prominently in each facility in workers' local languages. Hbl's auditors must confirm that this requirement is implemented. Hbl's auditors also review documents and conduct interviews to verify that workers, managers, and supervisors understand the workplace standards. The FLA verified these practices during both audit field observations.

The following chart shows 18 violations related to Supervisor Training (ER.17) identified in seven SCI and SCIV assessments in Hbl facilities between 2012-2018. Hbl and its contractors have remediated 15 of these findings and have remediation plans in progress for the remaining three. For example, during a 2015 SCI assessment at a contract facility in China, assessors found that supervisors were not trained on hours of work, termination, industrial relations, or environmental protection. Hbl worked

with the supplier to update the training and communication materials on these topics for all workers and supervisors, and this remediation was verified during an SCIV assessment in 2017.



#### PRINCIPLE 4: FUNCTIONING GRIEVANCE MECHANISMS<sup>6</sup>

Functioning worker-management communication channels are an essential part of ensuring workers' rights. Hbl has implemented a variety of procedures throughout its supply chain to verify that these communication channels exist and are effective.

##### **Functioning Grievance Mechanisms at Contract Facilities**

The Hbl GSS audit tool requires contract facilities to have multiple channels for employees to lodge grievances in a confidential manner, free from retaliation. During the 2019 audit field observation at a contract facility in El Salvador, FLA observers noted that auditors asked workers about the existence of grievance mechanisms, but did not ask workers about whether these mechanisms were useful or functioning. Following the observation, the FLA recommended that Hbl update its monitoring guidelines to include questions about the functioning of grievance mechanisms. The FLA recognizes that Hbl has incorporated these recommendations and communicated them to auditors. The FLA recommends that Hbl continue to ensure auditors are effectively evaluating the functionality of grievance mechanisms through the worker interview process.

##### **Functioning Grievance Mechanisms at Owned Facilities**

Hbl's policies and procedures require each owned facility to have suggestion boxes, open-door policies, worker-management roundtables, and Hbl's corporate hotline posted throughout the facility. Where there is a collective bargaining agreement (CBA) in place, the union may also serve as a grievance mechanism.

Hbl's Global Ethics and Compliance Committee, a corporate-level cross-functional committee composed of members of HR, finance, internal audit, and CSR, meets weekly to review all open grievances, identify root causes, and recommend further training. For example, after observing multi-year spikes in harassment and discrimination complaints, the committee developed more comprehensive worker and supervisor trainings on these issues.

<sup>6</sup> Principle 4: Company Affiliate ensures workers have access to functioning grievance mechanisms, which include multiple reporting channels of which at least one is confidential. To review the benchmark and KPI standards, see Appendix C.

In addition to the Global Ethics and Compliance Committee, there is at least one code of conduct officer in each country where Hbl operates. This person is a resource for employees and ensures that all employees are aware of the Hbl code. All workers have contact information for their code of conduct officer and the corporate level grievance hotline on their employee ID card. Each Hbl facility also implements a variety of worker-management communication channels, including monthly worker/management roundtables. Any concerns expressed during these roundtables are documented and management posts their action plans and progress throughout the facility. This process was observed and verified during the 2019 training field observation at an owned facility in El Salvador, during which interviewed workers expressed their confidence in the roundtables. The FLA recognizes the multiple grievance channels for workers at owned production sites as a strength of the Hbl social compliance and human resources programs.

### **Confidential Reporting Channels to Hbl's Headquarters at Owned and Contract Facilities**

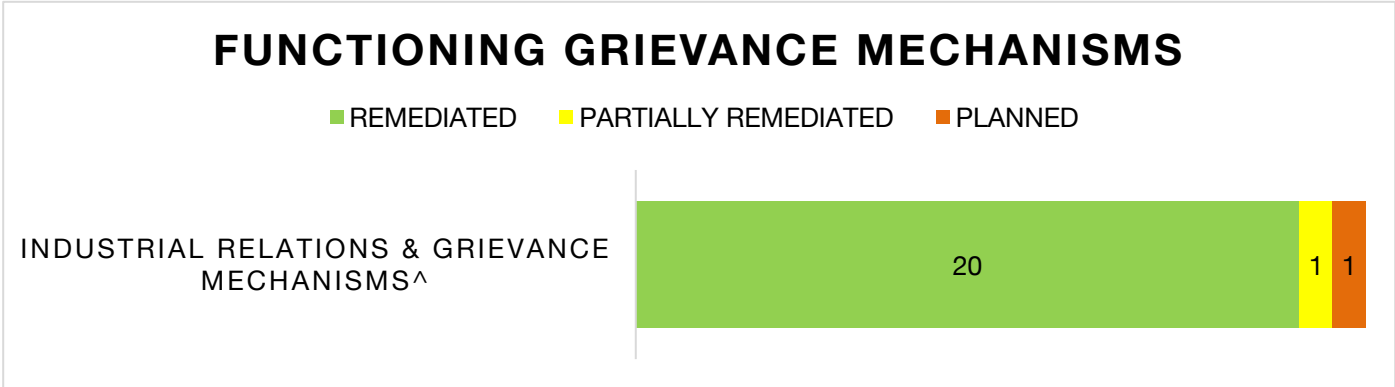
Hbl has a variety of confidential reporting channels to supplement its grievance mechanisms. At owned facilities, employees can lodge a grievance directly with headquarters through email or through Hbl's online system, which is operated by a third party and allows the worker to remain confidential. The worker then receives a report to track the status their grievance. Hbl regularly compares the frequency of grievances against industry averages and uses this information to ensure ongoing functionality and inform future training. The FLA recognizes this confidential reporting channel and Hbl's ongoing evaluation of its process as a strength of the program.

The FLA also requires that workers at contract facilities be able to submit grievances directly to brand headquarters if local mechanisms are not functioning. The FLA verified that Hbl auditors could collect grievances during worker interviews. However, the FLA noted that workers may not feel comfortable sharing grievances during interviews, and recommended that all auditors provide their contact information to workers. Hbl then implemented this recommendation. The FLA recommends that Hbl continue to strengthen workers' access to a confidential reporting channel, especially where local grievance mechanisms are not functioning.

### **FLA Assessment Violations & Remediation Progress**

The FLA uses SCI violations related to Industrial Relations & Grievances Mechanisms (ER.25) as one way to evaluate the implementation of grievance mechanisms. The chart below shows 22 SCI violations related to ER.25 between 2012 and 2018, across ten different facilities. Hbl and its contractors have remediated 20 of these violations and are in the process of remediating one additional violation. The remaining violation took place in a facility in which Hbl is a licensee and does not have access.

During an SCI Assessment in 2014 at an owned facility in Honduras, FLA assessors determined the facility did not have a grievance policy that outlined the facility's principles and rules, integrated worker feedback, and was committed to transparency, confidentiality, and fair treatment. Hbl worked with the facility to develop a grievance system that met these best practice requirements while also ensuring confidentiality and non-retaliation. During an SCI Verification (SCIV) Assessment in 2017, assessors confirmed that employees were aware of the system and used it frequently to report a variety of issues. Assessors also confirmed that the factory had increased the ways in which it promoted participation, including roundtables between workers and management, suggestion boxes, hotlines, and web-based communication systems. The FLA recognizes Hbl's remediation of grievance mechanism violations as a strength of the program.



<sup>^</sup> In these cases, Hbl is a licensee and does not have access to the facility in question.

**PRINCIPLE 5: MONITORING<sup>7</sup>**

**Pre-Sourcing Assessments for Contract and Owned Facilities**

In order to achieve FLA reaccreditation, companies must demonstrate all components of a monitoring program under Principle 5, beginning with the assessment of workplace standards during the pre-sourcing or pre-production phase. Prior to sourcing from a contract facility Hbl conducts a full social compliance assessment and assigns a score. If a facility receives a score below 30% or has zero tolerance issues, the facility is automatically rejected for production. If the facility scores between 30-50, then the CSR team discusses the issues with the planning and sourcing teams and assigns the facility 30, 60, or 90 days to remediate. Facilities that score above 50 are approved for production but are also required to remediate all findings. For facilities from newly acquired companies, Hbl reviews legal compliance prior to production and immediately begins improving facilities to align with Hbl’s workplace standards. The FLA notes that Hbl has a list of prohibited sourcing countries including Cuba, Iran, North Korea, Sudan, Syria, and the Jilin Province in China. Hbl also has a restricted sourcing list which includes Bangladesh, Haiti, Myanmar, and Pakistan; sourcing from these countries requires authorization from the VP of CSR.

**Assessing Facility Conditions**

FLA accreditation requires companies to monitor all facilities to ensure compliance with its workplace standards. Hbl audits its facilities regularly and adjusts audit frequency based on prior audits. Hbl audits the following facilities annually: all finished goods contractors and sub-contractors, licensee’s facilities, facilities in which Hbl or licensed trademarks are applied, and contractors, sub-contractors or Hbl owned facilities that produce goods for a licensor who contractually requires such audits. Owned facilities that score below a 90%, produce for a buyer/licensor that requires an annual audit, and/or pose a major environmental risk (such as textile facilities) also receive annual audits. All remaining owned facilities are audited every two years. Along with the GSS audit, owned facilities receive a Corporate Global Process Sustainability (GPS) audit which includes additional questions on management systems, quality, security, and operational excellence. Although Hbl has worked with some buyers and licensors to accept Hbl audits, Hbl facilities still may also be subject to additional third party audits.

<sup>7</sup> Principle 5: Company affiliate conducts workplace standards compliance monitoring. To review the benchmark and KPI standards, see Appendix C.

The FLA has verified that all of the elements listed in [Principle Benchmark 5.3](#) are included in Hbl's audit tool. The audit methodology and scoring system was designed to ensure consistency in audit standards across different auditors, regions, product types, factory size, etc. The GSS audit tool scores 270 questions across five sections: management practices, health, safety, and social areas, responsible labor, environmental protection, and security. Each question's score has a 0-3 scale (3 is best practice, 2 is acceptable, etc.) and aggregate scores determine the facility's GSS status, as earlier discussed in Principle 3. Additionally, Hbl has a list of zero tolerance issues which, if uncovered, result in a 0 score for the specific question, an automatic 40 point deduction, and automatic inclusion on the Alarm List for CSR and Sourcing. The same consequence occurs if remediation is reported by the facility but cannot be verified by the auditor. Zero tolerance issues are:



Workers at a sewing facility in the Philippines.

- Child Labor
- Forced Labor
- Sexual Harassment/Abuse
- Life threatening safety violations in production buildings or dormitories
- Minimum wage violations
- Unauthorized subcontracting
- Assessment rejection
- Bribery

Hbl uses a combination of internal auditors and third party auditing firms to carry out its monitoring program. Third party firms, including ICG, Elevate, SCSA, and OneStep Vietnam, conduct all initial and annual assessments while members of the Hbl team generally conduct the remediation audits. All Hbl auditors are assessed for appropriate experience, shadowed by Hbl staff, and trained annually on the GSS tool. Although the FLA recognizes that Hbl has a robust on-boarding and training program for third-party auditors, Hbl does not have a policy or procedures to escalate issues related to auditor quality once auditors are approved. The FLA recommends Hbl develop accountability mechanisms to ensure auditors are assessing Hbl's workplace standards consistently throughout its global program.

### **FLA Observations of Hanesbrands Audits & Recommendations**

The FLA observed the implementation of the GSS audit tool at two Hbl contract facilities: one in Vietnam in 2018 and one in El Salvador in 2019. During the first audit field observation in Vietnam, the auditors performed all of the elements listed in Principle Benchmark 5.3, but did not consult with union or worker representative structures. The FLA recommended that Hbl ensure that unions and/or worker representative structures are included during the opening meeting, the interview process, and the closing meeting. The FLA also recommended that worker interviews include both individual and group interviews.

During the second audit field observation in El Salvador, the assessor included all union representatives in the worker interview process and the closing meeting. During the interviews, the



assessor asked questions to determine if union leaders felt they were treated fairly, if they were free from management interference, and if they had a private space to meet. The assessor included violations disclosed in worker interviews as findings in the final audit report; the FLA noted that these findings had not been raised in the previous audit report at this facility. During the closing meeting, the assessor provided the union representatives with a copy of the findings and gave them the opportunity to raise any additional issues.

Despite the improvements noted in the second field observation, the FLA provided further recommendations to Hbl related to the worker interview process and assessor evaluation. During the worker interviews, the assessor did not provide contact information to any of the interviewed workers, did not ask about trainings on workplace standards, and did not outline the non-retaliation policy to all interviewed workers. Given that FLA observers saw gaps in the interview process and gaps in the implementation of the GSS program, the FLA recommended that Hbl update its GSS Employees Interview Guidelines and implement a formal shadow audit process for approved assessors. In order to ensure Hbl continues to uphold the GSS and the validity of its social compliance data, the FLA recommends Hbl make improvements to strengthen its audit quality accountability mechanisms.

### **Hbl's Retrenchment Practices**

The FLA expects companies to have a responsible retrenchment process that ensures workplace standards are upheld during times of worker retrenchment or factory closures. While the FLA was assessing Hbl for reaccreditation in 2019, Hbl announced two facility closures. In both cases Hbl provided the FLA with a clear plan to ensure that all local standards were followed and to support workers in job placement either within Hbl or with other employers. Prior to the closure of a U.S. facility, Hbl announced that employees would be transferred to nearby distribution centers. Hbl also worked with other employers to identify recruitment and hiring opportunities for the retrenched employees. During a facility closure in the Dominican Republic, Hbl worked with other employers in the industrial park and INFOTEP, a government institution, to support workers with employment opportunities. In both closure cases, Hbl followed the local standards in communicating the closure and providing employees with their legally owed benefits.

Following the HQ Assessment in April 2019, FLA recommended that Hbl document its current responsible closure process. In response to this recommendation Hbl updated its policy on "Downsizing/Closure Due to Reduction in Production Volume" to include the practices that Hbl has already been implementing. This policy requires coordination between plant managers and the HR Department, outlines an objective review process to determine employees that are subject to termination due to retrenchment, and outlines a process for supporting worker re-employment. Additionally, Hbl's policy includes a description of additional processes required if there is a union and/or CBA in place.

Hbl has also engaged with the [Worker Rights Consortium](#) (WRC) and the FLA on safeguards to address violations of retrenchment benefits for workers in contract facilities. The FLA verified that Hbl has engaged with civil society to determine the amount paid to workers in contract facilities in Indonesia and Guatemala. In both cases, management or ownership of the facility abandoned its legal responsibility to uphold retrenchment benefits for workers. The FLA recognizes Hbl for its consistency in ensuring that workers receive the proper benefits when factories have closed. The FLA recommends Hbl continue to uphold this strength of their program and engage in further industry collaboration as well as with relevant civil society organizations to adopt best practices in responsible retrenchment. Further information on Hbl's engagement is included under Principle 9 of this report.

**PRINCIPLE 6: COLLECTION & MANAGEMENT OF COMPLIANCE INFORMATION<sup>8</sup>****Hbl's Social Compliance Data Management and Analysis**

The FLA requires that companies maintain a system for collecting and managing social compliance information so that they can take informed and sustainable actions to mitigate and remediate labor violations. Hbl's social compliance information management system tracks all relevant information for every factory and vendor group, including contact information, historic audit data, root causes of noncompliance, previous labor disputes, incidents, accidents, and the presence of union or worker representative structures. Both owned and contract facilities are required to update their information at least twice annually and a member of the CSR team is responsible for ensuring that factory information is up to date. The platform also tracks each facility's audit score, open findings and remediation progress. At the time of this report the platform has been operational for about 18 months and the Hbl team continues to train and integrate other relevant departments, including sourcing, planning, and production.

Hbl has set a company-wide goal that every owned and strategic contract facility will score at least an 85 by 2020 on their annual audit. The CSR Committee regularly reviews data to identify problem areas and, when necessary, recommend the exit from suppliers with consistently poor performance. The FLA reviewed the functionality of the data platform during the HQ Assessment in 2019 and recognizes Hbl's investment in a system that can inform relevant departments and uphold Hbl's GSS. The FLA recommends Hbl continue to explore and expand this functionality in holding staff accountable for responsible sourcing, purchasing, and production practices, further discussed under Principle 8.

**PRINCIPLE 7: TIMELY & PREVENTATIVE REMEDIATION<sup>9</sup>****Tracking Remediation at Owned & Contract Facilities**

The FLA requires that all companies demonstrate timely remediation of workers' rights violations. Following Hbl's regular audit, facilities that score under a 90 are required to submit a corrective and preventative action plan. Facility management and Hbl staff work collaboratively to define timelines for remediation and facilities are required to provide remediation updates until completed. As discussed under Principle 5, interviews with union and/or worker representatives help verify if remediation is completed. The FLA reviewed Hbl's supplier guidelines, remediation plans, tracking and data management system, and remediation audit reports to verify the implementation of the remediation process.

**Root Cause Analysis**

Conducting root cause analysis is a requirement within FLA's remediation guidelines. While Hbl's audit reports include root cause analysis for all violations, the FLA noted that Hbl's guidance does not include clear root cause methodology. Following the HQ Assessment in April 2019, Hbl updated its monitoring and supplier guidelines accordingly. The FLA recommends Hbl continue to ensure that auditors and suppliers understand how to conduct comprehensive root cause analysis. Hbl is also piloting a root cause analysis tool to help facilities improve their audit score. As a best practice, the FLA recommends Hbl continue to use the tool to ensure sustainable remediation action that considers root causes.

<sup>8</sup> Principle 6: Company affiliate collects, manages, and analyzes workplace standards compliance information. To review the benchmark and KPI standards, see Appendix C.

<sup>9</sup> Principle 7: Company Affiliate remediates in a timely and preventative manner. To review the benchmark and KPI standards, see Appendix C.

### **Effective Remediation & Commitment to Responsible Recruitment**

The FLA reviewed Hbl's progress in remediating systemic and persistent labor violations. Informed by Hbl's remediation data, supplier feedback, and its engagement with the FLA and other stakeholders. Hbl strategically identifies priorities areas for remediation efforts and engagement. For example, Hbl is a participant in the FLA/AAFA Apparel and Footwear Industry [Commitment to Responsible Recruitment](#). This commitment calls for apparel and footwear brands and suppliers to create conditions where no worker pays for their job, workers retain control of their travel documents and have full freedom of movement, and workers are informed of basic terms of their employment. As of August 2019, 139 brands and suppliers are signatories of this commitment, making it one of the largest formal commitments in the apparel and footwear industry to improve working conditions. To uphold this commitment, Hbl has created guidance documents for auditors to evaluate risks facing migrant workers, including recruitment fees, document retention, and dormitory conditions. Additionally, Hbl continues to encourage facilities to participate in the FLA's forced labor trainings.



Worker Committees at an owned facility in the Philippines.

### **FLA Factory Assessment Violations & Remediation Progress**

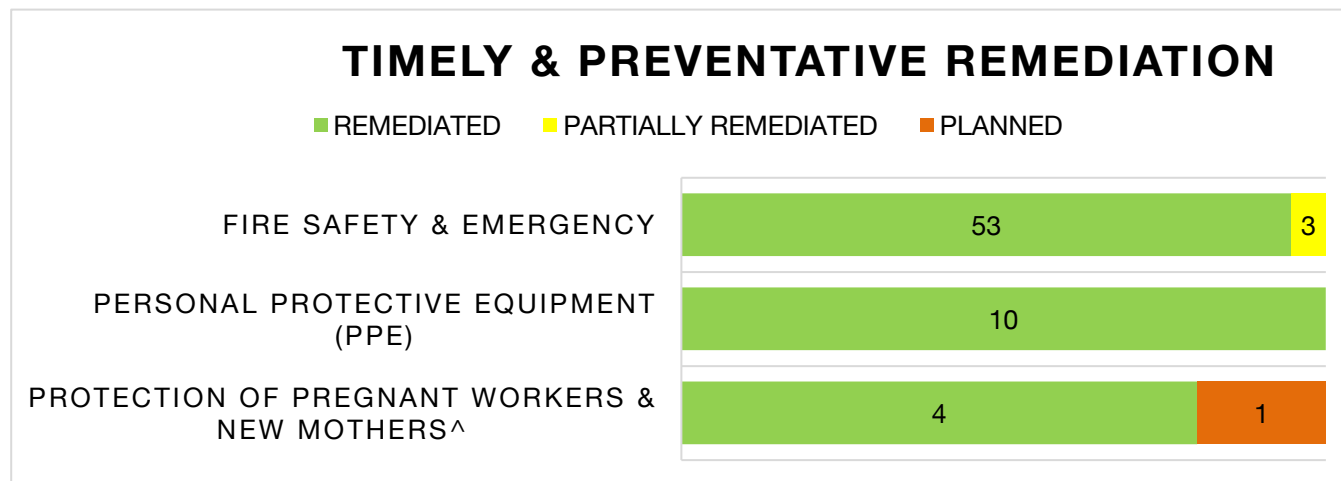
To achieve reaccreditation, companies must show remediation progress of the violations found in the FLA's SCI and SCIV assessments. The chart below shows findings related to Fire Safety & Emergency (HSE.5), Personal Protective Equipment (HSE.7), and Protection of Pregnant Workers and New Mothers (ND.8). This chart demonstrates the progress Hbl has made in 10 facilities that were assessed from 2012 to 2019. A chart of all remediation progress from Hbl's SCI and SCIV Assessments is included in Appendix B.

**Fire Safety & Emergency:** The chart shows 56 violations related to Fire Safety & Emergency (HSE.5). Based on FLA review, 53 of these findings have been completely remediated and the three remaining are in progress. The FLA verified Hbl's progress in improving fire safety conditions with all relevant facilities and worked with management to improve related management systems.

**Personal Protective Equipment (PPE):** Ten violations are shown in the chart specific to PPE (HSE.7). Based on FLA's review, all ten of these findings have been completely remediated. During an SCI assessment at a contract facility in China in 2015, FLA assessors found that workers using the laser cutting machines were not using protective covers when operating the machinery. Additionally, assessors noted that the two electricians in the factory had not been provided with safety helmets and safety belts. Following the assessment, Hbl worked with the factory to provide more comprehensive training on the importance of using protective covers and to ensure that the electricians were provided with the appropriate PPE. During an SCIV at this facility in 2017, FLA assessors found that these findings had been remediated.

**Protection of Pregnant Workers & New Mothers:** Lastly, the chart shows five violations in four facilities related to Protection of Pregnant Workers & New Mothers (ND.8). Based on the FLA's review, four of these findings have been completely remediated. During a 2014 SCI Assessment at an owned facility in Honduras, assessors found that the facility did not have a legally required childcare facility

onsite for children below the age of seven. Following the assessment, Hbl worked with factory management to reach an agreement with a nearby private childcare facility to provide services at a subsidized cost. During the 2017 SCIV Assessment at this same facility, FLA assessors verified that this agreement was in effect and that workers utilized the offsite facility.



<sup>^</sup> In these cases, Hbl is a licensee and does not have access to the facility in question.

## PRINCIPLE 8: RESPONSIBLE PURCHASING AND PRODUCTION PRACTICES<sup>10</sup>

### Hbl's Responsible Sourcing Policy & Procedures

The FLA's accreditation assessment process includes a review of a company's responsible purchasing and production practices. Hbl's Responsible Sourcing Policy is included in Hbl's GSS and outlines the following commitments:

- Work with suppliers on sourcing, planning, and manufacturing capacity practices that support fair treatment of workers;
- Provide suppliers with plans and forecasts on a regular basis so that facilities can plan their capacity accordingly;
- Adjust timelines and delivery dates if excessive hours of work will be necessary to complete the purchase order (PO);
- Define lead time through the time & action calendar to ensure adequate lead time is provided.

Financial terms are defined in Hbl's finished goods agreement, which articulates Hbl's financial responsibility for canceled orders; Hbl is financially responsible for cancellations that were not due to supplier's lack of compliance with the order. Additionally, the agreement defines potential chargebacks to suppliers.

At Hbl's regional office in El Salvador, the FLA ensured that there were documented policies, procedures, and workflows to execute Hbl's Responsible Sourcing Policy. The FLA reviewed supplier PO allocation, demand and capacity planning, deadlines for the time & action calendar, costing, and adherence to working standards, especially in hours of work. Through this review process, the FLA recognized Hbl's best practice of allowing its vendors to calculate their own lead time, choosing between 60, 90, or 120 days.

<sup>10</sup> Principle 8: Company Affiliate aligns sales and planning practices with commitment to workplace standards. To review the benchmark and KPI standards, see Appendix C.

**Training Relevant Staff on Responsible Sourcing Practices**

The FLA requires that all relevant staff be trained on responsible sourcing practices. Hbl completed this requirement in 2019. Hbl’s training includes a review of Hbl’s responsible sourcing policy, sourcing practices, lead times, quality, costing, financial health, and other practices. The training also includes a review of Hbl’s GSS, scorecard, zero tolerance violations, restricted sourcing countries, pre-sourcing and exit processes, remediation, and data management. During the FLA’s HQ assessment and field office visit, Hbl staff demonstrated comprehensive knowledge of sourcing practices and their impacts on facilities, employees, and workers. The FLA recommends Hbl continue to ensure there is refresher training on its responsible sourcing policy and practices on a regular basis.

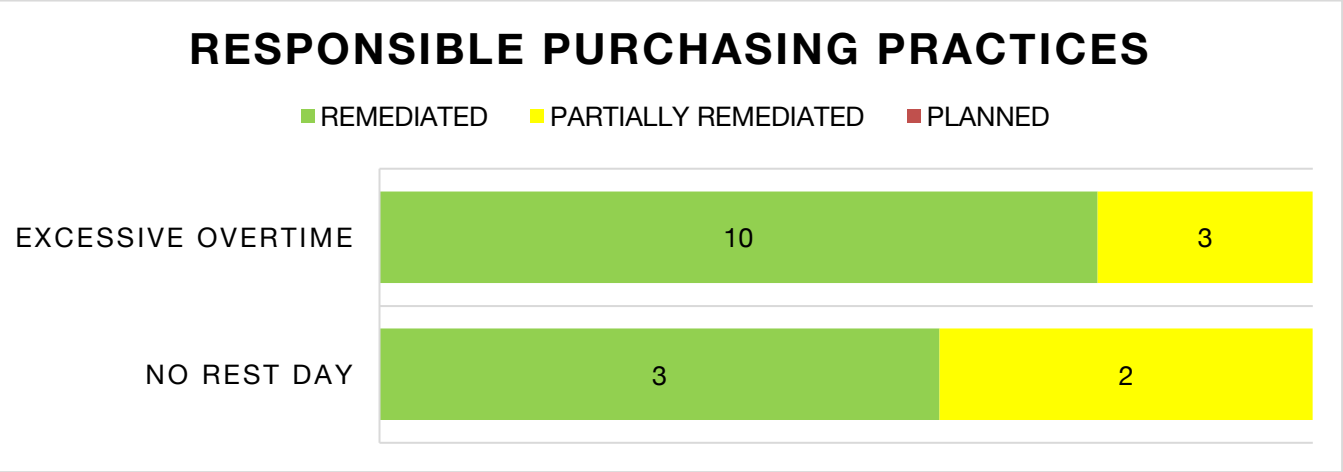
**Holding Relevant Staff Accountable**

To achieve reaccreditation, companies must show that they hold relevant staff accountable for executing the company’s responsible purchasing and production practices. At Hbl, high level purchasing and production decisions are made by the “Where Make” Committee. This committee is made up of relevant staff from each product category, who review upcoming programs and make regional allocation decisions based on capability, capacity, and material origin. Once this committee makes the program allocation decision, Hbl’s regional sourcing staff then decide which facilities will receive the program and specific POs. Hbl’s factory and social compliance data analysis system, discussed in Principle 6, was developed in part to improve this committee’s ability to incorporate social compliance data into their high level sourcing decisions. The FLA recommends Hbl continue to develop and formalize its social compliance data management system and use it to set clear targets for each business unit on improving responsible purchasing and production practices.

**FLA Factory Assessment Violations & Remediation Progress**

When considering responsible purchasing and production, the FLA reviews company’s violations and remediation progress regarding excessive overtime and rest days. This review verifies whether a company’s execution of responsible purchasing and production practices are mitigating and remediating negative impacts to workers.

The below chart shows remediation progress of hours of work violations identified in SCI and SCIV Assessments for Hbl contract and owned facilities from 2012-2018. Hbl has fully remediated about 72% of excessive overtime and no rest day violations. The FLA notes that progress has been made in reducing excessive overtime. For example, in a facility in China the FLA verified through interviews that workers had not worked more than 60 hours per week for the last 12 months. While this still violates China’s local laws on monthly overtime, the FLA recognizes the improvement Hbl and the facility have made to uphold the FLA’s standard on weekly overtime. Additionally, the FLA verified that workers





had received at least one day of rest every week for the last 12 months. The FLA recommends Hbl continue to reduce excessive overtime and ensure workers have at least one day off every seven days.

### **Dialogue with Relevant Staff & Customers on Responsible Sourcing Practices**

A key part of responsible purchasing and production practices is dialogue between a company's internal staff, contract and owned facilities, and any other relevant agents or intermediaries. Hbl demonstrated that weekly and daily dialogue happens between the Sourcing, Operations, Planning, and CSR Departments, and between relevant staff at its headquarters, field offices, owned facilities, and contract facilities. Hbl's CSR Department is included in Hbl's weekly supply chain meeting, which reviews the status of suppliers and identifies any fluctuations in business that could impact workers. Hbl's production teams also have bi-monthly meetings to review time & action calendars; these meetings often involve decisions on whether to adjust delivery dates to help mitigate excessive overtime.

To support facilities with capacity planning, Hbl communicates production plans to its strategic suppliers and owned facilities 13 weeks prior to PO placement. The forecasts are updated on a monthly basis, allowing Hbl to work with facilities to accommodate any capacity issues or material delays. In an interview with the FLA, the general manager of a contract facility in El Salvador verified this process and shared that in cases where an extension was not provided, Hbl paid for the resulting overtime premium. The manager also disclosed that they had never experienced financial penalties or chargebacks from Hbl. Overall, the FLA observed a strong relationship between this facility and Hbl.

The FLA reviews company's costing practices to ensure factories are supported in meeting wage obligations. Hbl uses standardized minute calculations to determine the costs of products produced at its owned facilities. However, this standardized minute costing data is not available in all contract facilities. Hbl reports that contract facilities are transparent regarding material costs, but generally, do not share information about their overhead costs. Where a price quote is too low or too high, Hbl works with the supplier to understand the discrepancy, identify alternatives, and come to agreement.

### **Fair Compensation & FLA Factory Assessment and Remediation Progress**

In 2018, Hbl aligned its compensation standard with the FLA's Code of Conduct. Hbl's standard now includes acknowledgement of a worker's right to fair compensation and a commitment to progressive realization of wages that meet basic needs and provide some discretionary income. Hbl's GSS commits to working with suppliers to meet this goal. In 2019, Hbl began development of its fair compensation strategy to uphold this commitment, this plan outlines that Hbl will continue to implement the following:

- Engagement with its facility management and unions to ensure full compliance with negotiated CBAs;
- Continue to expand data collection pilots on compensation and household expenditures; and
- Continue to use the FLA's wage data compensation tools to measure progress.

In verifying this commitment, the FLA reviewed the CBAs at owned facilities in Central America, interviewed facility management in Asia and Central America on their engagement with unions, CBA negotiations, and executing the standards in negotiated CBAs. Additionally, Hbl's monitoring program described under Principle 5 ensures compliance with all CBA standards at the relevant owned and contract facilities. To understand Hbl's own data collection methodology, which they use in conjunction with the FLA's, the FLA interviewed researchers from Winston-Salem who led the development and execution of Hbl's pilots on worker compensation and household expenditures. The researchers used methods of data collection, interviews, and observations to understand how workers use the money earned on basic needs and discretionary income. The FLA continues to provide

feedback to Hbl on its strategy and encourages Hbl continue to execute this plan while further developing the strategy to address areas on setting goals, measuring progress, contract facility engagement, and reporting publicly and to top management.

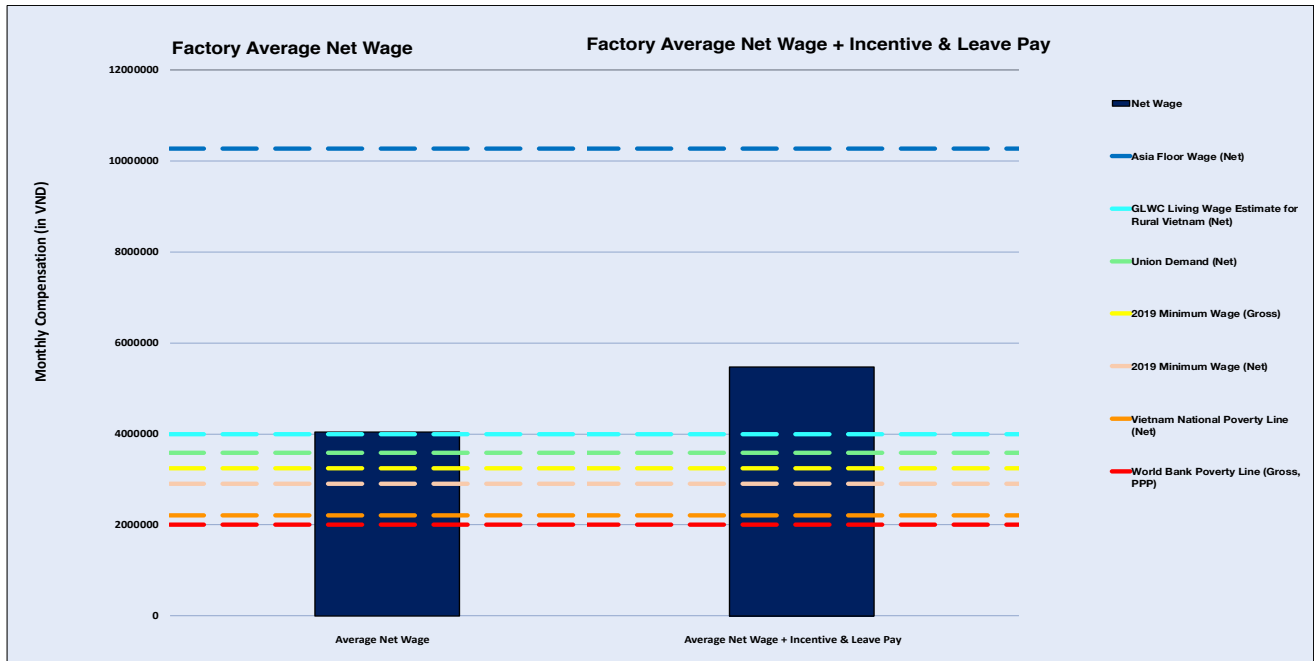
Hbl used the FLA's wage data toolkit to benchmark its progress towards fair compensation in owned facilities in the Dominican Republic, El Salvador, Honduras, and Vietnam, as well as in a contract facility in Jordan. In the Dominican Republic, Hbl's wage data analysis shows that workers earn above the legal minimum wage (15,447.60 DOP) and the Global Living Wage Coalition's (GLWC) Living Wage Estimate (15,868.50 DOP). Hbl also verified that due to this facility's steady orders of t-shirts, workers do not regularly work overtime at this facility.

The FLA reviewed wage data collected during SCI and SCIV assessments at one of Hbl's owned facilities in a rural area of Vietnam. In the SCIV conducted in 2019, assessors determined that the issues found in the original assessment related to the performance appraisal and corresponding wage level upgrading system are still under review and remediation. The FLA verified that Hbl had developed a wage scale and wage policy and had implemented training and performance assessments for non-production workers (office staff). For production staff, Hbl stated that incentive pay provides a wage scale that allows for workers to enhance their wage levels based on skill and seniority. While the FLA recognizes that this incentive pay structure brings worker wages above the GLWC estimate for rural Vietnam, the FLA recommends Hbl continue to work with the Vietnamese Ministry of Labor to carefully evaluate whether the incentive pay structure is fully meeting legal requirements. As part of the SCI process, the FLA requires Hbl to provide a CAP and regular remediation updates to address all supported findings.

To better understand the incentive pay system, below are Hbl's wage ladders from this facility; the bar on the left shows the facility's average net wage and the bar on the right shows the facility's net wage with incentive and leave pay<sup>11</sup>. The FLA notes that according to the GLWC methodology, incentive pay should only be included when it can be earned by every worker within a regular work week. Hbl has confirmed to the FLA that this is the case in this instance. With incentive pay, the facility's average net wage is about 1.5 million VND over the GLWC's net Living Estimate for rural Vietnam (about 3.9 million VND).

---

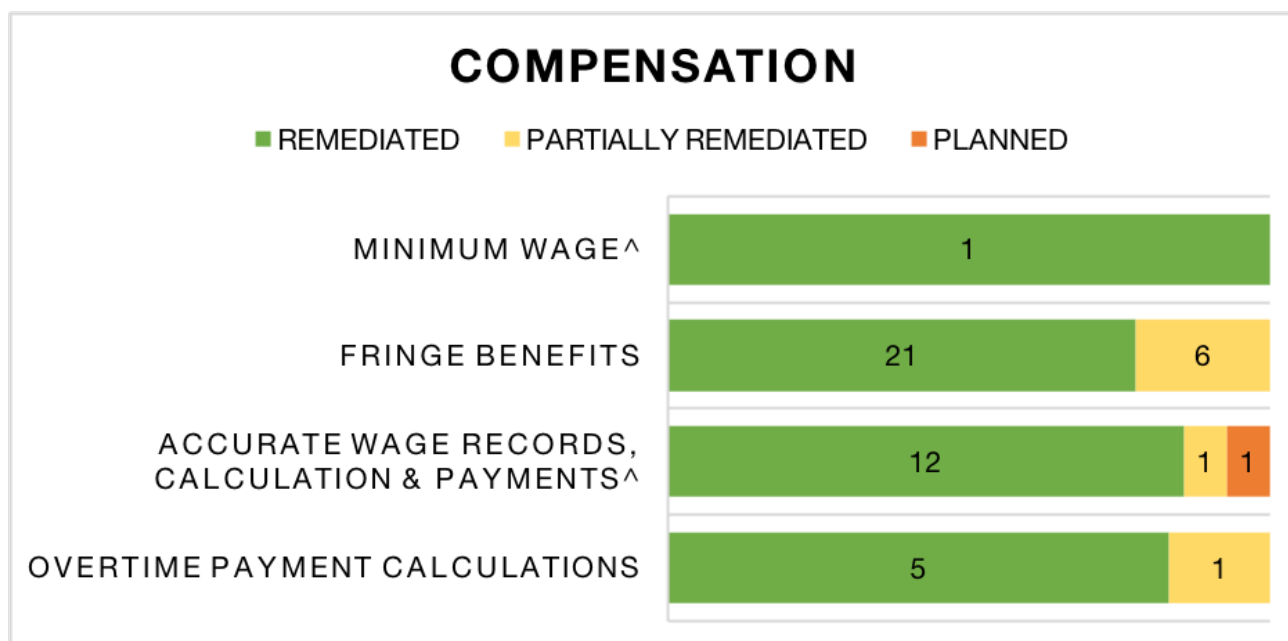
<sup>11</sup> Incentive and leave pay can only be included in workers' net wage when the company verifies all workers are able to earn this pay in the regular work week.



Left: Average net wage at Hbl’s owned facility in rural Vietnam. Right: Average net wage plus incentive and leave pay are included. Hbl confirmed that workers earn incentive and leave pay during the regular work week.

Hbl’s wage data from a facility in Jordan illustrates some progress in increasing gross wages while decreasing overtime. Hbl identified violations of excessive overtime and, in response, worked with the supplier to improve its efficiency and incentive pay system. Specifically, the incentive pay structure was adjusted so that all workers could achieve production bonuses within the regular workday and/or with only two additional hours of overtime. Hbl assessed the facility annually from 2015-2019. The FLA reviewed the corrective action plans from each year and verified that while some overtime violations persist, the frequency of weekly overtime and rest day violations have decreased since 2017. The FLA also reviewed the wage data analysis from 2015 and 2019 and verified that workers’ gross wage has not dramatically decreased despite a decrease in working hours, and that with incentive pay, the amount workers earn during a regular work week has increased.

Lastly, Hbl continues to engage with stakeholders on their work on living wages. Hbl was reviewed by ASN Bank for their report [“Living Wage in the Garment Sector: Results of the 2019 Reviews.”](#) The report lists Hbl in the “developing” category for their work on fair compensation, meaning that Hbl has started its work on fair compensation and living wages. FLA encourages Hbl continue to engage with relevant stakeholders to share learnings on fair compensation and continue to ensure progress towards living wages.



^ In these cases, Hbl is a licensee and does not have access to the facility in question.

The above chart shows the number of compensation violations found during Hbl's SCI and SCIV Assessments from 2012-2018. The FLA reviewed the remediation updates provided by Hbl and verified that 81% of compensation violations have been remediated. The FLA notes that one legal wage violation occurred in a facility where Hbl did not have direct access due to its agreement with its licensor. The licensor, an accredited FLA Participating Company, ensured that remediation of the minimum wage violation was completed and that updates were provided to the FLA.

Hbl continues to work with its suppliers to remediate fringe benefits violations, especially in China, to ensure that workers receive benefits in accordance with their actual wage rather than the minimum wage. Following SCI and SCIV Assessments in 2015 and 2017 at a contract facility in China, Hbl reported in 2018 that the facility had started to pay the contribution base for social insurance based on the legal requirements and workers' actual wages. Hbl also reported that they continue to provide training to workers to ensure they understand the benefits. The FLA recommends Hbl continue to work with owned and contract facilities to remediate all compensation violations.

#### **Evaluating & Incentivizing Owned and Contract Facilities to Improve Conditions for Workers**

As discussed in Principles 3 and 6, Hbl has implemented an evaluation and scoring system based on social compliance performance for all facilities. In addition to the system described earlier in this report, Hbl is working to develop a comprehensive vendor scorecard to include performance on other sourcing aspects, such as quality, customer service, on-time delivery, efficiency, etc.

Hbl incentivizes responsible production practices through a variety of programs. For owned facilities, workplace standards and remediation are included in performance reviews and bonus determinations of relevant facility management staff. Additionally, Hbl supports contract facilities by offering financial incentives such as loans for machinery or micro-financing. At the audit field observation in El Salvador, the FLA verified that the facility had received equipment from Hbl to automate pocket application on t-shirts. This machinery improved the facility's efficiency, allowed the transfer of some workers to different lines, and allowed the factory to produce more complicated goods.

To improve their implementation of responsible purchasing and production practices, the FLA recommends Hbl develop its comprehensive vendor scorecard and ensure suppliers have access to Hbl's incentives, when eligible.

## PRINCIPLE 9: CONSULTING WITH CIVIL SOCIETY<sup>12</sup>

### **Civil Society Engagement Strategy**

The FLA requires that all companies engage with civil society to address labor violations and workers' well-being, beginning with a documented strategy and mapping. Hbl finalized its Civil Society Organizations (CSO) Engagement strategy in 2019 and is implementing that strategy throughout its supply chain, especially in the Americas. This strategy includes a risk mapping for each production and sourcing country based on audit scores, production volume, country reports from external experts, and global compliance indicators. To better understand labor issues at the local level, the FLA verified that Hbl includes a check on engagement with civil society in their audit process for GFSI collegiate facilities. The FLA recommends Hbl continue to pilot this process with its other brands.

Along with proactive CSO engagement, the CSO engagement strategy outlines how Hbl responds to inquiries and campaigns from CSOs. This strategy outlines the involvement of senior leadership from multiple departments. It also describes Hbl's process for conducting an investigation, keeping all relevant parties informed, and creating a final report. Finally, the engagement strategy includes a brief section on special projects and includes a list of CSOs and Multi-Stakeholder Initiatives (MSIs) with which Hbl routinely works, including the Worker Rights Consortium (WRC), the Americas Group, and the Maquiladora Solidarity Network.

While the FLA recognizes Hbl's comprehensive CSO engagement strategy, the FLA recommends that Hbl continue to strengthen and implement its strategy and mapping, and continue to evaluate and improve this strategy as Hbl's supply chain evolves.

### **Civil Society Engagement**

To achieve reaccreditation, companies must show how they have significantly engaged with civil society organizations, unions, and other worker well-being organizations. Since its accreditation in 2010, Hbl has continued to engage with CSOs, nonprofits, foundations, and other organizations on local labor issues.

**Americas Group:** Hbl is a member of this multi-stakeholder organization of brands and civil society organizations that work together on systemic labor issues in Mexico, Central America, and South America. The FLA actively participates with the Americas Group and verified Hbl's engagement and participation with the Central America Committee. Hbl participates in the committee's initiatives on occupational health and safety, childcare legislation, and sexual harassment and abuse.

Additionally, where violations require further engagement for remediation, Hbl has worked with the Americas Group to support the facility in remediation and training. Hbl engaged with the Americas Group's Health and Safety Seminar that included an emphasis on Safety Committee Management. Hbl first piloted the training in El Salvador with representatives from national and local unions observing. Hbl eventually expanded the training and conducted training sessions in nine facilities in the Dominican Republic, Honduras, and Guatemala.

<sup>12</sup> Principle 9: Company affiliate identifies, researches and engages with relevant labor non-governmental organizations, trade unions and other civil society institutions. To review the benchmark and KPI standards, see Appendix C.



**Freedom of Association Pilots in China and Central America:** Knights Apparel, a subsidiary of Hbl, worked with a Verité and a University FLA member at two different Chinese suppliers to create a worker feedback participation committee and a worker participation management committee. Following this pilot program, the University FLA member approved these two facilities for collegiate production. After the China pilot program, the University FLA member piloted a similar program at two facilities in Central America (El Salvador and Guatemala) for Gear for Sports, another Hbl subsidiary, to compare the results to the Chinese facilities.

**Better Work in Haiti:** Hbl regularly engages with Better Work Haiti on remediation efforts and training on HR management systems at its contract facilities.

**Vietnam:** Hbl regularly works with local service providers to offer workers at Hbl's owned facilities with a variety of trainings and services designed to improve their health and well-being. Examples include working with [Marie Stopes International Vietnam](#) to deliver trainings on reproductive health and other local organizations on driver safety and vehicle maintenance trainings. Additionally, Hbl provides a transportation subsidy to all workers.

**Accord on Fire and Building Safety in Bangladesh:** Knights Apparel, which had achieved FLA accreditation prior to being acquired by Hbl, was a signatory to the 2013 [Accord on Fire and Building Safety in Bangladesh](#).

**Education & Worker Empowerment in El Salvador:** Hbl works with [Glasswing](#), a nonprofit focused on improving education systems in Central America and other developing countries. Glasswing has implemented an extracurriculars program for children at a school near Hbl's field office in El Salvador. Hbl pays employees to be mentors at the school for two hours per day. This program supports the local community, addresses education challenges that have contributed to the migration crisis in El Salvador, and empowers Hbl employees to be role models for children. FLA staff visited the school and interviewed Glasswing on their work with Hbl; Glasswing expressed the importance of early education and their appreciation of Hbl's role in ensuring children have adult role models. While not specifically related to civil society engagement on labor rights issues, the FLA recognizes this engagement as part of a larger strategy of engaging with and developing stronger ties with the broader community.

#### **Unions & Worker Representative Structures and FLA Safeguards**

Many Hbl owned and contract facilities around the world have unions, and Hbl regularly engages with unions on freedom of association, collective bargaining, grievances, and worker well-being. Hbl's owned facilities in Vietnam, Thailand, Philippines, Mexico, El Salvador, the Dominican Republic, and Honduras have operating unions or sectionals. One owned facility in Honduras, one owned facility in the Dominican Republic, and all owned facilities in Mexico have collective bargaining agreements in place. Through conversations with the Director of Global Labor and NGO Relations and with the HR VP for Central America and the Caribbean, the FLA verified that Hbl has a step by step process for handling CBA negotiations that takes into account union demands, local laws and regulations, and international standards. Although none of the owned facilities in Southeast Asia have CBAs, the FLA interviewed the Director, HR Supply Chain, Asia and confirmed that Hbl is aware of unions and worker representative structures in those locations and regularly interacts with them. For example, Hbl worked with the local union at an owned facility in Vietnam to provide workers with a fuel and transportation subsidy.

The FLA verified Hbl's comprehensive union engagement during the audit field observation at a contract facility in El Salvador in 2019. Three separate unions actively operate in this facility, which has

been the subject of two separate FLA safeguard investigations<sup>13</sup>. Over the past decade, there have been numerous conflicts between management and the unions related to freedom of association, incorrect payments of overtime and benefits, verbal abuse, and inappropriate body searches. In response to these conflicts, Hbl worked with the factory, the unions, the FLA, and the WRC to establish a remediation plan which included creating regular dialogue mechanisms between the facility management and the unions. After the conflicts between the unions and management led to violence in 2013, Hbl, the WRC, factory management, and the union agreed to appoint a mediator to foster monthly meetings between management and union and to train workers, supervisors, and managers on freedom of association. Results from all meetings are reported to Hbl and the WRC. Since 2013, these meetings have taken place almost every month. Although issues still persist and there has been a change in mediator, the meetings continue and Hbl and the WRC continue to monitor the situation. During the audit field observation, FLA observers interviewed union representatives and the mediator and verified that union representatives have direct access to the mediator to discuss any issues. After the audit field observation, the FLA had a call with the WRC and verified that these mediation sessions continue to take place and that Hanes has played an active role in facilitating these sessions. Given that this facility is a contract facility for Hbl, the FLA recognizes Hbl's engagement in this situation as a strength of the program.

### **Freedom of Association Violations & Remediation Progress**

To verify Hbl's commitment to freedom of association, the FLA reviewed the violations that impact union organizing (FOA.10) and union operations (FOA.11). The FLA notes that only two violations were identified in SCI and SCIVs from 2012-2018, both coming from the same assessment at contract facility in Bangladesh. These findings are related to the fact that it is legally required for factories in export processing zones (EPZs) to have worker participation committees that are composed of both workers and management. These joint committees restrict the rights of workers to freely associate and for worker committees to form and operate independent of management. The FLA recognizes that its standards on freedom of association contradict with the laws in the EPZs which could impede the remediation process. The FLA recommends Hbl continue to monitor the situation in Bangladesh and support in leading efforts to advocate for better worker representation and freedom of association rights in Bangladesh.

## **CONSULTATION WITH CIVIL SOCIETY**

■ REMEDIATED ■ PARTIALLY REMEDIATED ■ PLANNED



\* This assessment took place in an Export Processing Zone in Bangladesh, where there are legal restrictions on union operations and freedom of association.

<sup>13</sup> For a summary of all safeguards on Hbl since 2012, see Appendix D.

## PRINCIPLE 10: VERIFICATION REQUIREMENTS<sup>14</sup>

### **Administrative FLA Requirements**

Hbl has a procedure to ensure compliance with the FLA's dues, factory list, accreditation, and factory assessment obligations. Through the many acquisitions of brands and facilities, FLA and Hbl have worked to ensure there is an accurate factory list provided to the FLA; the FLA recommends Hbl continue to ensure all applicable facilities are provided to the FLA on an annual basis. Hbl has regularly participated in FLA factory assessments and has submitted corrective action plans and remediation updates. The FLA verified Hanesbrands completed all administrative requirements toward reaccreditation: Hbl has paid all annual dues, submitted all annual self-assessments, received FLA factory assessments, and submitted remediation updates in a timely manner. Hbl's Director of Global Labor & NGO Relations was a member of the FLA's Board of Directors and Executive Committee from 2011 to 2018; and its VP of CSR was a member of the Transparency Working Group in 2018, which provided the proposal for the FLA to adopt public factory list transparency standards in 2019. In addition to Hbl's Board and working group participation, Hbl's Director of Corporate Responsibility and CSR Manager, Stakeholder and Customer regularly attend and participate in the FLA's Board meetings.

---

<sup>14</sup> Principle 10: Company affiliate meets FLA verification and program requirements. To review the benchmark and KPI standards, see Appendix C.

## SECTION 4: RECOMMENDATION TO THE FLA BOARD OF DIRECTORS

The FLA has provided a comprehensive review of the Hbl's social compliance program, highlighting where the FLA's principles have been fully implemented and where there are further areas for improvement. No labor compliance program is perfect, though the FLA expects accredited companies to commit to continuous improvement. FLA recommendations to the board for accreditation signify that the company has aligned its social compliance program with FLA standards and benchmarks, as specified in the Fair Labor Principles of Responsible Sourcing and/or Production. The FLA recommends Hbl for reaccreditation because it has substantially met the requirements of the FLA's program, and has also shown that it is committed to addressing any gaps through continuous improvement.

The assessment of Hbl's social compliance program identified strong elements and areas for improvement.

### **Strengths:**

- Senior management actively participates in the CSR Committee and has improved publicly reporting by disclosing owned and strategic contract facilities;
- Robust training programs on the Hbl Code of Conduct and workplace standards for all Hbl production managers, supervisors, and employees;
- Multiple and comprehensive channels for workers at owned production facilities to raise grievances, including confidential channels and roundtables with management;
- The social compliance data platform and audit tool support data analysis on facility performance on workplace standards and identify strong performers and risk areas; and
- Engagement with civil society organizations and unions in Central America

### **Recommendations for improvement:**

- Ensure third party auditors are held accountable for assessing Hbl's workplace standards and providing contact information to workers during the interview process;
- Continue to remediate labor violations;
- Further develop its strategy and program to progressively realize fair compensation for workers.
- Increase engagement with civil society organizations in all production and sourcing regions, especially in Asia.

Throughout this report and the re/accreditation process, where needed, FLA staff provided programmatic recommendations to improve the Hanesbrands social compliance program. The FLA will continue to ensure improvements to the social compliance program are integrated through Hanesbrands' reaccreditation.

## **APPENDIX A: THE HBI GLOBAL STANDARDS FOR SUPPLIERS (CODE OF CONDUCT)**

### **INTRODUCTION**

Hanesbrands Inc. (HBI) believes in doing business with those suppliers, manufacturers, contractors, joint venture partners, agents, distributors, and consultants (referred to in these guidelines as Suppliers) who embrace and demonstrate high standards of ethical business behavior.

Our Global Standards for Suppliers (GSS) require our Suppliers to conduct themselves with honesty and integrity and to comply with all laws and regulations that govern their activities. When differences arise between our standards and the law, Suppliers must apply the highest standard.

### **GLOBAL STANDARDS FOR SUPPLIERS**

#### **Employment Practices**

Hanesbrands has a strong commitment to treating employees fairly and with dignity and respect. We believe in doing business with Suppliers who share this commitment. We require Suppliers to comply with all applicable laws and regulations and to support fundamental human rights for all people.

#### **Child Labor**

Suppliers will not employ individuals in violation of the local mandatory school age or under the legal employment age in the country where they operate. Moreover, in no case will Suppliers employ workers under age 15, except for child actors and models employed in advertising or media who are protected by applicable child labor requirements.

#### **Compensation**

Suppliers will comply with applicable compensation laws and regulations, including those relating to minimum wages, overtime premiums, allowances and benefits. Suppliers shall pay at least the legally required compensation or the prevailing industry compensation, whichever is higher.

Hanesbrands recognizes that everyone who works has the right to fair compensation. Hanesbrands further recognizes that total compensation (wages, plus bonuses and in-kind benefits, excluding overtime) should enable workers to meet basic needs and have some discretionary income. We encourage suppliers to provide such level of fair compensation. Where this goal is not met, suppliers shall work with us to take appropriate actions that seek to progressively realize a level of compensation that does.

#### **Nondiscrimination**

Suppliers will not discriminate in hiring, compensation, advancement, discipline, termination or retirement, based on a person's race, color, gender, national origin (or ethnicity), age, religion, disability, sexual orientation, gender identity, veteran status, marital status and any other protected characteristics or beliefs.

Hanesbrands will favor those Suppliers who provide equal opportunity to all.

#### **Forced Labor**

Suppliers will not use forced or involuntary labor whether bonded, prison or indentured, including debt servitude.

#### **Freedom of Association and Collective Bargaining**

Suppliers will recognize and respect the right of employees to exercise their right of freedom association. Similarly, Suppliers will recognize and respect the rights of their employees to choose



or not choose collective bargaining.

### **Safety and Health**

Suppliers will operate a safe and healthy work environment for their employees. Suppliers must be committed to eliminating unsafe acts and conditions, thereby preventing harm to their workers, customers and the general public.

Where applicable, this also applies to housing and eating facilities.

### **Workplace Harassment or Abuse**

Suppliers will not subject employees to physical, verbal, sexual, or psychological harassment, nor use corporal or physical punishment to discipline employees.

### **Working Hours**

Suppliers will comply with all applicable laws and regulations regarding working hours. Other than in exceptional circumstances, workers must not work over the legal limits or over 48 regular hours plus 12 overtime hours per week whichever is lower.

Suppliers must allow workers at least 24 consecutive hours of rest following 6 consecutive working days.

Overtime shall not be requested on a regular basis and is voluntary.

### **Environment**

Hanesbrands believes in doing business with Suppliers who share the company's commitment to protecting the quality of the environment around the world through sound environmental management. Suppliers will comply with all applicable environmental laws and regulations and will promptly develop and implement plans or programs to correct any non-compliant practices.

Suppliers shall seek to reduce waste and adopt responsible measures to minimize and mitigate the environmental impact of their operations.

### **Accuracy of Business Records**

Suppliers will record and report information accurately and honestly. Suppliers will not hide, fail to record, or make false entries. All financial books, records and accounts must accurately reflect transactions, payments and events, and conform both to generally accepted accounting principles and good internal controls. Similarly, all operational records must be accurate, filed in a timely fashion and conform to Hanesbrands' operating requirements.

### **Anti-corruption**

Hanesbrands strictly abides by all applicable laws, including the Foreign Corrupt Practices Act and U.K. Bribery Act, and requires Suppliers to do the same.

Suppliers will not pay bribes or engage in corrupt practices in order to advance Hanesbrands' business interests. This includes, directly or indirectly, offering, promising to pay or authorizing the payment of money or anything of value to local government officials, political parties, candidates for political office or private individuals for the purpose of influencing the acts or decisions of government officials or other individuals.

### **Confidential Information**

Suppliers will safeguard Hanesbrands' confidential information by keeping it secure, limiting access to those who have a need to know in order to do their job, and avoiding discussion of confidential information in public areas, for example on planes, in elevators and on mobile phones.

Confidential information includes facts, data and knowledge that are not generally disclosed and provide Hanesbrands a competitive advantage such as trade secrets, sales and profit figures, new product or marketing plans, research and development ideas or information, manufacturing processes, personnel information, and information about potential acquisitions, divestitures and investments. The obligation to preserve Hanesbrands' confidential information is ongoing, even after the business relationship ends.

Hanesbrands will appropriately respect and safeguard the confidential information of our Suppliers.

### **Fair Competition and Antitrust**

Hanesbrands believes in free and open competition and fully complies with antitrust laws in the United States, competition laws of the European Union, and similar laws in the many other countries where Hanesbrands conducts business.

Suppliers will comply with all applicable laws and regulations regarding fair competition and antitrust.

### **Conflicts of Interest**

Hanesbrands expects business decisions to be made in the best interest of the company. Any situation that creates or appears to create a conflict between personal interests and the interests of Hanesbrands must be avoided.

A conflict of interest may arise when doing business with an organization that employs or is partially or fully owned by a Hanesbrands employee or an employee's family members or close personal friends.

Suppliers must disclose actual or potential conflicts of interest to Hanesbrands management.

### **Gifts, Favors and Entertainment**

Gifts, favors and entertainment are not needed in order to conduct business with Hanesbrands and may lead or appear to lead to a conflict of interest. Suppliers should be aware of and respect these guidelines. In many industries and countries, gifts and entertainment are used to strengthen business relationships. Throughout the world, one principle is common and clear: no gift, favor or entertainment should be provided or accepted if it will obligate or appear to obligate the recipient. Gifts or entertainment may be provided if they are reasonable complements to business relationships, or of modest value, and, in any event, not against the law or the policies of Hanesbrands.

The following situations are always inappropriate and are expressly prohibited:

- Hanesbrands employees requesting or soliciting personal gifts, favors, entertainment, or services.
- Hanesbrands employees exploiting their position to solicit vendors, including financial institutions, to provide individual preferential treatment in pricing, terms or loans.
- Bribes or kickbacks.
- The giving or receiving of cash or cash equivalents.
- Lavish or excessive gifts and entertainment.
- Entertainment at clubs or organizations that discriminate on the basis of race, color, gender, national origin, religion, or sexual orientation.
- Entertainment that places the Hanesbrands employee or the business associate at a risk of physical harm.

### **Other Legal Requirements**

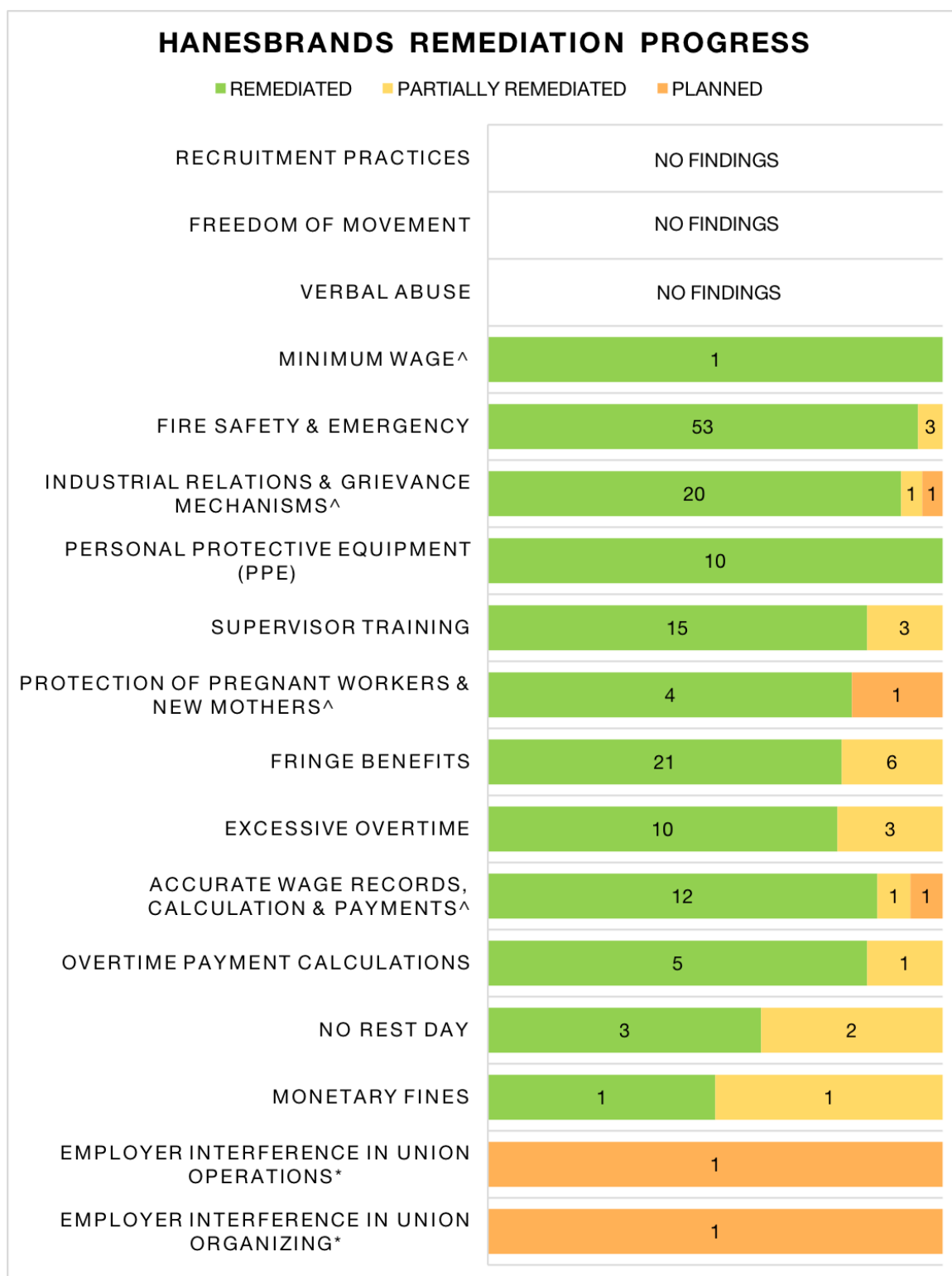
Suppliers will comply with all applicable laws and regulations. In these Standards, "applicable laws and regulations" include, but are not limited to, local and national codes, rules and regulations, as well as applicable treaties.

### **Monitoring and Compliance**

Suppliers will notify Hanesbrands immediately if they become aware of any non-compliance of their company or of any of their Suppliers with these Standards. Suppliers will take immediate actions, as necessary, to remedy any non-compliance.

Suppliers understand that Hanesbrands engages in various monitoring activities to confirm compliance with these Standards, including but not limited to conducting its own or independent third-party site inspections and assessments of Suppliers on unannounced basis.

## APPENDIX B: Hbl's REMEDIATION PROGRESS CHART



\* This assessment took place in an Export Processing Zone in Bangladesh, where there are legal restrictions on union operations and freedom of association.

<sup>^</sup> In these cases, Hbl is a licensee and does not have access to the facility in question.

## APPENDIX C: PRINCIPLES OF FAIR LABOR RESPONSIBLE PRODUCTION & SOURCING

PRINCIPLES & BENCHMARKS		
	PRODUCTION	SOURCING
<b>WORKPLACE STANDARDS</b>	<b>Establishes and commits to clear standards.</b>	
	Establishes and articulates clear, written workplace standards that meet or exceed those embodied in the FLA Workplace Code of Conduct.	
	Leadership formally commits to uphold workplace standards and to integrate them into company business practices.	
<b>RESPONSIBILITY &amp; HEAD OFFICE/REGIONAL TRAINING</b>	<b>Identifies and trains specific staff responsible for implementing workplace standards and provides training to all head office staff.</b>	<b>Identifies and trains specific staff responsible for implementing workplace standards and provides training to all head office and regional staff.</b>
	Identifies the person(s) responsible for administering and implementing its workplace standards compliance program.	
	Trains the person(s)/team(s) responsible for administering and implementing its workplace standards compliance program.	
	Ensures that training is provided to all head office staff on the company's commitment to workplace standards and the integration of standards into business practices. Training occurs at onboarding and refresher training is conducted annually.	Ensures that training is provided to all head office and regional staff on the company's commitment to workplace standards and the integration of standards into business practices. Training occurs at onboarding and refresher training is conducted annually.
<b>STAFF TRAINING</b>	<b>Production Staff Training: Company Affiliate trains all management staff and employees at owned production sites on workplace standards and tracks effectiveness of training.</b>	<b>Supplier Training: Company Affiliate obtains commitment and trains relevant supplier management on workplace standards and tracks effectiveness of supplier workforce training.</b>
	Ensures that workplace standards are accessible to workers, managers and supervisors in written form and relevant languages.	Formally conveys workplace standards to suppliers and receives written acknowledgment of standards and commitment to uphold them.
	Ensures that workers, managers and supervisors are trained on workplace standards at regular intervals to take account of labor turnover and informs managers of the potential of FLA assessments and the Company's expectation to remediate.	Formally conveys workplace standards to suppliers and receives written acknowledgment of standards and commitment to uphold them.
	Measures the effectiveness of training for workers, managers and supervisors.	Conditions future business with suppliers upon continuous improvement of workplace conditions.
		Ensures that workplace standards are accessible to workers, managers and supervisors in written form and relevant languages.
		Ensures that workers, managers and supervisors are trained on workplace standards at regular intervals to take account of labor turnover.

<b>FUNCTIONING GRIEVANCE MECHANISMS</b>	<b>Ensures workers have access to functioning grievance mechanisms, which include multiple reporting channels of which at least one is confidential.</b>	
	Ensures there are functioning grievance mechanisms at owned production sites.	Ensures there are functioning grievance mechanisms at contract facilities.
	Where local mechanisms are not functioning, provides alternative channels for workers to contact the company head office directly and confidentially.	Where local mechanisms are not functioning, provides alternative channels for workers to contact the brand directly and confidentially.
	Ensures training and communication about the grievance mechanisms is provided to all workers.	
	Ensures grievance mechanisms lack penalty and include at least one confidential reporting channel.	
<b>MONITORING</b>	<b>Conducts workplace standards compliance monitoring.</b>	
	Conducts annual assessments of compliance with workplace standards at every owned production site.	Conducts pre-sourcing assessment of contract facilities to review compliance with workplace standards.
	Ensures that its monitoring program includes, but is not limited to: a) Worker interviews, b) Consultation with unions or worker representative structures (where applicable), c) Management interviews, d) Documentation review, e) Visual inspection, and Occupational safety and health review.	Monitors contract facilities regularly to assess compliance with workplace standards.
	Ensures that, where relevant, monitoring is consistent with applicable terms in collective bargaining agreements.	Ensures that its monitoring program includes, but is not limited to: a) Worker interviews, b) Consultation with unions or worker representative structures (where applicable), c) Management interviews, d) Documentation review, e) Visual inspection, and Occupational safety and health review.
	Conducts pre-production assessment of new owned production sites to review compliance with workplace standards.	Ensures that, where relevant, monitoring is consistent with applicable terms in collective bargaining agreements.
<b>COLLECTION &amp; MANAGEMENT OF COMPLIANCE INFORMATION</b>	<b>Collects, manages and analyzes workplace standards compliance information.</b>	
	Maintains a complete and accurate list of owned production sites and collects and manages compliance and workplace information.	Maintains a complete and accurate list of contract facilities and collects and manages compliance and workplace information.
	Analyzes trends in noncompliance findings.	
<b>TIMELY &amp; PREVENTATIVE REMEDIATION</b>	<b>Remediates in a timely and preventative manner.</b>	<b>Works with suppliers to remediate in a timely and preventative manner.</b>
	Provides regular follow-up and oversight to implement corrective action following assessments.	



	Conducts root cause analysis and take action to prevent future noncompliance in owned production sites.	Works with the supplier to determine root causes and take action to prevent future noncompliance in contract facilities.
	Records and tracks the progress and effectiveness of remediation for internal assessments.	
<b>RESPONSIBLE PRODUCTION/PURCHASING PRACTICES</b>	<b>Aligns sales and planning practices with commitment to workplace standards.</b>	<b>Aligns planning and purchasing practices with commitment to workplace standards.</b>
	Formal, written policies and procedures for production planning that 1) articulate the many complexities involved in their global supply chains, including different customer (buyer) business models and 2) require relevant internal representatives to work with customers (buyers) to reduce negative impacts on working conditions. These policies and procedures shall address the alignment of sales with capacity, based on working hours as defined by the FLA Workplace Code of Conduct.	Formal written policies and procedures for planning and purchasing that 1) articulate the many complexities involved in their global supply chains, including different supplier business models, and 2) require relevant internal representatives to work with suppliers to reduce negative impacts on working conditions. These policies and procedures shall address (a) alignment of financial terms with FLA Workplace Standards, (b) adequacy of lead time provided (considering, for example, availability of inputs, testing, design changes, and production capacity) to produce without excessive overtime, unauthorized subcontracting, or other negative impacts, and (c) balanced annual planning efforts to eliminate negative outcomes (i.e. lower efficiency, poor labor retention, and longer throughput) that arise from traditional seasonal order demand.
	All relevant business and compliance staff and any contracted agent/intermediary are trained and knowledgeable of the consequences of their sales and planning practices on working conditions in order to mitigate negative impacts on code compliance.	All relevant business and compliance staff and any contracted agent/intermediary are trained and knowledgeable of the consequences of their planning and purchasing practices on working conditions in order to mitigate negative impacts on code compliance.
	Holds relevant staff and any contracted agent/intermediary accountable for the implementation of planning and sales practices that help avoid negative impacts on workers and working conditions.	Holds relevant staff and any contracted agent/intermediary accountable for the implementation of planning and purchasing practices that help avoid negative impacts on workers and working conditions.
	Staff responsible for sales and planning engage with their labor compliance colleagues, any contracted agent/intermediary and customers in regular and constructive dialogue throughout the production process and when problems arise to support operations at the factory level and to seek to avoid or mitigate negative impacts on workers and/or compliance with code standards.	Staff responsible for planning and purchasing decisions engage with their labor compliance colleagues, any contracted agent/intermediary and suppliers in regular and constructive dialogue throughout the production process and when problems arise to support operations at the factory level and to seek to avoid or mitigate negative impacts on workers and/or compliance with code standards at supplier facilities.
	Provides positive incentives for suppliers and/or facilities producing in a socially responsible and sustainable manner.	Provides positive incentives for suppliers and/or facilities producing in a socially responsible and sustainable manner

		and, if applicable, having internal systems aligned with FLA Principles.
<b>CONSULTATION WITH CIVIL SOCIETY</b>	<b>Identifies, researches and engages with relevant labor non-governmental organizations, trade unions and other civil society institutions.</b>	
	Develops a civil society organization (CSO) outreach strategy that reflects the geographical distribution of production.	Develops a civil society organization (CSO) outreach strategy that reflects the geographical distribution of sourcing.
	Develops and maintains links to relevant CSOs to gain understanding of local labor issues.	
	Strategizes with CSOs and knowledgeable local sources in the design and implementation of workplace standards compliance programs.	
	Consults with legally constituted unions or worker representative structures at owned production sites.	Consults with supplier management and legally constituted unions or worker representative structures to gain an understanding of relevant relationships.
<b>VERIFICATION REQUIREMENTS</b>	<b>Meets FLA verification and program requirements.</b>	
	Maintains standard operating procedures related to FLA affiliation.	
	Participates in FLA due diligence activities, including assessments at owned production sites and company headquarters, as applicable.	Participates in FLA due diligence activities, including assessments at contract facilities and company headquarters, as applicable.
	Completes a standardized annual report on fulfillment of Principles of Fair Labor and Responsible Production.	Completes a standardized annual report on fulfillment of Principles of Fair Labor and Responsible Sourcing.
	Maintains a complete and accurate profile and list of owned production sites with the FLA.	Maintains a complete and accurate profile and list of contract facilities with the FLA.
	Responds to FLA requests for documentation, contracts, information and clarification in a timely manner.	
	Pays annual dues and applicable fees on schedule.	

## APPENDIX D: Hbl's SAFEGUARDS CHART

Supplier	Year	Country	Supplier Relationship	Other Brands	Complaint or Investigation Request Submitted By <sup>15</sup>	Summary
<a href="#">All Hanesbrands Honduras Facilities</a>	2010	Honduras	Owned	N/A	CODEMUH (NGO)	Original complaint was filed by CODEMUH in 2010 with respect to ergonomics issues at all owned facilities in Honduras. In response, Hbl worked with ergonomic experts to identify gaps and improve training. Worker committees were expanded and production goals were reviewed to ensure workers could take reasonable breaks.
<a href="#">F&amp;D</a>	2011	El Salvador	Contract	N/A	SITS (Union)	See updates from 2015 further in this chart and Principle 9 for further verification.
<a href="#">Tecnotex</a>	2013	Nicaragua	Contract	N/A	GFSI (Safeguard)	GFSI requested an independent investigation by the FLA following the allegations of worker dismissal due to union organizing and physical intimidation. As a result of the investigation, four of the five workers were offered reinstatement; two workers accepted. Additionally, the facility improved training on freedom of association with the support of COVERCO, a Guatemalan NGO. GFSI exited this facility in August 2013.

<sup>15</sup> Complaints submitted by workers, unions, or another NGO are considered Third Party Complaints. Investigation requests submitted by Hbl or another brand are considered safeguard investigations. More on FLA's safeguard mechanisms can be found [here](#).

<a href="#"><u>Petrallex</u></a>	2015	Honduras	Contract	adidas, Dallas Cowboys Merchandising, Outerstuff, Under Armour	FITH (Union)	The noncompliance included dismissal of union leaders and relatives. Following the investigation, workers were reinstated and provided backpay. GFSI exited this facility in July 2017 and the facility closed in 2018 and provided all legally required severance benefits.
<a href="#"><u>F&amp;D</u></a>	2015	El Salvador	Contract	N/A	SITS (union)	The FLA received complaints about production goals requiring workers to work overtime to achieve the goals, without compensation; similar to the complaint from 2011. Additionally, the complaint included allegations of union competition between two unions at the facility. Following the investigation, F&D improved the production bonus system to define incentives within regular working hours. The facility now has three unions; management works to address concerns between the three unions on a regular basis. More information can be reviewed in Principle 9.
<a href="#"><u>CSA Guatemala</u></a>	2019	Guatemala	Contract	Two brands not affiliated with the FLA	Former Workers	Following the closure of the facility, the management abandoned all legal responsibility to provide workers with legally owed severance benefits. Following the investigation, Hbl and two other non-FLA affiliated brands worked with the WRC to calculate the contributions that would be provided by workers; the final amounts the brands have agreed to contribute have not been finalized at the time of this report. The FLA recognizes that payment of severance benefits is not Hbl's legal responsibility, but encourages Hbl to finalize its payment so workers can receive their severance benefits.