



2010

FAIR LABOR ASSOCIATION INDEPENDENT EXTERNAL MONITORING REPORT

COMPANY: Hanesbrands
COUNTRY: China
FACTORY CODE: 7200151067I
MONITOR: Openview Source Limited
AUDIT DATE: December 23 – 24, 2010
PRODUCTS: Knitted Garments
PROCESSES: Cutting, Sewing, Ironing,
Inspection, Packing
NUMBER OF WORKERS: 301



CONTENTS:

| | |
|--|----|
| Wages, Benefits and Overtime Compensation: Holidays, Leave, Legal Benefits and Bonuses _____ | 3 |
| Wages, Benefits and Overtime Compensation: Worker Wage Awareness _____ | 4 |
| Forced Labor: Employment Terms/Prohibitions _____ | 5 |
| Freedom of Association: Right to Freely Associate _____ | 8 |
| Harassment or Abuse: Discipline/Review of Disciplinary Action _____ | 10 |
| Harassment or Abuse: Discipline/Worker Awareness and Participation of Workers _____ | 11 |
| Harassment or Abuse: Discipline/Monetary Fines and Penalties _____ | 13 |
| Code Awareness: _____ | 15 |
| Health and Safety: Written Health and Safety Policy _____ | 16 |
| Health and Safety: Permits and Certificates _____ | 17 |
| Health and Safety: Evacuation Requirements and Procedure _____ | 18 |
| Health and Safety: Safety Equipment and First Aid Training _____ | 20 |
| Hours of Work: General Compliance Hours of Work _____ | 21 |
| Hours of Work: Rest Day _____ | 23 |
| Hours of Work: Sick Leave _____ | 24 |
| Hours of Work: Suspension of Work _____ | 26 |

Wages, Benefits and Overtime Compensation: Holidays, Leave, Legal Benefits and Bonuses

WBOT.5 Employers shall provide all legally mandated holidays, leave, benefits and bonuses, such as official holidays, annual leave, sick leave, severance payments and 13th month payments, to all eligible workers within legally defined time periods. In addition, all leave and bonuses shall be calculated correctly. (S)

Noncompliance

Explanation: Insurance payment proof review found that the factory only provided pension, medical insurance, unemployment insurance, work-related insurance for 72 out of all 301 employees, no maternity insurance provided for any employee.

It violates Article 73 of the China Labor Law.

Plan Of Action: Hanesbrands will ensure supplier complies with the following actions:

1. Factory management to review current policy regarding legal benefits regularly to ensure all legal benefits should be provided to all workers per local law (e.g., provide a walkthrough in respect to factory's stance towards social insurance to potential candidate during recruitment process).
2. Educate employees about social security insurance by providing trainings and letting them understand that participation in social insurance is their legal obligation and of the benefits they will get.
3. Set timeline to ensure 100% of workers are involved in social insurance system to comply with legal requirement.
4. Factory management commits to this timeline.
5. Factory should assign a person to monitor the effectiveness of the implementation of the policies and procedures.

Deadline Date: 06/30/2012

Action Taken: In July 2011, Hanesbrands CSR department had a meeting with Hanesbrands sourcing team and the vendor, and request factory to ensure that 100% of workers are involved in the social insurance system before the deadline.

Plan Complete: No



**Plan
Complete
Date:**

Wages, Benefits and Overtime Compensation: Worker Wage Awareness

WBOT.22 Employers shall make every reasonable effort to ensure workers understand the wages, including the calculation of wages, incentives systems, benefits and bonuses they are entitled to in a factory and under applicable laws. To this end, employers shall communicate orally and in writing to all workers all relevant information in the local language or language(s) spoken by the workers, if different from the local language. (P)

Noncompliance

Explanation: More than 90% of workers interviewed were not aware of overtime wages and factory policies on paid leaves, such as annual leave, maternity leave, marriage leave and bereavement leave.

Plan Of Action: Hanesbrands will ensure supplier complies with the following actions:

1. Reviews and updates the current policy and employee's handbook/contract to explain overtime wages and legal benefits, such as paid annual leave, maternity leave, marriage leave and bereavement leave.
2. Posts the notice of those policies on employees' communication notice board.
3. Adds this topic to orientation training and annual training for employees.
4. Sets grievance channels to report any noncompliance.
5. Assigns personnel to review policy and procedures on a regular basis and report the effectiveness to management.

Deadline Date: 10/31/2011



Action Taken: Hanesbrands internal auditors conducted follow-up visit April 13, 2011 and found that:

1. Factory had amended and updated the employee's handbook.
2. Per worker interviews, it was noted that factory provided orientation training on wages calculation, overtime wages policy, and paid leave for new joiners.
3. Factory is required to post the wage calculation method onto the communication board to ensure all workers can easily access it.

Plan Complete: No

Plan Complete Date:

Forced Labor: Employment Terms/Prohibitions

F.4 There can be no employment terms (including in contracts or any other instruments or in any formal or informal recruitment arrangements) which: specify that employees can be confined or be subjected to restrictions on freedom of movement; allow employers to hold wages already earned; provide for penalties resulting in paying back wages already earned; or in any way punish workers for terminating employment. (P)

Noncompliance

Explanation: According to notice posted in factory, and confirmed with worker and management interviews, it was noted that workers' resignation application needs to be submitted 2 months in advance starting from November 2010, which violates local law requirement that resignation should be approved upon a 30 days' prior written notification.

It violates the Article 37 of the China Labor Contract Law.

**Plan Of
Action:**

Hanesbrands will ensure supplier complies with the following actions:

1. Reviews and updates the current employment policy and procedure to ensure all policies and standard operation procedures (SOP) regarding to the workers' resignation comply with PRC labor contract law.
2. Factory management commits to carry out long term remediation: Establish employer assistance plan (EAP) to reduce the worker turnover rate.
3. Posts the notice of those policies and procedures on employees' communication notice board.
4. Provides training to employees and management on the new resignation policy and procedure.
5. Retains all resignation applications orderly to ensure workers' applications are properly approved.
6. Sets grievance channels to report any noncompliance.
7. Assigns a person to review the policy and standard operation procedures on a regular basis.

**Deadline
Date:** 06/30/2011



Action Taken: Hanesbrands internal auditors conducted the follow-up visit on April 13, 2011 and found that:

1. Factory stopped using the previous resignation policy.
2. Factory has amended the resignation policy and procedures; the new policy requires that workers who want to resign need to submit the application 30 days in advance, which complies with the Chinese labor contract law.
3. Factory provided workers with training on new resignation policy and procedures on February 16, 2011.
4. Per worker's resignation application record review, it showed workers resigned in 30 days after the day they submitted the application form.

Plan Complete: No

Plan Complete Date:

Freedom of Association: Right to Freely Associate

FOA.2 Workers, without distinction whatsoever, shall have the right to establish and, subject only to the rules of the organization concerned, to join organizations of their own choosing without previous authorization. The right to freedom of association begins at the time that a worker seeks employment, and continues through the course of employment, including eventual termination of employment, and is applicable as well to unemployed and retired workers. (S)

Noncompliance

Explanation: Documents review and worker and management interviews found there was no trade union or workers' committee established in the factory.

FLA Comment: The Chinese constitution guarantees Freedom of Association (FOA); however, Trade Union Act prevents establishment of trade unions independent of the sole official trade union - the All China Federation of Trade Unions (ACFTU). According to the ILO, many provisions of Trade Union Act are contrary to fundamental principles of FOA, including non-recognition of the right to strike. As a consequence, all factories in China fall short of ILO standards on the right to organize and bargain collectively. However, the government has introduced new regulations that could improve the functioning of labor relations mechanisms. The Amended Trade Union Act of Oct. 2001 stipulates that union committees have to be democratically elected at members' assemblies and trade unions must be accountable to their members. Trade union has responsibility to consult with management on key issues of importance to members and to sign collective agreements. Trade unions also have an enhanced role in dispute resolution. In Dec. 2003, the Collective Contracts Decree introduced the obligation for representative trade unions and employers to negotiate collective agreements, in contrast to the previous system of non-negotiated administrative agreements.

Plan Of Action:

Hanesbrands will ensure supplier complies with the following actions:

1. Reviews policy on FOA to ensure factory respects the right of all personnel to form and join trade unions of their choice and to bargain collectively.
2. Establishes workers' committee or trade union; makes sure workers' representatives in workers' committee elected by workers. Records the voting process record.
3. Makes sure management shall not seek to influence or interfere with workers' committee discussions, voting processes or related activities.
4. Factory management shall hold regular meetings with workers' committee to discuss employees' concerns and other issues.
5. Develops other means/channels to promote communication between management and employees.



Deadline Date: 12/31/2012

Action Taken: Pending. Hanesbrands internal auditors conducted follow-up visit on April 13, 2011 and found there was no workers' committee or trade union established in factory. Factory management committed to prepare to establish a workers' committee within the following few months; they guaranteed that the representative of the workers committee will be elected by voting.

Plan Complete: No

Plan Complete Date:

Harassment or Abuse: Discipline/Review of Disciplinary Action

H&A.3 The disciplinary system shall include possibilities for workers to have disciplinary action imposed on them reviewed by someone at a higher managerial position than the manager who imposed the disciplinary action. In addition, such a system shall include the ability of a worker to appeal and/or question any disciplinary action against him or her and/or have a third party of his or her choice present when the disciplinary action is being imposed. (P)

Noncompliance

Explanation: Based on disciplinary rules review and management interviews, it was noted that the disciplinary system did not include procedure which enables workers to appeal and/or question any disciplinary action against them and/or have a third party of their choice present when the disciplinary action was being imposed.

Plan Of Action: Hanesbrands will ensure supplier complies with the following actions:

1. Reviews and updates policy and disciplinary procedures regarding the disciplinary system to ensure they comply with the local law.
2. Establishes a proper disciplinary system or amend the disciplinary system to ensure it includes the procedure which enables workers to appeal and/or question the disciplinary action against them.
3. Communicates the amended disciplinary system to workers by written notice, orientation training and annual training.
4. Improves the grievance channels which allow employees to complain about disciplinary actions.
5. Assigns personnel to record all complaint information reported by workers.
6. Promotes grievance procedure and grievance channels to all employees.

Deadline Date: 12/31/2011

Action Taken: Hanesbrands internal auditors conducted follow-up visit April 13, 2011 and found that:

1. Detailed procedures on the disciplinary actions were not established in the factory.
2. Factory stated that they started to record all workers' complaints on the disciplinary actions since February 2011, but there were no complaints so far.

Plan Complete: No

**Plan
Complete
Date:**

Harassment or Abuse: Discipline/Worker Awareness and Participation of Workers

H&A.6 Workers must be informed when a disciplinary procedure has been initiated against them. Workers have the right to participate and be heard in any disciplinary procedure against them. Employers shall maintain written records of all disciplinary actions taken. Workers must sign all written records of disciplinary action against them. Such records must be maintained in the worker's personnel file. (P)

Noncompliance

Explanation: Documents review and management interviews found that no any disciplinary record was kept on file in the factory all along.

Plan Of Action: Hanesbrands will ensure supplier complies with the following actions:

1. Reviews and updates policy and disciplinary procedures regarding the disciplinary system to ensure they comply with the local law.
2. Establishes a proper disciplinary system or amend the disciplinary system to ensure all disciplinary actions are recorded in document and signed by workers.
3. Retains all disciplinary records to ensure all disciplinary actions could be traced.
4. Adds this topic to orientation training and annual training to employees.
5. Assigns a person to review the disciplinary records on a regular basis.

**Deadline
Date:** 10/31/2011



Action Taken: Hanesbrands internal auditors conducted follow-up visit April 13, 2011 and found that:

1. There was not an effective system in factory, no detailed procedures on the disciplinary actions.
2. Factory management committed that they were ready to amend the existing disciplinary policy in April 2011.
3. Factory management committed the training on new disciplinary system will be provided to workers at the end of June 2011.
4. Factory management agreed to retain all disciplinary records in documents from April 2011.
5. Factory management assigned [Employee name], the HR supervisor, to review the disciplinary records regularly to ensure all disciplinary actions are well recorded.

Plan No

Complete:

Plan

Complete

Date:

Harassment or Abuse: Discipline/Monetary Fines and Penalties

H&A.8 Employers shall not use monetary fines and penalties as a means to maintain labor discipline, including for poor performance or for violating company rules, regulations, and policies. (S)

Noncompliance

Explanation: According to the notices on wall of the production building, workers were forbidden to register the attendance for others; otherwise, the full attendance bonus and overtime premium would be deducted. And, whoever was found stealing would be fined 10 times the price of the product. (No actual practice and other monetary fine were found after checking payment records and interviews with workers and management.)

It violates Article 50 of the China Labor Law.

Plan Of Action: Hanesbrands will ensure supplier complies with the following actions:

1. Stops all kind of monetary fines practice.
2. Reviews and amends current discipline policy, rules, and procedures to ensure are no issues regarding monetary fines.
3. Establishes an effective and proper disciplinary system or amend the disciplinary system to ensure all disciplinary actions comply with local laws.
4. Communicates these amended policies, rules and procedures to all employees.
5. Provides training to mid-management and line supervisor to enhance management skills.
6. Assigns a person to monitor all discipline actions and ensure no monetary fines are used.
7. Sets up a grievance channel which allows employees to complain regarding the disciplinary action.

Deadline Date: 10/31/2011

Action Taken: Hanesbrands internal auditors conducted follow-up visit April 13, 2011 and found that:

1. Factory stopped using monetary fines as a disciplinary practice. Per payroll records review and workers interview, non-fine practices were reported from Jan 2011.
2. Factory management committed that they were ready to amend the existing disciplinary policy in April 2011.
3. Factory management committed that the training on new disciplinary system will be provided to workers at the end of June 2011.
4. From April 2011, factory uses verbal warning, written warnings, demerits, etc., as disciplinary practices.
5. Factory also planned to provide the disciplinary system training to all line supervisors.

Plan Complete: No

Plan Complete Date:



Code Awareness:

GEN.3 Develop a secure communications channel, in a manner appropriate to the culture and situation, to enable Company employees and employees of contractors and suppliers to report to the Company on noncompliance with the workplace standards, with security that they shall not be punished or prejudiced for doing so.

Noncompliance

Explanation: Documents review, and worker and management interviews noted there was no confidential noncompliance reporting mechanism that allowed factory workers to contact Hanesbrands.

Plan Of Action: Hanesbrands (HBI) will ensure supplier complies with the following actions:

1. Review current grievance channels set up in the factory.
2. Encourage open communication between management and employees.
3. HBI auditor will visit factory on quarterly basis and conduct employee interviews on site and off site.
4. Strictly adhere to anti-retaliation policy.
5. Hanesbrands to provide contact information of social compliance department to factory.
6. Hanesbrands requires supplier to post Hanesbrands Global Supplier Standard poster and contact information of Hanesbrands social compliance department in workplace.

Deadline Date: 10/31/2011

Supplier CAP: Factory plans to add Hanesbrands Global Supplier standard content and HBI social compliance department contact information to orientation training from June 2011.

Supplier CAP Date:

Action Taken: HBI's internal auditors conducted follow-up visit April 13, 2011 and provided contact information of HBI's social compliance department to factory. Noted that Hanesbrands Global Supplier Standard poster with contact information posted in workplace.

Plan Complete: No

**Plan
Complete
Date:**

Health and Safety: Written Health and Safety Policy

H&S.3 Employers are required to develop, maintain and regularly review a written health and safety policy. The policy must, at the very least, be aimed at complying with legal minimum safety and health standards, regulations and procedures. (P)

Noncompliance

Explanation: Documents review and management interviews found that there was no written health and safety policy in the factory, which must, at least, be aimed at complying with legal minimum safety and health standards, regulations and procedures.

Plan Of Action: Hanesbrands will ensure supplier complies with the following actions:

1. Establishes a proper written health and safety policy which is applicable the factory.
2. Communicates policy to all employees by training and communication notice board.
3. Adds this policy to orientation training and annual training to employees.
4. Assigns a person to review this policy on a regular basis.

Deadline Date: 10/31/2011

Action Taken: Hanesbrands internal auditors conducted follow-up visit April 13, 2011 and found that:

1. Factory drafted a written health and safety policy in April 2011 and factory management planned to finalize policy in May 2011.
2. Management stated they will post policy in workplace such as on communication board; the training on health and safety policy will be provided to workers in June 2011.

Plan Complete: No

**Plan
Complete
Date:**

Health and Safety: Permits and Certificates

H&S.8 The employer shall at all times be in possession of all legally required and valid permits and certificates related to health and safety issues, such as those related to the purchase and storage of chemicals, fire safety inspections, inspection of machinery, and (chemical) waste disposal. (P)

Noncompliance

Explanation: Based on legally required permits and licenses review and management interviews, noted that factory could not provide the Building Construction Review Certificate for the 2 production buildings for auditor's review during the audit.

It violates the Article 61 of the China Construction Law.

**Plan Of
Action:** Hanesbrands will ensure supplier complies with the following actions:

1. Understands the requirement of GSS audit and FLA audit and presents all permits and certificates.
2. Reviews all permits and certificates to ensure all these permits and certificates are available and valid.
3. Assigns a responsible person to regularly review all permits and certificates to ensure all permits and certificates are kept with to updated version.

**Deadline
Date:** 10/31/2011

**Action
Taken:** Hanesbrands internal auditors conducted follow-up visit April 13, 2011 and found that:

1. Factory provided the Building Construction Review Certificate for the 2 production buildings for review.
2. Factory assigned [Employee name], the compliance staff to be responsible for checking all permits and certificates regularly.

Plan No
Complete:

Plan
Complete
Date:

Health and Safety: Evacuation Requirements and Procedure

H&S.9 All applicable legally required or recommended elements of safe evacuation (such as posting of evacuation plans, the installation and maintenance of an employee alarm and emergency lighting systems, ensuring aisles/exits are not blocked and that workers are not blocked within their workstations, employee education, evacuation procedures, etc.) shall be complied with. Workers shall be trained in evacuation procedures. Alarm systems shall be regularly tested and evacuation drills shall be undertaken at least annually. (S)

Noncompliance

Explanation: 1. Visual inspection found that about 30% of aisles in workshops were blocked by products.

2. It was observed that only 1 exit in sewing workshop of sample making, which is 200 square meters with 33 workers. The factory had added an emergency evacuation rope ladder near the window.

3. Visual checking found that flammable materials were stored under the stairwells of 1st floor of 2 production buildings.

It violates Article 28 of the China Fire Prevention Law, Article 3.7.2 and 7.4.1 of the Code for Design of Building Fire Protection and Prevention (GB50016-2006)

| | |
|----------------------------|---|
| Plan Of Action: | <p>Hanesbrands will ensure supplier complies with the following actions:</p> <ol style="list-style-type: none">1. Removes all obstructions which blocked the aisles. Removes all flammable materials which were stored under the stairwells.2. Adds the 2nd emergency exit in the sewing workshop of sample making to minimize the safety risk.3. Establishes an internal safety risk assessment system and maintains a risk assessment records.4. Posts signs to remind workers always keep the aisles clear.5. Provides training to all workers on fire safety and evacuation requirements.6. Assigns a person to conduct safety inspection on regular basis. Retains all inspection records. |
| Deadline Date: | 10/31/2011 |
| Action Taken: | <p>Hanesbrands internal auditors conducted follow-up visit April 13, 2011 and found that:</p> <ol style="list-style-type: none">1. All aisles in workplace were free from any blockage and obstruction.2. Factory did not establish management rules regarding keeping all aisles free from any blockages, but factory committed to amend management rules and requirements relevant to fire safety.3. Were only 12 workers in sample making workshop on visit day. Factory had added an emergency evacuation rope ladder near window. But, factory stated that it is hard for them to reconstruct the sample making workshop.4. Flammable materials had been moved away from the place under the stairwells on the 1st floor of 2 production buildings.5. Training on fire safety awareness and evacuation conducted for all new workers from February 2011. Were 2 training records, one February 25, and one for March 22, 2011. |
| Plan Complete: | No |
| Plan Complete Date: | |

Health and Safety: Safety Equipment and First Aid Training

H&S.10 All safety and medical equipment (such as fire fighting equipment, first aid kits, etc.) shall be available in sufficient numbers throughout the factory, maintained and stocked as prescribed and easily accessible to workers. A sufficient number of workers shall be trained in first aid and fire fighting techniques. (S)

Noncompliance

Explanation: Factory walkthrough found that about 30% of fire extinguishers in workshops were blocked by products.

It violates Article 16 of the China Fire Prevention Law.

Plan Of Action: Hanesbrands will ensure supplier complies with the following actions:

1. Removes all obstructions which block the fire extinguishers to ensure all fire extinguishers are accessible.
2. Sets stow-prohibited line in front of the fire extinguishers to ensure all fire extinguishers are unblocked.
3. Enhances the fire safety management rules and provides training to workshop supervisor and line management on fire safety management.
4. Assigns a person to conduct fire safety inspections on a regular basis and retain all inspection records.

Deadline Date: 10/31/2011

Action Taken: Hanesbrands internal auditors conducted follow-up visit April 13, 2011 and found that:

1. All fire extinguishers and fire hydrants were free from any blockage and obstruction.
2. Training on fire safety awareness has been conducted for all new workers from February 2011. There were 2 training records, 1 on February 25, 2011 and another on March 22, 2011.
3. Factory assigned [Employee name] the compliance staff to conduct regular safety inspection.

Plan Complete: No

**Plan
Complete
Date:**

Hours of Work: General Compliance Hours of Work

HOW.1 Employers shall comply with all local laws, regulations and procedures concerning hours of work, public holidays and leave. (S)

Noncompliance

Explanation: 1. Based on the review of time records from November 2009 to November 2010, and information gathered from workers and management, it was confirmed that about 80% of workers worked overtime exceeding 36 hours per month (overtime limits of local law) from November 2009 to November 2010, except February 2010. The average overtime was about 84 hours per month, with the maximum of 117 hours in November 2010.

It violates Article 41 of the China Labor Law.

2. Based on the review of time records from November 2009 to November 2010, and information gathered from workers and management, it was confirmed that there were 2-3 weeks per month in the peak season where about 80% of workers worked more than 60 hours a week, up to 73.5 hours, such as from November 2009 to April 2010 and October to November 2010, especially in November 2010.

**Plan Of
Action:**

Hanesbrands will ensure supplier complies with the following actions:

1. Factory management should receive training on relevant legal requirements.
2. Establish overtime (OT) policy where the working hours and payment are in accordance with local law requirements.
3. Communicate OT policy to all employees.
4. Factory will review production plans or take other measures in order to reduce overtime hours to within legal limits.
5. Factory is considering its long term capacity plans and is evaluating shift adjustments and headcount.



Deadline Date: 12/31/2011

Action Taken: Hanesbrands internal auditors conducted follow-up visit April 13, 2011 and found that:

1. Employees worked more than 60 hours per week in the months of January, February and March 2011.
2. Factory manager. [Employee name], committed that factory will take action and try best to arrange the production plans accordingly to reduce overtime work.
3. The factory is required to submit monthly reports, starting at the end of April, to cross check the status, including the number of employees with weekly work hours over 60, root cause and future planning.

Plan Complete: No

Plan Complete Date:

Hours of Work: Rest Day

HOW.2 Workers shall be entitled to at least one day off in every seven-day period. If workers must work on a rest day, an alternative day off must be provided within that same seven-day period or immediately following the seven-day period. (P)

Noncompliance

Explanation: Based on time record review from November 2009 to November 2010 and information gathered from workers and management, confirmed about 80% of workers had only 1 or 2 rest days a month. 1 day off in 7 not guaranteed, especially from November 23 to December 19, 2009 and October 25 to November 20, 2010, when workers consecutively worked 27 days.

It violates Article 38 of the China Labor Law.

Plan Of Action: Hanesbrands will ensure supplier complies with the following actions:

1. Reviews working hours policy, which should not exceed local law limits and customer's COC.
2. Improves production management system and control overtime work to make sure provide workers have at least 1 day of rest within a 7-day period.
3. Adopts any method which can help to enhance production efficiencies to reduce working hours as much as possible.
4. Assigns a person to consciously monitor working hours and communicate with factory management to ensure this corrective action.

Deadline Date: 12/31/2011

Action Taken: Hanesbrands internal auditors conducted follow-up visit April 13, 2011 and found that:

1. Employee worked consecutively for 19 days in February 2011 and 14 days in January 2011, respectively.
2. Factory manager, [Employee name], committed that factory will try its best to arrange the production plan accordingly to ensure at least 1 day of rest in a week.
3. Factory is required to submit monthly report, starting in May to cross check the status, including number of employees that work more than 6 days a week, root cause and future planning.

Plan Complete: No

Plan Complete Date:

Hours of Work: Sick Leave

HOW.19 Employers shall provide workers with sick leave as required under local laws, regulations and procedures. (S)

Noncompliance

Explanation: Based on the review of factory rules, payrolls and leave records, as well as worker and management interviews, found that there was no paid sick leave policy in the factory, and no sick leave with payment was provided for workers.

It violates Article 3 of the Medical Treatment Period Provision of Corporation Employee Illness or Non Work-Related Injury.

Plan Of Action: Hanesbrands will ensure supplier complies with the following actions:

1. Obtains and gathers all applicable laws and regulations on paid sick leave.
2. Reviews and updates current policies and rules on employee sick leave to ensure they comply with local law.
3. Communicates these policies to all employees.
4. Retain all sick leave application records to ensure it can be traced.
5. Add this topic in orientation training and annual training to employees. 6. Assign a person to review the policy and records on regular basis.

Deadline Date: 10/31/2011



Action Taken: Hanesbrands internal auditors conducted follow-up visit April 13, 2011 and found that:

1. Factory had amended the employee handbook and written policy on sick leave. The training on sick leave will be provided to workers at the end of June 2011.
2. No sick leave application records were provided for auditor's review.
3. Factory management committed to retain all leave applications forms and records for auditor review in next follow up audit.

Plan Complete: No

Plan Complete Date:

Hours of Work: Suspension of Work

HOW.22 Employers can only suspend work in accordance with local laws, regulations and procedures. Workers shall be paid in full during periods of suspension, unless local laws stipulate otherwise, workers and their representative organizations (temporarily) agree otherwise, and the relevant national authorities authorize the alternative arrangement. (S)

Noncompliance

Explanation: Review on payroll and time records for the past 12 months and interviews with workers and management found that workers were not paid for periods of suspension.

It violates Article 35 of Regulations on Wage Payment of [Province name] Province.

Plan Of Action: Hanesbrands will ensure supplier complies with the following actions:

1. Obtains and gathers all applicable laws and regulations on paid for periods of suspension.
2. Reviews and updates current policies and rules on employees being paid for periods of suspension ensure they comply with local law.
3. Communicates these policies to all employees.
4. Retains the paid records for the periods of suspension.
5. Assigns a person to review the policy and records on a regular basis.

Deadline Date: 12/31/2011

Action Taken: Hanesbrands internal auditors conducted follow-up visit April 13, 2011 and found that:

1. Per payroll records review, some workers were not paid for 3 suspension days during the period from January 30 to February 9, 2011.
2. Factory management stated that they will update current policies on payment during suspension periods.

Plan Complete: No

Plan Complete Date:

