



2010

## FAIR LABOR ASSOCIATION INDEPENDENT EXTERNAL MONITORING REPORT

**COMPANY:** Hanesbrand, Inc.  
**COUNTRY:** Mexico  
**FACTORY CODE:** 7200501109I  
**MONITOR:** COVERCO  
**AUDIT DATE:** August 16-17, 2010  
**PRODUCTS:** Socks, Underwear  
**PROCESSES:** Full Package  
**NUMBER OF WORKERS:** 487

**FLA Comment:** This report was submitted with a corresponding corrective action plan to the FLA and was reviewed by FLA staff. In an effort to improve the effectiveness of remediation, the FLA has provided feedback and recommendations to the company, however the recommendations have not been agreed or incorporated by the company. The report is posted in its current state and is considered finalized. Updates on the progress of the corrective action will be posted when received by the company.



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**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:** Despite management posting the summary of the payment system of the productivity premium in visible places and the supervisor explaining the calculation to workers, several of them still do not understand the calculation.

Sources: interviews, factory walkthrough

**Plan Of Action:** Review training; check attendance lists and questions of some workers; and review publication of the calculation methods. Ensure through random interviews that staff received training; verify training material and apply procedure developed for carrying out this process.

**Deadline Date:** 05/03/2011

**Supplier CAP:** All workers should be retrained on March 22 and all supervisors also receive their retraining by HR. The new method of incentive calculation should be posted. (Employee name) HR Assistant, (Employee name) HR Manager

**Supplier CAP Date:** 03/22/2011

**Action Taken:** Training sessions were conducted for all workers to reinforce this item. Also, a session was held with middle management to give them the proper tools to answer any questions that employees might have. Follow-up Audit, August 2012: Confirmed during



interview process that the factory has trained workers in wage calculation; however, workers expressed that they would like to receive a refresher at least once a year. Also, during document review it was confirmed that factory holds records of trainings.

**Plan Complete:** No

**Plan Complete Date:**

**Action Verified:** No

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### **Forced Labor: Employment Terms/Voluntary Agreement**

F.3 Employment terms shall be those to which the worker has voluntarily agreed, in as far as those terms do not fall below provisions of local laws, freely negotiated and valid collective bargaining agreements, or the FLA Code. (P)

#### **Noncompliance**

**Explanation:** Employers do not provide workers a copy of their employment contract.

**Legal Reference:** Labor Federal Law, Article 24

**Plan Of Action:** Check in some cases with individual employment contracts. Check for a written procedure for their dissemination and delivery confirmation that they are received by workers; make sure there is verification from each worker in every case.

**Deadline Date:** 05/03/2011

**Supplier** All workers will have a copy of their contract of employment ([Employee name], HR



**CAP:** Assistant). Also, a procedure was established to ensure that all new hire employees receive a copy of the contract; a signed statement will be placed in employees' files.

**Supplier** 03/15/2011

**CAP Date:**

**Action Taken:** A revision of all employees' files was completed to identify those employees without a copy of their contract. A copy was issued to them and a new procedure was established to assure that all newly hired employees received a copy of their contract.

Follow-up Audit, August 2012: During interviews, workers confirmed that they have received a copy of the contract and that they signed the copy of the contract held in workers' files.

**Plan** No

**Complete:**

**Plan**

**Complete**

**Date:**

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### **Freedom of Association: Right to Collective Bargaining/Compliance with Collective Bargaining Agreement**

FOA.22 Employers, unions and workers shall honor in good faith, for the term of the agreement, the terms of any collective bargaining agreement they have agreed to and signed. Worker representatives and workers shall be able to raise issues regarding compliance with a collective bargaining agreement by the employer without retaliation or any negative effect on their employment status. (S)

#### **Noncompliance**

**Explanation:** The company had only created 2 committees and lacks incorporating a Training Committee.

Legal Reference: Mexican Federal Labor Law, Article 153 i&s) and Collective Bargaining Agreement Art. 33 establishes the creation of 3 committees.



**Plan Of Action:** The constitution review commission, review plans, and training programs of the company. Review documents as necessary to ensure the implementation of this commission, as well as verify the plans and training programs sent to the STPS.

**Deadline Date:** 05/03/2011

**Supplier CAP:** Form the mixed commission training (Comision Mixta de Capacitación y Adiestramiento) ([Employee name], HR Assistant)

**Supplier CAP Date:** 03/18/2011

**Action Taken:** The mixed committee was formed and minutes of each meeting are now being kept.  
Follow-up Audit, August 2012: All committees were found.

**Plan Complete:** No

**Plan Complete Date:**

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### Freedom of Association: Grievance Procedure

FOA.26 Employer shall have in place written grievance procedures that allow first an attempt to settle grievances directly between the worker and the immediate supervisor but that, where this is inappropriate or has failed, it is possible for the worker to have the grievance considered at one or more steps, depending on the nature of the grievance and the structure and size of the enterprise. Employers shall ensure that the grievance procedures and applicable rules are known to workers. (P)

### Noncompliance



**Explanation:** Factory does not have a grievance system.

Sources: interviews, document review

**Plan Of Action:** Randomly check whether staff has received training in the use of these tools. Review written policies; disseminate, publish, and interview workers to ensure the training of these tools.

**Deadline Date:** 05/03/2011

**Supplier CAP:** Reinforce and/or promote that the use of these tools work for all workers. ([Employee name], HR Assistant)

Follow-up Audit, August 2012: Open door policy and suggestion boxes were found; workers confirmed that they have appropriate grievance channels.

**Supplier CAP Date:** 03/29/2011

**Action Taken:**

**Plan Complete:** No

**Plan Complete Date:**

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**Code Awareness:**

GEN.2 Ensure that all Company factories as well as contractors and suppliers inform their employees about the workplace standards orally and through the posting of standards in a prominent place (in the local languages spoken by employees and managers) and undertake other efforts to educate employees about the standards on a regular basis.

**Noncompliance**

**Explanation:** Monitors did not find the codes or workplace standards posted and in local languages spoken by employees and manager. There is a lack of information on the Hanesbrands' (Hbls') Code of Conduct (COC) during the induction process and trainings.

Source: factory walkthrough

**Plan Of Action:** Order supporting materials for review; ensure compliance with the Hbl's guidelines; and review that all staff and workers have Must perform a procedure for the dissemination and delivery of training material.

**Deadline Date:** 05/03/2011

**Supplier CAP:** Review the information. Provider (Global Estándar for Suppliers poster) must develop a presentation that should be disseminated to all employees and all new employees.

**Supplier CAP Date:** 05/15/2011

**Action Taken:** Factory already has 2 posters with Hbl's COC; 3 more posters are being supplied to the factory for posting.

Follow-up Audit, August 2012: Hbl's COC found posted.



**Plan** No  
**Complete:**

**Plan**  
**Complete**  
**Date:**

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### 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:** Lack of direct communication channels for workers with Hbl.

**Plan Of Action:** Ask the company about the implementation of tools developed and disseminated to staff. Review written policies; disseminate, publish, and interview workers to ensure the training of these tools. Conduct a communications workshop with middle management of facility.

**Deadline Date:** 05/03/2011

**Supplier CAP:** Designing an internal communications system to consider the different ways of handling information reports, complaints and concerns or questions of workers, such as open-door policy, suggestion boxes, email support, etc.

**Supplier CAP Date:** 07/31/2011

**Action Taken:** Currently, HBI is not considering expanding its GCC communications mechanisms to make them available for supplier employees; however, the company is working with its contractors to help them develop their own grievance mechanisms.

**Plan Complete:** No

**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:** Some emergency aisles and exits were blocked with boxes. The factory has a responsible person for the implementation of the Health and Safety policy.

Source: factory walkthrough

**Plan Of Action:** On a plant tour, check the correction of this action. Physically verify the correction of this recommendation, ensuring compliance with safety and hygiene procedures. Complete random audits to verify that weekly inspections are being conducted and documented.

**Deadline Date:** 05/03/2011



**Supplier CAP:** Completed reinforced with not block aisles and restricted passage, ([Employee name], Safety Manager). Implementation of a weekly inspection to assure compliance with this issue.

**Supplier CAP Date:** 03/16/2011

**Action Taken:** Security personnel are now in charge of scheduled weekly walkthrough to assure compliance with this item.

Follow-up audit, August 2012: During factory tour, all areas found clear, all emergency exits, extinguishers, emergency/evacuation equipment in general, and routes were found free from obstacles.

**Plan Complete:** No

**Plan Complete Date:**

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## 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:** Monitors verified 15 fire extinguishers of the 36 located in the factory; however, of 15 extinguishers verified, 2 located in the knitting area were expired and 1 was missing. Management indicated that the supplier company did not provide them this missing fire extinguisher.

Source: factory walkthrough

**Plan Of Action:** On a plant tour, check the correction of this action. Verify that they have the monthly reports and weekly inspections; take a tour of the plant to observe that there are no blocked fire extinguishers.

**Deadline Date:** 05/03/2011

**Supplier CAP:** Actually security department currently makes weekly and monthly inspections. So, supplier carries out inspection once has instructions to carry substitute maintenance equipment. ([Employee name], Safety Manager)

**Supplier CAP Date:** 03/05/2011

**Action Taken:** Security personnel are now in charge of scheduled weekly walkthrough to assure compliance with this item.

Follow-up Audit, August 2012: During factory tour all areas were found clear, all emergency exits, extinguishers, emergency/evacuation equipment in general and routes were found free from obstacles.

**Plan**            Yes  
**Complete:**

**Plan**  
**Complete**  
**Date:**

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**Health and Safety: Personal Protective Equipment**

H&S.11 Workers shall be provided with effective and all necessary personal protective equipment (such as gloves, eye protection, hearing protection, respiratory protection, etc.) to prevent unsafe exposure (such as inhalation or contact with solvent vapors, noise, dust, etc.) to health and safety hazards, including medical waste. (S)

**Noncompliance**

**Explanation:** Factory provides personal protective equipment (PPE) to its entire workforce; however, during sensory inspection, monitors observed that workers do not use their PPE (filter masks, earplugs) in some areas in which it is mandatory.

Source: factory walkthrough

**Plan Of Action:** Apply procedure for review and training verification to plant personnel. Ensure that they have developed written PPE procedures; interview workers to ensure their training; and on a tour, check the use of assigned equipment.

**Deadline Date:** 05/03/2011

**Supplier CAP:** Develop general matrix of PPE use in the all of the plant and reinforcement to all employees for implementation. ([Employee name], Safety Manager)

**Supplier** 04/27/2011  
**CAP Date:**

**Action Taken:** Company opened a campaign to assure the usage of PPE. Disciplinary actions will be implemented for the lack of usage.

Follow-up Audit, August 2012: During factory tour, found that all workers were using appropriate PPE.

**Plan Complete:** No

**Plan Complete Date:**

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### Health and Safety: Ventilation/Electrical/Facility Installation and Maintenance

H&S.17 All necessary ventilation, plumbing, electrical, noise and lighting services shall be installed and maintained to conform to applicable laws and in such a manner as to prevent or minimize hazardous conditions to workers in the facility. (S)

#### Noncompliance

**Explanation:** There was visible lint due to the lack of ventilation in the tailoring and hosiery areas.

Source: factory walkthrough

**Plan Of Action:** Order the studies report and verify that suggestions are corrected. Review and verify the requested studies with a plan of action that is being corrected, checking the necessary recommendations.

**Deadline Date:** 05/03/2011

**Supplier CAP:** Do environmental studies on the ground to determine risk and take safe actions.  
([Employee name], Safety Manager)

Follow-up Audit on August 2012: They have installed several fans; doors in that area remain open at all times.

**Supplier CAP Date:** 08/31/2011

**Action Taken:**

**Plan Complete:** Yes

**Plan Complete Date:**

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### Health and Safety: Sanitation in Factory Facilities

H&S.22 All facilities including factory buildings, toilets, canteens, kitchens, and clinics, shall be kept clean and safe and be in compliance with all applicable laws, including relevant sanitation, medical and safety and health regulations. (S)

#### Noncompliance

**Explanation:** 1. Monitors found toilets clean; however, they found water spilled in some toilets and sinks, because after washing their hands, workers left water on the floor.

2. Some interviews mentioned that there are strong odors in women's lockers coming from the toilets located next to these lockers.

Source: 1, 2) factory walkthrough; 2) interviews



**Plan Of Action:** On a plant tour, check the correction of this action. Physically verify the correction of this recommendation, ensuring compliance with safety and hygiene procedures.

**Deadline Date:** 05/03/2011

**Supplier CAP:** Separate bath area of the lockers, to prevent bad smells. ([Employee name], Safety Manager)

Follow-up audit, August 2012: No water found spilled on the floor.

**Supplier CAP Date:** 05/27/2011

**Action Taken:**

**Plan Complete:** No

**Plan Complete Date:**

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### Hours of Work: Time Recording System

HOW.6 Time worked by all workers, regardless of compensation system, shall be fully documented by time cards or other accurate and reliable recording systems such as electronic swipe cards. Employers are prohibited from maintaining multiple time-keeping systems and/or false records for any fraudulent reason, such as to falsely demonstrate working hours. Time records maintained shall be authentic and accurate. (P)

#### Noncompliance

**Explanation:** Factory has manual records of overtime that generate doubt on how these hours are tracked. According to management, they will upgrade their tracking system.

Sources: document review; worker and management interviews

**Plan Of Action:** Check the operation of this system. Verify the purchase of equipment; review records in storage to ensure operation and diffusion in writing; check the use and management of the system.

**Deadline Date:** 06/02/2011

**Supplier CAP:** Biometric attendance control registers were bought. Follow-up Audit, August 2012: They have already started implementing the process (electronic clock has recently been installed); however, not 100% of the people are already using the system.

**Supplier CAP Date:** 07/31/2011

**Action Taken:**

**Plan Complete:** No

**Plan Complete Date:**