COMPANY: Hanesbrands Inc.
COUNTRY: India
FACTORY CODE: 7200321078I
MONITOR: International Resources for Fairer Trade
AUDIT DATE: 11/3/2010
PRODUCTS: Knitted Socks
PROCESSES: Knitting, Drying, Ironing
NUMBER OF WORKERS: 19

For an explanation on how to read this report, please visit the FLA website here.
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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: The ESI Benefit is given only to 7 permanent workers. 4 subcontracted workers, as well as 8 permanent workers, are not covered with the ESI benefit. There are no leave records maintained for any of the workers. Sources: document review; worker and management interviews

Plan Of Action: Hanesbrands (HbI) will conduct quarterly visits and ensure that the supplier takes the following actions:

1. Factory management should receive training on the relevant legal requirements.
2. Establish policy of employee benefits and revise all factory regulations in accordance with local law requirements.
3. Communicate new employee benefits policy to all employees, i.e., post an announcement, provide training, etc.
4. Start to implement the new employee benefits policy (include ESI Benefit).
5. Establish internal monitoring system to guarantee that all employees will get benefits as the law requires.

Deadline Date:

Action Taken:

Plan Complete: No

Plan Complete Date:
Wages, Benefits and Overtime Compensation: Minimum Wage

WBOT.2 Employers shall pay workers at least the legal minimum wage or the prevailing industry wage, whichever is higher. (S)

Noncompliance

Explanation: Factory pays INR 115.00 a day for unskilled workers.

Sources: record review, management interview

Legal Reference: Karnataka Minimum Wages Notification, minimum daily wage for unskilled workers is INR 141.30.

Plan Of Action: Hbl will conduct quarterly visits and ensure the supplier takes the following actions:

1. Factory management should receive training on relevant legal requirements.

2. Establish policy of paying minimum wage of INR 141.30 per day as required by law.

3. Designated personnel to keep track of the prevailing minimum wage in Karnataka periodically.

4. Communicate new minimum wage policy to all employees, i.e., post an announcement, provide training, etc.

5. Back pay all workers the minimum wage for the short-paid months and guarantee a minimum of INR 141.30 per day from now on. Maintain payment records.

6. Establish internal monitoring system to guarantee that all employees will get compensation as the law requires.

Deadline Date:

Action Taken:

Plan Complete: No

Plan Complete Date:
Wages, Benefits and Overtime Compensation: Premium/Overtime Compensation

WBOT.10 The factory shall comply with all applicable laws, regulations and procedures governing the payment of premium rates for work on holidays, rest days, and overtime. (S)

Noncompliance

Explanation: The compensation for overtime is paid at 150% of the Basic Wage, instead of 200% of the gross wage (including the Basic, HRA, and other allowances) as required by law.

Sources: record review; worker and management interviews

Plan Of Action:

1. Factory management should receive training on the relevant legal requirements.
2. Establish policy of overtime compensation and revise all factory regulations in accordance with local law requirements.
3. Communicate new overtime compensation policy to all employees, i.e., post an announcement, provide training, etc.
4. Start to pay overtime compensation based on overtime compensation policy.
5. Establish internal monitoring system to guarantee that all employees will get overtime compensation as the law requires.

Deadline Date:

Action Taken: No

Plan Complete Date:
Wages, Benefits and Overtime Compensation: Pay Statement

WBOT.26 Employers shall provide workers a pay statement each pay period, which shall show earned wages, wage calculations, regular and overtime pay, bonuses, all deductions and final total wage. (P)

Noncompliance

Explanation: None of the workers are provided with pay slips. Sources: record review; worker and management interviews

Plan Of Action:

Hbl will conduct quarterly visits and ensure the supplier takes the following actions:

1. Factory management should receive training on the relevant legal requirements.
2. Establish policy of payment and revise all factory regulations in accordance with local law requirements.
3. Provide pay slips to all employees as per salary payment date.
4. Communicate policy of payment and pay slips to all employees, i.e., post an announcement, provide training, etc.
5. Establish internal monitoring system.

Deadline Date:

Action Taken:

Plan Complete: No

Plan Complete Date:
Forced Labor: Employment Records

F.9 Employers shall maintain sufficient hiring and employment records to demonstrate and verify compliance with this Code provision. (P)

Noncompliance

Explanation: The appointment letters provided to 15 permanent workers are in English and not in the local language. 5 workers reported that they have not received a copy of their appointment letters. It was also observed that the 4 subcontracted (packing) workers were not provided with any appointment letters.

Sources: record review, worker interviews

Plan Of Action: Hbl will conduct quarterly visits and ensure the supplier takes the following actions:

1. Factory management should receive training on the relevant legal requirements.

2. Provide appointment letters in local language to all employees including subcontracted workers.

3. Provide training to workers, especially the newly joined employees.

4. Establish internal monitoring system.

Deadline Date:

Action Taken:

Plan Complete: No

Plan Complete Date:
**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:** The factory does not have an effective grievance procedure in place. There are no worker committees or any other mechanisms through which workers can raise their complaints. Visual observation revealed that there were no suggestion boxes in the factory.

**Sources:** visual observation; worker and management interviews

**Plan Of Action:** Hbl will conduct quarterly visits and ensure the supplier takes the following actions:

1. Factory management should receive training regarding grievance procedure.
2. Establish grievance procedure and grievance channels between workers and management, such as suggestion box, employees' committee, hotline, etc.
3. Communicate grievance procedure and channels to all employees, i.e., post an announcement, provide training, etc.
4. Establish internal monitoring and management review system to review all information from all grievance channels; maintain records accordingly.

**Deadline Date:**

**Action Taken:**

**Plan Complete:** No

**Plan Complete Date:**
Harassment or Abuse: Discipline/Progressive Discipline

H&A.2 Employers shall have a written system of progressive discipline (e.g., a system of maintaining discipline through the application of escalating disciplinary action moving, for instance, from verbal warnings to written warnings to suspension and finally to termination). Any exceptions to this system (e.g., immediate termination for gross misconduct, such as theft or assault) shall also be in writing and clearly communicated to workers. (P)

Noncompliance

Explanation: The factory does not have any disciplinary policies or procedures.

Sources: record review; worker and management interviews

Plan Of Action:

Hbl will conduct quarterly visits and ensure the supplier takes the following actions:

1. Factory management should receive training on disciplinary policies and procedures.

2. Establish progressive system of maintaining discipline through the application of escalating disciplinary actions (e.g., moving from verbal warnings to written warnings to suspension and finally to termination).

3. Communicate disciplinary policies and procedures to all employees, i.e., post an announcement, provide training, etc.

4. Promote and provide grievance procedure and channel to all employees.

5. Establish internal monitoring and management review system to review effectiveness of disciplinary policies and procedures.

Deadline Date:

Action Taken:

Plan Complete: No

Plan Complete Date:
Harassment or Abuse: Violence/Harassment/Abuse

H&A.13 Employers shall ensure that the workplace is free from any type of violence, harassment or abuse, be it physical, psychological, sexual, verbal, or otherwise. Employers shall refrain from any action – and shall take all appropriate action to ensure that all workers refrain from any action – that would result in an intimidating, hostile or offensive work environment for workers. (S)

Noncompliance

Explanation: The factory does not have any policies or procedures to avoid harassment and abuse.

Sources: record review; worker and management interviews

Legal References: Supreme Court guidelines and The Sexual Harassment of Women at the Workplace (Prevention and Redressal) Bill, 2004 (later revised in 2006) make explicit that it is mandatory for employers to ensure an environment free from the threat of any kind of sexual harassment and exploitation. The Supreme Court has mandated every workplace/organization to have a committee to address incidents of sexual harassment in the workplace.

Plan Of Action:

1. Factory management should receive training on relevant legal requirements.
2. Establish Anti-Harassment and Abuse policy in accordance with local law requirements and communicate to all employees.
3. Promote and provide grievance procedure and channels to all employees.
4. Provide Anti-Harassment and Abuse practices training to all supervisors and management.
5. Establish internal monitoring and management review system to review all information from all grievance channels.

Deadline Date:

Action Taken:
Non-Discrimination: Protection and Accommodation of Pregnant Workers and New Mothers

D.9 Employers shall abide by all protective provisions in local laws and regulations benefiting pregnant workers and new mothers, including maternity leave/benefits, prohibitions regarding night work, temporary reassignments away from work that pose risk to the health of women and their children, temporary adjustment of working hours during and after pregnancy, and the provision of breastfeeding breaks and facilities. Where such legal protective provisions are lacking, employers to take reasonable measures to ensure the safety and health of pregnant women and their unborn children. Such measures shall be taken in a manner that shall not unreasonably affect the employment status, including wages and benefits of pregnant women. (P)

Explanation: The factory follows the ESIC Act for permanent workers on maternity leave; however, the benefit is not provided for women who are not covered under the ESIC Act. Auditor's note: There were no pregnant women found in the factory during the audit day.

Sources: record review, management interview

Plan Of Action:

1. Factory management should receive training on relevant legal requirements.
2. Establish Maternity Leave policy (in accordance with ESIC Act) and Anti-Discrimination policy in factory.
3. Provide Maternity Leave policy training to all female employees.
4. Communicate Anti-Discrimination policy to all employees.
5. Provide Anti-Discrimination practices training to all supervisors and management.
6. Promote and provide grievance procedure and channels to all employees.

7. Establish internal monitoring and management review system to review effectiveness of Maternity Leave policy and Anti-Discrimination policy.

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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:** Neither management nor workers are not aware of the code of conduct (COC). There is no awareness of Hbl's COC or the FLA's compliance benchmarks.

**Sources:** visual observation; worker and management interviews

**Plan Of Action:**

Hbl will conduct quarterly visits and ensure the supplier takes the following actions:

1. Post HBI Global Standards for Suppliers Poster in local language on the work floor for all employees to read.

2. Provide training to all employees on HBI Global Standards for Suppliers.

3. Establish internal monitoring system.
**Deadline Date:**

**Action Taken:**

**Plan Complete:** No

**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:** There are no confidential noncompliance reporting mechanisms which allow workers to contact the company directly. The Hbl COC posted in the factory does not provide any contact details for confidential reporting.

**Plan Of Action:** The factory management should establish an effective grievance policy and procedures so that workers can report grievances when deemed necessary. When the grievances could not be resolved internally, it is a last resort for the workers to report grievance to Hanesbrands by means of an established communication channel. HBI compliance team will establish a confidential non-compliance reporting mechanism (ie. an email address) directly with the workers next time when a follow up audit is performed.
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: The factory does not have any policies or an effective mechanism on workplace health and safety. Factory has not conducted any assessment to identify the ESH hazards.

Sources: record review, management interview

Plan Of Action:

1. Establish ESH policy and committee, conduct factory assessment to identify the ESH hazards.
2. Communicate ESH policy to all employees' i.e., post an announcement, provide training, etc.
3. Arrange orientation training is for all new entry employees.
4. Arrange re-training for all employees at least once every 6 months.

5. Establish ESH internal monitoring system at least once per month, maintain records

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**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:** The factory did not have the NOC from the fire department for electrical safety. Factory has yet to get the consent for air and water from the Karnataka State Pollution Control Board. Factory license was not available for review, as it was sent to the directorate for renewal. Certificate of stability was not available for review.

**Sources:** record review, management interviews
Plan Of Action: HbI will conduct quarterly visits and ensure the supplier takes the following actions:

1. Factory management should receive training on relevant legal requirements.

2. Arrange the certified company to inspect and certify as follows:
   a) Fire department to certify electrical safety
   b) Consent from Karnataka State Pollution Control Board for certifying quality of air and water.

3. Factory will provide new factory license and certificate of stability to review as soon as possible.

4. Assign the personnel to keep track on the renewal of the certificate/license etc, proper documentation in file

Deadline Date:

Action Taken:

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: The fire evacuation plan is posted on the production floor in English, not in the local language understood by the workers. Workers reported that they were trained on safe evacuation, but it is not documented. Aisles are not marked; exits are blocked and closed during working hours. The fire alarm is not signed visibly.

Source: visual observation

Plan Of Action: Hbl will conduct quarterly visits and ensure the supplier takes the following actions:

1. Arrange fire evacuation plan in local languages and post in production floors.
2. Educate workers not only safe evacuation, but also fire safety, especially in the orientation training. Arrange training records for safe evacuation training.
3. Arrange arrow marks on all aisles in factory.
4. All walkways (including stairs, aisles, exits, etc.) must be free from obstruction.
5. Arrange for clearly marked fire alarm points.
6. Assign personnel to inspect regularly and maintain records.

Deadline Date:
Action Taken:
Plan Complete: No
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: There are no signs and diagrams indicating the need for personal protective equipment (PPE) use in any of the production areas where appropriate. PPE such as masks and hand gloves are not provided to the workers.

Source: visual observation

Plan Of Action: HBI will conduct quarterly visits and ensure the supplier takes the following actions:

1. Establish ESH policy.
2. Arrange signs and diagrams indicating the need for PPE use in any of the production areas.
3. Provide PPE to all employees free of charge.
4. Arrange ESH training to all employees, especially newly joined employees; maintain training record accordingly.
5. Arrange re-training for all employees at least once every 6 months.
6. Assign personnel to monitor the PPE usage of the employees.
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: A few of the electrical wires in the knitting room were not joined properly.

Source: visual observation

Plan Of Action: Hbl will conduct quarterly visits and ensure the supplier takes the following actions:

1. Fix all electrical wires in the knitting room and recheck all electrical wires in factory.
2. Assign personnel to inspect the electrical safety on a periodical basis and to maintain records.
3. Include electrical safety in the workers' regular safety training and orientation training; maintain records accordingly.

Deadline Date:

Action Taken:
Plan Complete: No

Plan Complete
Date:
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: The workplace is untidy and housekeeping needs improvement. Source: visual observation

Plan Of Action: Hbl will conduct quarterly visits and ensure the supplier takes the following actions:

1. Immediately improve the condition of workplace (clean and tidy).

2. Arrange ESH internal monitoring and committee to ensure workplaces are safe, clean, and tidy.

3. Educate employees to keep the workplace clean and tidy during production.

Deadline Date:

Action Taken:

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: Some workers worked excessive OT in October 2010. 5 workers worked October 6; 3 worked October 7; 4 worked October 14; 1 worked 15 October 15; 1 worked October 20 and has worked 4 hours of overtime.

Sources: document review, management interview

Legal Reference: (Section 56 of The Factories Act, 1948) Including overtime and intervals for rest, workers should not work more than 10 1/2 hours in a day.

Plan Of Action: Hbl will conduct quarterly visits and ensure the supplier takes the following actions:

1. Factory management should receive training on relevant legal requirements.
2. Establish OT policy where 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 head count.
6. Promote and provide grievance procedure and channels for all employees.

Deadline Date: 
Action Taken: 
Plan Complete: No
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: 19 workers worked continuously for 13 days (including Sunday) in August 2010.

Source: time record review

Plan Of Action: Hbl will conduct quarterly visits and ensure the supplier takes the following actions:

1. Factory management should receive training on relevant legal requirements.
2. Establish rest day work policy and payment in accordance with local law requirements.
3. Communicate the rest day work policy to all employees.
4. Factory will review production plans or take other measures in order to reduce rest day work.
5. Factory is considering its long-term capacity plans and is evaluating shift adjustments and head count.
6. Promote and provide grievance procedure and channels to all employees.

Deadline Date:

Action Taken:

Plan Complete: No
Plan
Complete
Date:

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: Working hours are recorded manually by the security personnel. Management reported that they have installed an electronic fingerprint machine October 6, 2010 which would be effective by December 2010.

Sources: record review; worker and management interviews

Plan Of Action: Hbl will conduct quarterly visits and ensure the supplier takes the following actions:

1. All workers record their own working hours by the electronic fingerprint machine.
2. Give awareness training to workers on taking attendance by themselves.
3. Assign personnel as internal monitor for this implementation.
4. Store all working hours data for review to ensure its accuracy and completeness.

Deadline
Date:

Action Taken:

Plan Complete: No
Plan
Complete
Date: 

Hours of Work: Annual Leave
HOW.14 Employers shall provide workers with paid annual leave as required under local laws, regulations and procedures. (S)

Noncompliance

Explanation: 12 workers (63%) out of the total 19 who are not covered under the ESI are not provided with the benefit of paid annual leave.

Source: visual observation

Plan Of Action: Hbl will conduct quarterly visits and ensure the supplier takes the following actions:

1. Factory management should receive training on relevant legal requirements.

2. Establish Annual Leave policy (in accordance with local requirements).

3. Provide all employees with the benefit of paid annual leave in accordance with local requirements; maintain annual leave record.

4. Communicate new Annual Leave policy to all employees.

5. Establish internal monitoring and management review system to review effectiveness of Annual Leave policy.

Deadline Date: 

Action Taken: 

Plan Complete: No