COMPANY: Hanesbrands
COUNTRY: Thailand
FACTORY CODE: 72007412631
MONITOR: Global Standard Consultant Service
AUDIT DATE: December 27 – 28, 2012
PRODUCTS: Knit Shirts, Knit Pants
PROCESSES: Sewing, Ironing, Inspection, Packing
NUMBER OF WORKERS: 366

For an explanation on how to read this report, please visit the FLA website here.
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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: There is no record of the responses to workers' grievances. The factory does not provide a specific form for grievances and place it next to the grievance box.

Plan Of Action: The factory should design a specific form for grievances, and place it next to the suggestion/grievance box. The form will be collected by a designated person on a periodic basis. In this connection, there will be changes in the grievance procedures. All the changes will have to be properly communicated to the employees, either by posting an announcement or by training. There should be an internal monitoring system to ensure that all grievances and suggestions will be reviewed, recorded, and retained.

Deadline Date: 04/30/2011

Action Taken: On March 31, 2011, Hanesbrands performed a follow-up audit and noted that the factory had revised the grievance procedures; the revised procedures were found posted on the production floor. Per the revised procedures, the Human Resources manager was assigned to review all grievances raised by the employees.

On January 9, 2012, Hanesbrands performed another follow-up audit and noticed the following:

1. The revised grievance procedures were posted next to the suggestion/grievance box.

2. The factory has designed a special form for workers to report grievances. These forms were found to be located next to the suggestion/grievance box.

3. The HR manager was assigned to review all grievances raised by employees; grievances were properly documented.

4. Certain important grievances/suggestions were raised in the Welfare Committee meeting, which is to be held on a quarterly basis. The decisions or outcomes will be posted on the notice boards as a means to communicate to workers.
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 fire extinguishers were blocked by materials. 1 fire exit was found partially blocked by materials. The fire exit near the lift is not well marked with arrows or yellow lines to indicate evacuation points. The exit door opens inwards only. The emergency evacuation plans are missing key information such as "you are here" notification, emergency telephone numbers, and emergency assembly points.

Plan Of Action: The factory has to ensure that:

1. Fire extinguishers are free from obstacles.
2. Fire exits should not be blocked by materials.
3. All fire exits must be well marked with arrows or yellow lines to indicate evacuation points/routes.
4. Exit doors must open outwards.
5. "You are here" notifications and emergency assembly points must be properly marked on the emergency evacuation map; emergency telephone numbers must also be included in the map.

Deadline Date: 04/30/2011
Hanesbrands conducted a follow-up visit on March 31, 2011 and noted the following actions:

1. All emergency evacuation plans include key information such as "you are here" notification, the emergency telephone numbers, and emergency assembly points.

2. All evacuation routes and exits were clearly marked with arrows and yellow lines.

3. All fire extinguishers and walkways, including fire exits, were free from any blockage and obstacles.

Hanesbrands conducted another follow-up visit on January 9, 2012 and verified the following:

1. All exit doors have been modified so that they open outwards, or permanently open (in cases where doors could not be modified).

2. New workers will be trained to be familiar with the factory's health and safety matters during the orientation program, particularly, the evacuation procedures.

3. There are annual health and safety trainings for all workers. The last ones were conducted from November 26 - 30, 2011.

**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)

Uncorroborated Evidence of Noncompliance

Explanation: Many workers were found to have some allergic reaction to something in the workplace. It is probable that these illnesses are the result of dust in the workplace. The dust was excessive throughout the factory, but the results of environment test by an outside agency did not show any risks.

Plan Of Action: The factory should investigate the reasons why some workers have allergic reactions to something in the workplace. It is advisable to bring in some medical professional to perform an investigation. Suggestions are as follows:

1. Assign a safety officer/nurse to investigate the root cause(s) of workers' allergic reactions and recommend preventive measures, if any.
2. Educate workers on personal hygienic and good health practices.
3. Designate a person responsible for conducting regular inspections to enhance the overall sanitary conditions of the workplace.

Deadline Date: 04/30/2011

Action Taken: Hanesbrands conducted a follow-up visit on March 31, 2011, and noted the following actions:

1. There is a full-time nurse stationed in the factory during working hours.
2. The health report written by the nurse is submitted to the safety officer on a monthly basis.
3. Cleaning of the ventilation system is done once every 2 weeks.
4. An inspection on factory sanitary conditions will be conducted once a year.
5. Health checks are provided to all workers once a year.

Hanesbrands performed another follow-up visit on January 9, 2012 and noted the following actions:

1. The safety officer, nurse, and Safety Committee had jointly conducted the investigation on the workers' allergic reactions. No specific allergic source could be
identified.

2. It was concluded that the overall sanitary conditions of the facility will be improved by: a) cleaning the ventilation system once every 2 weeks and b) having an external company assess the sanitary conditions of the facility once a year. The last one was conducted on October 6, 2011 without any major risks or concerns.

Plan Complete: Yes
Plan Complete Date: 03/31/2011

Health and Safety: Material Safety Data Sheets/Worker Access and Awareness
H&S.14 Material Safety Data Sheets (MSDS) for all chemicals used in the factory must be available at the usage and storage sites of the chemicals, in the local language and the language(s) spoken by workers, if different from the local language. Workers shall have free access to MSDS. (P)

Noncompliance

Explanation: The MSDS posted at the spot cleaning station is incomplete (missing key information about the chemical and does not comply with international or Thai standards for MSDS). The ventilation machine at the spot cleaning system has no exhaust hose or filter.

Plan Of Action: The factory has to perform the following:

1. Review all MSDS to ensure its information completeness, in accordance with international or Thai relevant standards.

2. An exhaust hose or filter should be installed on the ventilation machine.

3. Establish a health and safety monitoring system and assign a member of personnel to review the MSDS, and check the ventilation system regularly.

4. Chemical safety training should be arranged for chemical operators.

Deadline Date: 04/30/2011
Action Hanesbrands' compliance team conducted the follow-up visit on March 31, 2011, and
Taken: found the following actions:

1. MSDS with complete information was posted at the chemical using area and storage area.

2. Chemical safety training was provided to chemical operators. [Note: The last one was held on December 17, 2010.]

3. The spot cleaning department was moved to an area with better ventilation. 4. The safety officer conducted an internal safety audit once a month.

Hanesbrands conducted another follow-up visit on January 9 2012, and noted the following actions:

1. A safety officer was assigned to be responsible for the safety inspection.

2. The factory stopped using chemicals for the spot cleaning process. Only water is used for the spot cleaning process.

Plan Complete: Yes

Plan Complete Date: 03/31/2011

Health and Safety: Machinery Maintenance and Worker Training

H&S.18 All production machinery, equipment and tools shall be regularly maintained and properly guarded. Workers shall receive training in the proper use and safe operation of machinery, equipment and tools they use. Employers shall ensure safety instructions are either displayed/posted near all machinery or are readily accessible to the workers. (S)
Noncompliance

Explanation: Tag-in/tag-out system for sewing machines is not well managed. Many machines did not have tags at all, but are not being used. Many machines had no tags, but were in use. The technician could not clearly explain the tag-in/tag-out system. There should be a tag (like a red flag) on the machine that indicates it is out of service, so workers do not try to operate a broken machine. Procedures do not comply with the Notification of Ministry of Interior, Re: Safety in working with machinery: Clause 6: Placard, tag in and tag out required for installation and maintenance of machine.

Plan Of Action: Hanesbrands’ compliance team will conduct a quarterly visit, and ensure that the supplier takes the following actions:

1. Establish Lock-out/Tag-out procedures for installation and maintenance of sewing machines.
2. Provide workers training on the newly established Lock-out/Tag-out procedures.
3. Assign a member of personnel to periodically review the implementation of said procedures.

Deadline Date: 04/30/2011

Action Taken: Hanesbrands’ compliance team conducted the follow-up visit on March 31, 2011, and noted the following actions:

1. Lock-out/Tag-out system was implemented and corresponding training was provided to sewing workers.
2. An internal safety audit was conducted once a month by the safety officer.
3. A Safety Committee meeting was conducted once a month.

Hanesbrands’ compliance team conducted another follow-up audit on January 9, 2012 and noted the following actions:

1. Lock-out/Tag-out system continued to be well implemented in the workplace.
2. Training on the "Lock-out/Tag-out" procedures was provided to managers, supervisors, and line leaders once a year. The last training was conducted on April 4,
Plan Complete: Yes
Plan Complete Date: 03/31/2011

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 in excess of 60 hours per week (66-72 hours/week) in April, July, and August. These workers worked in sewing, cutting, and QC sections.

Plan Of Action: HBI compliance team will conduct a quarterly visit, and ensure the supplier to take the following actions:

1. Factory management should receive training on relevant legal requirements and Hanesbrands' codes.
2. Establish overtime policy in which the working hours and payment are in accordance with local legal requirements and Hanesbrands' codes.
3. Communicate OT policy to all employees.
4. Factory will review its production plans or take measures in order to reduce overall overtime hours.
5. Factory is considering reviewing its long-term production capacity, and is also evaluating the possibility of shift adjustments and the increase of workforce.

Deadline Date: 12/31/2011
Action Taken: Hanesbrands' compliance team conducted a follow-up visit on March 31, 2011, and found the following actions:

1. Based on the payroll and time records from January to March 2011, the maximum
Overtime hours were 3 hours per day and 10 hours per week; thusly, the maximum working hours were 11 hours per day and 58 hours per week respectively.

2. The Deputy Finance Director and the Compliance representative were assigned to monitor the working hours of the facility.

Hanesbrands’ compliance team will visit the facility before the end of December 2011 to further evaluate the overall working hours for the peak seasons and to review the status of points 1-5 mentioned above. The working hours are an ongoing issue, but factory management should take appropriate actions to gradually reduce overtime to an acceptable level.

Hanesbrands’ compliance team conducted a further follow-up audit on January 9, 2012 and noted the following:

1. The factory continued to find ways to improve productivity, so as to reduce the overall working hours.

2. Based on the payroll and time records for April, July, August, October, November, and December 2011, a) the maximum OT in the non-peak season (October to December 2011) was 3 hours per day, 6 hours per week (total work hours: 54 hours per week) and b) the maximum OT in the peak season (April, July, and August 2011) was 3 hours per day and 18 hours week (total work hours: 66 hours per week).

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Plan Complete Date:

**Hours of Work: Public Holidays**

HOW.13 Employers shall provide workers with all official public holidays as required under local laws, regulations and procedures. (S)

**Noncompliance**
Explanation: The factory policy (Sections 5.2 and 6.3) states that work on public holidays is compensated at twice the rate as regular days. Although, there is no evidence of this in practice. Thai Labor Protection Act, Article 64 states work on holidays should be compensated at 3 times regular pay.

Plan Of Action: Hanesbrands' compliance team will conduct a quarterly visit, and ensure the supplier takes the following actions:

1. Factory management should ensure that the factory policy is consistent with the relevant legal requirements, in particular, when the factory requires that an employee works overtime on a holiday, the factory shall pay holiday overtime pay to the employee at a rate that is not less than 3 times the regular pay.

2. Communicate the revised policy to the employees.

Deadline Date: 04/30/2011

Action Taken: Hanesbrands' compliance team conducted a follow-up visit on March 31, 2011, and noted the following actions:

1. Per factory policy, factory paid the workers for public holiday at 200% of workers' basic wage per day for daily workers, and 300% of workers' basic wage per day when they worked overtime on public holidays (i.e., after 8 hours). The factory policy was found to be in compliance with Sections 62 to 64 of Thai Labor Protection Act.

2. The factory policy was submitted to Thailand Labor department and was approved on May 20, 2010. The factory should show the evidence to the FLA IEM auditor during the audit on December 28, 2010.

Hanesbrands' compliance team will visit the facility before the end of December 2011 to review if the workers' work overtime during the public holiday, and verify if they are compensated at 3 times of regular pay.

Hanesbrands' compliance team conducted a follow-up visit on January 9, 2012 and noted the following:

1. Based on the payroll and time records for April, July, August, October, November, and December 2011, there were no workers working overtime during public holidays.

2. Some workers were selected for interviews and they confirmed to us that they did not work overtime during public holidays over the last few months.
Plan Complete: Yes

Date: 01/09/2012

Hours of Work: Sick Leave/Restrictions
HOW.20 Employers shall not impose any undue restrictions on sick leave. Any factory restrictions or procedures regarding sick leave, such as informing the employer as soon as possible, the provision of medical certificates, the use of designated doctors or hospitals, etc., must be in line with local laws, regulations and procedures and must be communicated in full to all workers. (S)

Noncompliance

Explanation: 1. Workers have to submit a medical certificate even they take 1 or 2 days of sick leave. If workers cannot submit a medical certificate, they will not receive wages for that day. However, HR manager stated that the facility did not require such certificate and has a policy regarding sick leave that has been communicated to all workers. The workers said they will not be paid unless they submit a doctor’s certificate when they take sick leave.

2. The infraction is not that workers had a pay cut, but that the factory communicates the law incorrectly. That is to say, all workers (except a few) reported that a medical certificate must be presented even if they are absent 1 day. This infraction is found in 90% of Thai factories, as they assume that workers will abuse the system.

Plan Of Action: Hanesbrands’ compliance team will ensure the supplier takes the following actions:
1. The factory's sick leave policy should be in line with the relevant legal regulation, in particular, that no medical certificate is required when workers take sick leave of no more than 3 consecutive days.
2. Communicate the revised policy to workers.

Deadline 06/30/2011
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| Action Taken: | Hanesbrands’ compliance team conducted the follow-up visit on March 31, 2011, and noted the following actions:  
1. The factory management planned to arrange the employees training on April 24, 2011 to explain the sick leave policy.  
2. The Deputy Finance Director and a compliance representative are assigned to oversee the implementation of the said policy.  
Hanesbrands’ compliance team will visit the facility before the end of December 2011 to ensure that the sick leave policy has been revised and communicated to workers, and to verify that no medical certificate is required when workers take sick leave less than 3 consecutive days.  
Hanesbrands’ compliance team conducted a follow-up audit on January 9, 2012 and noted the following actions:  
1. The training on the revised sick leave policy was conducted from August 17 - 25, 2011.  
2. Some workers were selected for interviews and they confirmed to us that the factory did not request them to submit a medical certificate even when they took 1 or 2 days of sick leave. | 
| Plan Complete: | Yes | 
| Plan Complete Date: | 01/09/2012 |