

FLA Audit Profile

Factory Code	720015872G
Country	China
FLA Affiliate	Hanesbrands Inc
Monitor	ALGI
Audit Date	July 23-24, 2008
Products	Down products
Processes	Cutting, sewing, down filling, inspection, packing
Number of Workers	210



FAIR LABOR
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Wages, Benefits and Overtime Compensation: A. 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)

Audit Date	Audit Type	Audit Scope	Auditor	Score
07/24/2008	External	FLA Independent External Monitoring	ALGI	1 (out of 5)

Explanation:

Piece rate workers are not provided with paid legal holiday. Facility did not provide paid New Year's Day, 3 days' Spring Festival to any worker. But it provided paid May Day to all workers. 2. 210 migrant workers are all enrolled in comprehensive social insurance for migrant employees which only covers work injury, medical and pension insurances. In ***CITY NAME***, migrant workers can only be enrolled in the comprehensive social insurance. Sources: Documentation review / Management interview / Worker interview Law: Art. 2 of Measures on Having a holiday for National Annual Leaves and Memorial Days: 1) Having a one-day holiday on New Year (January 1), (2) Having a three-day holiday on Spring Festival (the lunar New Year's Eve, the first two days of lunar Jan.) (3) Having a one-day holiday on Tomb-Sweeping Day (the lunar Tomb-Sweeping Day) (4) Having a one-day Holiday on Labor Day (May 1) (5) Having a one-day holiday on Dragon-boat Festival (the lunar Dragon Boat Festival) (6) Having a one-day holiday on Mid-Autumn Festival (the lunar Mid-Autumn Festival) (7) Having a three-day holiday on National Day (October 1, 2, 3) Art. 6 of Measures on Having a holiday for National Annual Leaves and Memorial Days: Where the vacations having a holiday for all citizens happen to be on Saturday or Sunday, they shall have additional holiday with working days. Art. 72 of PRC Labor Law (Chapter 9 Social Security and Benefit): Management and employees must participate in social insurance programs. Art.73 PRC Labor Law: Workers shall be provided with social insurance benefits under the following circumstances: a) retirement; b) illness; c) disability caused by work-related injury or occupational disease; d) unemployment and e) child bearing. Art. 73 of PRC Labor Law (Chapter 9 Social Insurance and Welfare): Social insurance contribution shall be fulfilled in full and in time. Root Cause: 1. In ***CITY NAME***, migrant workers are only accessible to comprehensive social insurance, which includes work injury, medical and pension insurances. 2. Management is not willing to talk about the cause of noncompliance regarding minimum wage, legal benefits or overtime premium. In auditors' opinion, the rising of RMB and the implementation of Law of the PRC on Employment Contracts affect the export-oriented Chinese textile industries (the factories margin is reduced which affects the workers' wages and benefits).

Plan Of Action:

1. Hanes Brand held a meeting with vendor representatives in late August to discuss this issue and performed an internal follow up visit on 9/18/2008 to ensure the factory is progressing with compliance. 3. Hanes Brand will conduct another internal follow up visit at the end of November to ensure facility is compliance on payment to the workers for national holidays.

DeadLine Date: 11/30/2008
Supplier CAP: 1. Factory will pay national holiday wages at least local minimum rate to workers since October 5th, 2008. 2. ***CITY NAME*** government only requires three types of social insurance provided to migrant workers, factory can not provide more to workers.
Supplier CAP Date: 10/15/2008
Action Taken: During the 1st follow up visit: (1) the latest payroll periods do not show payment for national holidays, nevertheless, the factory plans to pay the workers for working on national holidays (mid-autumn festival) at least a minimum rate on the next payable wage in October 2008. (2) The factory has complied with the local government regulation to purchase the "comprehensive insurance" for all migrant employees. It is not a waiver of social insurance but the compliance with the requirement of local regulations. Additionally, the ***CITY NAME*** government did not arrange the "5 funds" to migrant workers. All enterprises follow the same requirement. During the 2nd follow up visit by Hanes Brand the auditor noted on 12/11/2008: (1) it was noted national holidays (Oct 1 to 3) are paid at local minimum wages. see attachment. (2) Factory still needs to purchase the comprehensive social insurance as it is followed the local regulation of ***CITY NAME***. The government did not file any violation against the factory.
Plan Complete: No
Plan Complete Date:
Action Verified: No
Action Verified Text:
Action Verified Date:
Comments:

Wages, Benefits and Overtime Compensation: B. Minimum Wage

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

Audit Date	Audit Type	Audit Scope	Auditor	Score
07/24/2008	External	FLA Independent External Monitoring	ALGI	1 (out of 5)

Explanation: 30% of workers are not paid the minimum wage. As 29 workers' sampled payroll review, 5 out of 29 workers did not get the minimum wage in June; 6 out of 29 workers did not get the minimum wage in May; 15 out of 29 workers did not get the minimum wage. Sources: Documentation review / Management interview / Worker interview Law: Art. 48 of PRC Labor Law (Chapter 5 Wages and Salaries): Employer shall pay workers wages no lower than government established minimum. Article 12 of Regulation for Minimum Wage: Providing that an employee had worked normally, the payment he could get should be no less than minimum wage except for the following items: a) overtime payment; b) special allowance for middle shift, night shift, working under high temperature, low temperature, mine or toxic environment; c) other benefit regulated by law and regulations. Root Cause: Management is not willing to talk about the cause of noncompliance regarding minimum wage, legal benefits or overtime premium. In auditors' opinion, the rising of RMB and the implementation of Law of the PRC on Employment Contracts affect the export-oriented Chinese textile industries (the factories margin is reduced which affects the workers' wages and benefits).

Plan Of Action: 1. Hanes Brand held the meeting with vendor representatives in late

August to discuss the importance of this issue and performed an internal follow up visit on 9/18/2008 to ensure the factory is progressing with compliance. 3. Hanes Brand will conduct another internal follow up visit by end of November to ensure the facility is compliance with the minimum wage requirements. 4. Hanes Brand will communicate with the **Factory Name** management for the emergence of this issue and work out the action plan when they could resolve this issue in Feb 2009."

DeadLine Date:

Supplier CAP:

"Immediate action: Factory would compensate at least local minimum wages to all piece rate workers. Long Term Plan: If piece rate workers are incompetent for the job and cannot meet at least local minimum rate due to their own reason, factory will consider terminating contract relationship with them."

Supplier CAP Date:

10/15/2008

Action Taken:

During the follow up visit on September 18th, 2008, it was noted that payment of minimum wages is still a problem in the factory relating to low efficiency workers. Factory stated that they would evaluate these workers' efficiency and plan to terminate the work relationship with these workers if their contracts expired. During the 2nd follow up visit by Hanes Brand auditor on 12/11/2008: It was still found that around 5 out of 70 sampled workers' hourly rate did not reach local minimum rate of RMB 5.52 per hour. Factory did not outline the plan when they will resolve this issue completely.

Plan Complete:

No

Plan Complete Date:

Action Verified:

No

Action Verified Text:

Action Verified Date:

Comments:

Wages, Benefits and Overtime Compensation: I. 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)

Audit Date	Audit Type	Audit Scope	Auditor	Score
07/24/2008	External	FLA Independent External Monitoring	ALGI	1 (out of 5)

Explanation:

The overtime premium for piece rate workers is not correctly calculated. All workers are compensated 100% of regular wage for regular overtime; 1.1RMB per hour for rest day work; 100% of regular wage for holiday work. They should be compensated 150% of regular wage for regular overtime, 200% of regular wage for rest day work; 300% of regular wage for holiday work in accordance with the law. Sources: Documentation review / Management interview Law: Art. 44.1 of PRC Labor Law: The employer shall pay workers no less than 150 % of their regular wages if they are required to work overtime. Art.44. 2 of PRC Labor Law : Payment of wages to laborers should be no less than 200% of the normal wage if the employees are required to work on a day of rest and no deferred rest can be taken. Art.44.3 of PRC Labor Law: Payment to workers should be no less than 300% of the normal wage if they are required to work during a legal holiday. Root Cause: Management is not willing to talk about the cause of noncompliance regarding minimum wage, legal benefits or overtime premium. In auditors' opinion, the rising of RMB and the

implementation of Law of the PRC on Employment Contracts affect the export-oriented Chinese textile industries (the factories margin is reduced which affects the workers' wages and benefits).

Plan Of Action: 1. Hanes Brand held the meeting with vendor representatives in late August to discuss the importance of this issue and performed an internal follow up visit on 9/18/2008 to see how the facility is progressing. 3. Hanes Brand plans to have another internal follow up visit by end of November to insure the facility is working on an aggressive time plan on how and when to increase the OT premium up to legal standard. We expect this issue should be resolved within 6 months. 4. Hanes Brand will communicate with the **Factory Name** management for the emergence of this issue and work out the action plan when they could resolve this issue in Feb 2009."

DeadLine Date: 03/31/2009

Supplier CAP: "Immediate action: Factory currently paid RMB 1.1 per hour as premium for overtime hours; it is difficult to pay additionally 50% and 100% of regular rate for the overtime hours. Long Term Plan: Factory would continuously increase the overtime premium to the workers and try to paid overtime hours at 50% and 100% of regular rate in future when the business is turned to be good. "

Supplier CAP Date:

Action Taken: During the follow up visit on September 18th, 2008, the adequacy of overtime premium is still the issue and factory could not provide a time-line of when to increase the premium step by step, because it is a financial burden for them to provide adequate payment. During the 2nd follow up visit by Hanes Brand auditor on 12/11/2008: It was noted overtime wages are still paid at RMB 1.1 per hour plus piece wages for regular overtime hours and RMB 1.5 per hour plus piece wages for rest day overtime hours. Factory did not outline the plan when they will resolve this issue completely.

Plan Complete: No

Plan Complete Date:

Action Verified: No

Action Verified Text:

Action Verified Date:

Comments:

Wages, Benefits and Overtime Compensation: L. Voluntary Wage Deductions

WBOT.14 Voluntary wage deductions for savings clubs, loan payments, etc. can only be made with the express and written consent of workers and shall be documented in employee files. All such voluntary deductions shall be credited to proper accounts and funds shall not be held illegally or inappropriately by employers. (S)

Audit Date	Audit Type	Audit Scope	Auditor	Score
07/24/2008	External	FLA Independent External Monitoring	ALGI	1 (out of 5)

Explanation: Wage differences which were supplemented to meet the minimum wage last month is deducted the following month. As payrolls from January to June review, only one worker's wage difference was deducted in June. Sources: Documentation review / Management interview Law: Art.15 of Interim Regulation on the Payment of Wages: Article 15 An employing work unit must not improperly deduct labourers' wages. In any one of the following situations, an employing work unit may deduct laborer's wages:

1. An employing work unit deducts and submits personal income tax; 2. an employing work unit deducts and submits any item of social insurance expense that should be undertaken personally by the labourer; 3. child support payments or alimony that is required to be deducted in a judgment or ruling by the court; and 4. other expenses that laws or regulations stipulate may be deducted from the wages of labourers. Root Cause: Management is not willing to talk about the cause of noncompliance regarding minimum wage, legal benefits or overtime premium. In auditors' opinion, the rising of RMB and the implementation of Law of the PRC on Employment Contracts affect the export-oriented Chinese textile industries (the factories margin is reduced which affects the workers' wages and benefits).

Plan Of Action: 1. Hanes Brand held the meeting with vendor representatives in late August to discuss this issue and performed an internal follow up visit on 9/18/2008 to ensure the factory is progressing with compliance. 3. Hanes Brand plans to have another internal follow up visit by end of November to ensure the compliance is continuing." Deadline Date: 11/30/2008 4. Hanes Brand will follow up from employee interview to ensure this issue was not happened.

DeadLine Date: 03/31/2009

Supplier CAP: "Immediate action: Factory would not deduct the wages any more. Factory would compensate at least local minimum wages to all piece rate workers if they are earned less than this amount. Long Term Plan: Factory would make sure workers are guaranteed with minimum wages,"

Supplier CAP Date: 09/30/2008

Action Taken: During the follow up visit on September 18th, 2008, it was found that the practice was not reflected in the latest payroll round. Factory has discontinued deducting the wages and is providing a guaranteed minimum wage for all workers.

Plan Complete: No

Plan Complete Date: 09/18/2008

Action Verified: No

Action Verified Text:

Action Verified Date:

Comments:

Wages, Benefits and Overtime Compensation: P. Payroll Record Maintenance/Worker Acknowledgement

WBOT.20 All compensation records shall be maintained accurately and shall be acknowledged by the worker as accurate. (P)

Audit Date	Audit Type	Audit Scope	Auditor	Score
07/24/2008	External	FLA Independent External Monitoring	ALGI	1 (out of 5)

Explanation: There is no worker's signature of receipt on the pay slip. Sources: Documentation review / Worker interview Law: Art. 6 of PRC Provisional Regulations for the Payment of Wages: Company shall record in writing the amount of wages paid to workers, date of the payment, names and signatures of the person receiving wages. The company shall have these records available for two years or more for examination. Root Cause: According to management, they provide pay slip to workers every month. They failed to require workers to sign the pay slip.

Plan Of Action: 1. Hanes Brand held the meeting with vendor representatives in late

August to discuss this issue and performed an internal follow up visit on 9/18/2008 to ensure the factory is progressing with compliance. 3. Hanes Brand plans to have another internal follow up visit by end of November to ensure the continued compliance."

DeadLine Date: 11/30/2008
Supplier CAP: "Immediate action: Factory would have the workers sign on the payrolls for the wages to be issued on October 5th. Long Term Plan: Factory would ensure workers understand their wage information. "
Supplier CAP Date: 10/05/2008
Action Taken: Follow up visit on September 18th, 2008, revealed factory has not started requiring the workers sign to sign their pay slip. (August 2008). Factory plans to have the workers sign on the payrolls in next payroll period, i.e. September, which is paid in October. During the 2nd follow up visit by Hanes Brand auditor on 12/11/2008: the factory provided payment records which are signed by the workers. (see attachment)
Plan Complete: No
Plan Complete Date: 12/11/2008
Action Verified: No
Action Verified Text:
Action Verified Date:
Comments:

Wages, Benefits and Overtime Compensation: U. Worker Wage Access to Information

WBOT.25 Workers shall have access to understandable information from their employer about their wages and benefits. (P)

Audit Date	Audit Type	Audit Scope	Auditor	Score
07/24/2008	External	FLA Independent External Monitoring	ALGI	1 (out of 5)

Explanation: Workers have no knowledge of the wages, including the calculation of wages, incentives systems, benefits and bonuses they are entitled to in a factory and under applicable laws. Sources: Documentation review / Management interview / Worker interview Law: None Root Cause: Most workers in China do not have a sound knowledge of their legal wages and benefits. Facility does not provide such training to workers.

Plan Of Action: 1. Hanes Brand held a meeting with vendor representatives in late August to discuss this issue and performed an internal follow up visit on 9/18/2008 to ensure the factory is progressing with compliance. 3. Hanes Brand plans to have another internal follow up visit by end of November to ensure this task had been done."

DeadLine Date: 11/30/2008
Supplier CAP: "Immediate action: Factory would hold a meeting in middle October to communicate with the workers about the wage information, incentive systems, benefits. Factory post the relevant information on work floors. Long Term Plan: If there is any change in factory's payment and benefit information, factory would communicate with the workers in time."
Supplier CAP Date: 10/30/2008
Action Taken: Follow up visit on September 18th, 2008, revealed there is no evidence to prove the factory has communicated with the workers about the wage and benefit information. Factory has committed to communicate the wage and benefit information to workers in mid October, 2008 through their

employee training. During the 2nd follow up visit by Hanes Brand auditor on 12/11/2008: factory provided records and pictures for the employees training. The agenda of the training included factory rules and regulations, disciplinary procedures, working hours, remuneration and union activities.

Plan Complete: No
Plan Complete Date: 12/11/2008
Action Verified: No
Action Verified Text:
Action Verified Date:
Comments:

Forced Labor: C. 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)

Audit Date	Audit Type	Audit Scope	Auditor	Score
07/24/2008	External	FLA Independent External Monitoring	ALGI	1 (out of 5)

Explanation: The employment contracts are missing labor compensation. Sources: Documentation review / Management interview Law: Article 17 of law of the PRC on employment contracts: An employment contract shall specify the following matters: (1) The name, domicile and legal representative or main person in charge of the Employer; (2) The name, domicile and number of the resident ID card or other valid identity document of the Employee; (3) The term of the employment contract; (4) The job description and the place of work; (5) Working hours, rest and leave; (6) Labor compensation; (7) Social insurance; (8) Labor protection, working conditions and protection against occupational hazards; and (9) Other matters which laws and statutes require to be included in employment contracts. In addition to the requisite terms mentioned above, an Employer and an Employee may agree to stipulate other matters in the employment contract, such as probation period, training, confidentiality, supplementary insurance and benefits, etc. Root Cause: According to the management, all production workers are paid by piece rate and it varies individually so they do not specify labor compensation in the contract.

Plan Of Action: 1. Hanes Brand held a meeting with vendor representatives in late August to discuss this issue and performed an internal follow up visit on 9/18/2008 to ensure the factory is progressing with compliance. 3. Hanes Brand plans to have another internal follow up visit by end of November to ensure this task had been done.

DeadLine Date: 11/30/2008

Supplier CAP: "Immediate action: Factory revised the content of labor contract to reflect the remuneration and attached the new content in the contract, also distribute to the workers by the end of September. Long Term Plan: Factory obtained the updated labor contract law and would make sure the stipulation in the contracts comply with the law in future. "

Supplier CAP Date: 09/30/2008

Action Taken: Follow up visit on September 18th, 2008, showed that factory has stipulated the remuneration method on a separate sheet and factory will attach the new remuneration clause in the contracts and distribute the new contracts to workers by the end of September 2008. See Attachment for evidence of compensation clause added to the labor contract. During

the 2nd follow up visit by Hanes Brand auditor on 12/11/2008: it was noted the update labor contracts indicated the remuneration method is piece rate. (see attachment)

Plan Complete: No
Plan Complete Date: 12/11/2008
Action Verified: No
Action Verified Text:
Action Verified Date:
Comments:

Forced Labor: M. Worker Ability to Terminate/Freedom of Movement

F.13 Employers shall not utilize practices that restrict a workers' ability to terminate his or her employment or freedom of movement. Examples of such practices include, but are not limited to: (the threat of) physical or mental coercion; requiring deposits; imposing financial penalties; requiring recruitment fees; setting production targets or piece rates at such a level that workers need to work beyond normal working hours (excluding overtime) as set under the FLA Code in order to make the legal minimum wage or the prevailing industry wage; and denying and hampering access to, and renewal of, identity papers and/or work permits or any other personal legal (identification) documents. (S)

Audit Date	Audit Type	Audit Scope	Auditor	Score
07/24/2008	External	FLA Independent External Monitoring	ALGI	1 (out of 5)

Explanation: Workers are charged tool, quilt and uniform fees ranging from 80 to 200, when they enter the factory. Sources: Management interview / Worker interview Law: None Root Cause: The factory director said that they charge tool fees because they are afraid that workers would take the tools home; they charge the quilt fees because they want to keep uniform of the dormitory management.

Plan Of Action: 1. Hanes Brand held a meeting with vendor representatives in late August to discuss this issue; 2. Hanes Brand performed an internal follow up visit on 9/18/2008 to ensure the factory is progressing with compliance. 3. Hanes Brand plans to interview additional workers next visit to ensure the factory does not collect the deposit anymore.

DeadLine Date: 09/30/2008

Supplier CAP: "Immediate action: Factory has returned the deposits to the workers, returning receipts provided. The factory would establish the policy by the end of September that they would collect any forms of deposits from the employees in future. Long Term Plan: Factory would make sure they would not collect any forms of deposits in future and use other reasonable methods for factory management."

Supplier CAP Date: 09/19/2008

Action Taken: Follow up visit on September 18th, 2008, noted that the deposits have been returned to workers, and evidence was provided for review. The interviewed workers also reported the deposits have been returned and the facility no longer collects deposits from new employees.

Plan Complete: No
Plan Complete Date: 09/18/2008
Action Verified: No
Action Verified Text:
Action Verified Date:

Comments:

Forced Labor: R. Other - Forced Labor

Other

Audit Date	Audit Type	Audit Scope	Auditor	Score
07/24/2008	External	FLA Independent External Monitoring	ALGI	1 (out of 5)

Explanation: Facility does not have a written policy on prohibition of Forced Labor.
Sources: Documentation review / Management interview Law: None Root Cause: None

Plan Of Action: 1. Hanes Brand held a meeting with vendor representatives in late August to discuss this issue and performed an internal follow up visit on 9/18/2008 to ensure the factory is progressing with compliance. 3. Hanes Brand plans to have follow-up on a regular basis to insure continued compliance.

DeadLine Date: 09/30/2008

Supplier CAP: "Immediate action: Factory has established written anti-forced labor policy and would communicate it in the factory. Also factory would establish the voluntary overtime system. Long Term Plan: ***Factory Name*** would make sure the anti-forced labor policy is implemented. Provide training about the anti-forced labor policy to management. Arrange production properly to avoid urgent overtime production."

Supplier CAP Date: 09/30/2008

Action Taken: Follow up visit on September 18th, 2008, noted that the factory has regulated the anti-forced labor policy. The factory communicated with the workers about this by posting the policy on work floors. See Attachment for evidence of posted anti-forced labor and anti-discrimination regulations.

Plan Complete: No

Plan Complete Date: 09/18/2008

Action Verified: No

Action Verified Text:

Action Verified Date:

Comments:

Freedom of Association: B. 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)

Audit Date	Audit Type	Audit Scope	Auditor	Score
07/24/2008	External	FLA Independent External Monitoring	ALGI	1 (out of 5)

Explanation: There is an ACFTU branch trade union in the factory. ***Worker Name*** is the representative in the factory and he is also a member of factory

management. The trade union leader was nominated by factory management. Employees do not have the right to freely associate. As per worker interview, workers have no knowledge of the existing union, or any election for union leader; also, they had not approached union representative for any issues. Sources: Worker interview / Management interview Law: Art. 7 of PRC Labor Law: Laborers have the right to participate in and organize trade unions. Unions represent and safeguard the legal interests of workers and proceed with activities independently. Root Cause: The Chinese constitution guarantees Freedom of Association (FOA); however, the Trade Union Act prevents the 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 the Trade Union Act are contrary to the fundamental principles of FOA, including the non-recognition of the right to strike. As a consequence, all factories in China fall short of the ILO standards on the right to organize and bargain collectively. However, the government has introduced new regulations that could improve the functioning of the 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. The trade union has the responsibility to consult with management on key issues of importance to their 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: 1. Hanes Brand will work with the factory to form a welfare committee to let the employees express their opinion instead of requesting factory to violate the Law of the Land, i.e. form an independent union.

DeadLine Date: 12/30/2008

Supplier CAP: China Law does not allow formation of a separate union but allows workers to join China Communist workers union (a unique union in China). If form any independent union without government approval, it is violated the Country Law.

Supplier CAP Date:

Action Taken: Factory did not agree with this issue as it is violates the Law for freedom of association. However, they have complied with the government to form a government approved union in the factory.

Plan Complete: No

Plan Complete Date:

Action Verified: No

Action Verified Text:

Action Verified Date:

Comments:

Freedom of Association: E. Employer Interference/Constitution, Elections, Administration, Activities and Programs

FOA.5 Employers shall not interfere with the right of workers to draw up their constitutions and rules, to elect their representatives in full freedom, to organize their administration and activities and to formulate their programs. (S)

Audit Date	Audit Type	Audit Scope	Auditor	Score
07/24/2008	External	FLA Independent External	ALGI	1 (out of 5)

Monitoring

Explanation: The trade union leader was nominated by factory management. As per worker interview, workers have no knowledge of the existing trade union, or any election for union leader. Sources: Worker interview / Management interview Law: None Root Cause: The Chinese constitution guarantees Freedom of Association (FOA); however, the Trade Union Act prevents the 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 the Trade Union Act are contrary to the fundamental principles of FOA, including the non-recognition of the right to strike. As a consequence, all factories in China fall short of the ILO standards on the right to organize and bargain collectively. However, the government has introduced new regulations that could improve the functioning of the 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. The trade union has the responsibility to consult with management on key issues of importance to their 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: 1. Hanes Brand held a meeting with vendor representatives in late August to discuss this issue and performed an internal follow up visit on 9/18/2008 to ensure the factory is progressing with compliance. 3. Hanes Brand plans to have follow-up on a regular basis to insure continued compliance.

DeadLine Date: 11/30/2008

Supplier CAP: "The current union leader is still in leadership till next year; factory cannot hold the new election until next year. Factory would have the workers elect the union leader next year and hold the meeting to have the election."

Supplier CAP Date: 03/31/2009

Action Taken: Follow up visit on September 18th, 2008, there is no plan to change the union leader. As the current leader is still in the term of the union, factory will hold a meeting so the employees can elect the union leader next year. During the 2nd follow up visit by Hanes Brand auditor on 12/11/2008: it was noted the union leader is still the same one who is still on board, factory would hold new election meeting next year to elect the new union leader.

Plan Complete: No

Plan Complete Date:

Action Verified: No

Action Verified Text:

Action Verified Date:

Comments:

Freedom of Association: Z. 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)

Audit Date	Audit Type	Audit Scope	Auditor	Score
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720015872G – China, Hanes Brands, Inc.

07/24/2008	External	FLA Independent External Monitoring	ALGI	1 (out of 5)
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Explanation: Facility fails to maintain records of workers' complaints and the factory's responses towards them. As per worker interview, workers do not use suggestion box nor do they have complaints. Sources: Documentation review / Management interview Law: None Root Cause: According to the management, all the compliant letters are kept by the mother company; therefore, they are not available for auditors' review.

Plan Of Action: 1. Hanes Brand held a meeting with vendor representatives in late August to discuss this issue and performed an internal follow up visit on 9/18/2008 to ensure the factory is progressing with compliance. 3. Hanes Brand plans to have follow-up on a regular basis to insure continued compliance.

DeadLine Date: 11/30/2008

Supplier CAP: "Immediate action: Factory has kept the complaint forms and would file the forms properly if there are complaints from the workers in the suggestion box. Long Term Plan: Factory would carefully check the complaints from the workers and take corresponding measures to solve the problems to create a good working environment."

Supplier CAP Date: 09/30/2008

Action Taken: Follow up visit on September 18th, 2008, noted that factory has filed the complaint forms and will continuously educate the employees on use by all means in order to express their opinion. See Attachment for evidence of Complaint Form.

Plan Complete: No

Plan Complete Date: 09/18/2008

Action Verified: No

Action Verified Text:

Action Verified Date:

Comments:

Freedom of Association: ZB. Other - Freedom of Association and Collective Bargaining

Other

Audit Date	Audit Type	Audit Scope	Auditor	Score
07/24/2008	External	FLA Independent External Monitoring	ALGI	1 (out of 5)

Explanation: Facility has not established a written policy on Freedom of Association. Sources: Documentation review / Management interview Law: None Root Cause: None

Plan Of Action: 1. Hanes Brand will work with the factory to form a welfare committee to let the employees express their opinion instead of requesting factory in violate the Law of the Land, i.e. form an independent union.

DeadLine Date: 12/30/2008

Supplier CAP: China Law does not allow formation of a separate union but allows workers to join China Communist workers union (a unique union in China). If form any independent union without government approval, it is violated the Country Law.

Supplier CAP Date:

Action Taken: Factory did not agree with this issue as it is violates the Law for freedom of association. However, they have complied with the government to form a government approved union in the factory.

Plan Complete: No

Plan Complete Date:

Action Verified: No

Action Verified Text:

Action Verified Date:

Comments: Factory did not agree with this issue as it is violates the Law for freedom of association. However, they have complied with the government to form a government approved union in the factory.

Harassment or Abuse: F. 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)

Audit Date	Audit Type	Audit Scope	Auditor	Score
07/24/2008	External	FLA Independent External Monitoring	ALGI	1 (out of 5)

Explanation: Facility does not keep any disciplinary records. Sources: Documentation review / Management interview Law: None Root Cause: None

Plan Of Action: 1. Hanes Brand held a meeting with vendor representatives in late August to discuss this issue and performed an internal follow up visit on 9/18/2008 to ensure the factory is progressing with compliance. 3. Hanes Brand plans to have follow-up on a regular basis to insure continued compliance.

DeadLine Date: 11/30/2008

Supplier CAP: "Immediate action: Factory has the disciplinary forms and would file the forms once there are disciplinary actions happen. Long Term Plan: Factory would train employees and management about basic factory rules and regulations make sure the policies and rules are communicated and investigate the causes for disobeying the rules to avoid happening again."

Supplier CAP Date: 09/30/2008

Action Taken: Follow up visit on September 18th, 2008, noted factory has prepared the disciplinary forms and filed these records properly. See Attachment for evidence of disciplinary records.

Plan Complete: No

Plan Complete Date: 09/18/2008

Action Verified: No

Action Verified Text:

Action Verified Date:

Comments:

Harassment or Abuse: G. Discipline/Training of Management

H&A.7 Employers shall ensure managers and supervisors are fully familiar with the factory disciplinary system and trained in applying appropriate disciplinary practices. (P)

720015872G – China, Hanes Brands, Inc.

Audit Date	Audit Type	Audit Scope	Auditor	Score
07/24/2008	External	FLA Independent External Monitoring	ALGI	1 (out of 5)

Explanation: Facility fails to provide training to managers and supervisors on applying appropriate disciplinary practices. Sources: Documentation review / Management interview Law: None Root Cause: None

Plan Of Action: 1. Hanes Brand held a meeting with vendor representatives in late August to discuss this issue and performed an internal follow up visit on 9/18/2008 to ensure the factory is progressing with compliance. 3. Hanes Brand plans to have another internal follow up visit by end of November to ensure the continued compliance. 4. Hanes Brand will ensure the factory to conduct this training in March or before."

DeadLine Date:

Supplier CAP: "Immediate action: Factory will hold a training session for management about the discipline rules and regulations in middle October to make sure management and supervisors use proper measures when employees break rules and regulations. Long Term Plan: Factory make sure proper disciplinary measures are taken if rules and regulations are disobeyed. Factory provides training and education to management and employees about factory policies and avoids disciplinary measures to be used."

Supplier CAP Date: 10/30/2008

Action Taken: Follow up visit on September 18th, 2008, revealed the factory has not yet trained management staff about discipline rules. The factory plans to have the meeting in mid October 2008. During the 2nd follow up visit by Hanes Brand auditor on 12/11/2008: it was noted the factory still has not conducted training about discipline rules for the management staff.

Plan Complete: No

Plan Complete Date:

Action Verified: No

Action Verified Text:

Action Verified Date:

Comments:

Harassment or Abuse: H. 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)

Audit Date	Audit Type	Audit Scope	Auditor	Score
07/24/2008	External	FLA Independent External Monitoring	ALGI	1 (out of 5)

Explanation: Facility uses monetary fines as a means to maintain labor discipline. Sources: Documentation review / Management interview / Worker interview / Factory walkthrough Law: None Root Cause: According to the management, only through monetary fines can they maintain the labor discipline in the factory.

Plan Of Action: 1. Hanes Brand held a meeting with vendor representatives in late August to discuss this issue and performed an internal follow up visit on 9/18/2008 to ensure the factory is progressing with compliance. 3. Hanes Brand plans to have another internal follow up visit by end of November to ensure the continued compliance.

DeadLine Date: 11/30/2008
Supplier CAP: "Immediate action: Factory would stipulate not using monetary deductions for discipline and stipulate other proper discipline measures and include in the employee manual. Long Term Plan: Factory would train management about the discipline rules and make sure no monetary deductions used. Create a fine working environment.
Supplier CAP Date: 09/30/2008
Action Taken: Follow up visit on September 18th, 2008, shows there are no disciplinary deduction policies set and the interviewees reported they are not fined. Factory would regulate updated disciplinary measures and will communicate with the workers about the disciplinary measures by the end of September. During the 2nd follow up visit by Hanes Brand auditor on 12/11/2008: it was noted updated factory discipline rules do not have deduction rules. Also no disciplinary deduction happened at the factory. (see attachment)
Plan Complete: No
Plan Complete Date: 12/11/2008
Action Verified: No
Action Verified Text:
Action Verified Date:
Comments:

Child Labor: F. Employment of Young Workers

CL.6 Employers shall comply with all relevant laws that apply to young workers (i.e., those between the minimum working age and the age of 18) including regulations relating to hiring, working conditions, types of work, hours of work, proof of age documentation, and overtime. (P)

Audit Date	Audit Type	Audit Scope	Auditor	Score
07/24/2008	External	FLA Independent External Monitoring	ALGI	1 (out of 5)

Explanation: Juvenile workers are not registered under labor bureau. Sources: Documentation review / Management interview La w: Art. 9 of Regulations on Special Protection of Juvenile Workers: Employment of juvenile workers should be under registration. Root Cause: Factory management said that they are not aware that juvenile workers should be registered under labor bureau.

Plan Of Action: 1. Hanes Brand held a meeting with vendor representatives in late August to discuss this issue and performed an internal follow up visit on 9/18/2008 to ensure the factory is progressing with compliance. 3. Hanes Brand plans to have another internal follow up visit by end of November to ensure the continued compliance and that further clarification is not needed.

DeadLine Date: 11/30/2008
Supplier CAP: "Immediate action: Factory would go to local authority to have the juvenile workers registered. The factory did not register the juvenile workers before as local labor department did not require them. Long Term Plan: Factory would obtain the law of providing registration and communicate with local labor department about this to make sure the juvenile workers are properly registered in future. "

Supplier CAP Date: 11/30/2008
Action Taken: Follow up visit on September 18th, 2008, shows the registration still has not been conducted. The factory explained that the local (**CITY NAME**) labor department does not provide this kind of registration now.

Factory will further check with the local labor department about the registration as stipulated by law and register the juvenile workers if local labor department allows this. During the 2nd follow up visit by Hanes Brand auditor on 12/11/2008: factory stated they have consulted with local labor department, and still the labor department stated there is no requirement to register the juvenile workers.

Plan Complete: No
Plan Complete Date:
Action Verified: No
Action Verified Text:
Action Verified Date:
Comments:

Child Labor: H. Young Worker Identification System

CL.8 Employers shall have a system for identifying work stations and operations that are inappropriate for young workers according to applicable laws. (P)

Audit Date	Audit Type	Audit Scope	Auditor	Score
07/24/2008	External	FLA Independent External Monitoring	ALGI	1 (out of 5)

Explanation: Facility has no system for identifying work stations and operations that are inappropriate for young workers according to applicable laws. Sources: Documentation review / Management interview Law: None Root Cause: None

Plan Of Action: 1. Hanes Brand held a meeting with vendor representatives in late August to discuss this issue and performed an internal follow up visit on 9/18/2008 to ensure the factory is progressing with compliance. 3. Hanes Brand plans to have another internal follow up visit by end of November to ensure the continued compliance.

DeadLine Date: 11/30/2008

Supplier CAP: "Immediate action: Factory would firstly identify the risks for each work station and check if the work position is adequate for the juvenile workers by the end of September. As factory is manufacturing garments, most of the working position does not pose risk to juvenile workers, except for the loading work. Long Term Plan: Factory would obtain the information of the working types that can not be arranged for juvenile workers by law and stipulate policy to make sure juvenile workers not involved in these types of work.

Supplier CAP Date: 09/30/2008

Action Taken: Follow up visit on September 18th, 2008, revealed the factory has not completed this task. Factory will evaluate the working positions on the work floor to see if there is any work which is not suitable for juvenile workers by the end of September. During the 2nd follow up visit by Hanes Brand auditor on 12/11/2008: it was noted that factory has drafted the risk analysis report, and no dangerous risks exposed to juvenile workers. (see attachment)

Plan Complete: No
Plan Complete Date: 12/11/2008
Action Verified: No
Action Verified Text:
Action Verified Date:
Comments:

Child Labor: M. Other - Child Labor

Other

Audit Date	Audit Type	Audit Scope	Auditor	Score
07/24/2008	External	FLA Independent External Monitoring	ALGI	1 (out of 5)

Explanation:	Facility has not established a written policy on prohibition of Child Labor. Sources: Documentation review / Management interview Law: None Root Cause: None
Plan Of Action:	1. Hanes Brand held a meeting with vendor representatives in late August to discuss this issue; 2. Hanes Brand performed internal follow up visit on 9/18/2008 to ensure the factory has completed the actions necessary for compliance.
DeadLine Date:	09/30/2008
Supplier CAP:	"Immediate action: Factory is always serious about child labor issue. Factory has established policy of banning use of child labor and would implement accordingly. Long Term Plan: Factory would make sure the policy is properly communicated and implemented and avoid any possibility of using child labor.
Supplier CAP Date:	09/30/2008
Action Taken:	Follow up visit on September 18th, 2008, shows the factory has regulated the anti-child labor policy and ensures no workers under the legal age are hired. See Attachment for evidence of regulation banning child labor.
Plan Complete:	No
Plan Complete Date:	09/18/2008
Action Verified:	No
Action Verified Text:	
Action Verified Date:	
Comments:	

Non-Discrimination: C. Recruitment and Employment Practices (Job Advertisements, Job Descriptions, Evaluation Policies)

D.3 Recruitment and employment policies and practices, including job advertisements, job descriptions, and performance/job evaluation policies and practices shall be free from any type of discriminatory bias. (S)

Audit Date	Audit Type	Audit Scope	Auditor	Score
07/24/2008	External	FLA Independent External Monitoring	ALGI	1 (out of 5)

Explanation:	Facility discriminates by gender when recruiting sewing workers. Sources: Documentation review / Management interview Law: Art. 12 of PRC Labor Law: Laborers shall not be discriminated against in employment due to their nationality, race, gender or religious belief. Root Cause: Factory management claimed that it is not applicable to hire male sewing workers or female cargador.
Plan Of Action:	1. Hanes Brand held a meeting with vendor representatives in late August to discuss this issue and performed an internal follow up visit on 9/18/2008 to ensure the factory is progressing with compliance. 3. Hanes Brand plans to have another internal follow up visit by end of November to

ensure the continued compliance.

DeadLine Date: 11/30/2008

Supplier CAP: "Immediate action: Factory would stipulate new hiring policies in the end of September, in which gender is not used as hiring criteria. Long Term Plan: Factory should make sure all working positions are based on legal working age and skill.

Supplier CAP Date: 09/30/2008

Action Taken: Follow up visit on September 18th, 2008, showed that factory has withdrawn the discriminating sentences used when hiring sewing workers and now makes sure no gender discrimination is applied when hiring workers.

Plan Complete: No

Plan Complete Date: 09/18/2008

Action Verified: No

Action Verified Text:

Action Verified Date:

Comments:

Miscellaneous: A. 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.

Audit Date	Audit Type	Audit Scope	Auditor	Score
07/24/2008	External	FLA Independent External Monitoring	ALGI	1 (out of 5)

Explanation: Hanes Brand fails to provide training on Code elements to factory employees. Sources: Documentation review / Management interview / Worker interview Law: None Root Cause: None

Plan Of Action: 1. Hanes Brand ensures the written code of conduct to be provided to factory. 2. Hanes Brand holds supplier meeting annually and invites factory management to attend. 3. Hanes Brand will follow up the factory orientation training to add Hanes Brand code elements to their employees during their visits over the next 6 months.

DeadLine Date: 03/31/2009

Supplier CAP: Factory posted the HBI Code of Conduct poster in the plant. Factory will set the orientation to workers about the HBI Code of Conduct in each employee training annually.

Supplier CAP Date: 12/30/2008

Action Taken: Facility is planning to do the training in the slow season. In fact, the factory had posted the Hanes Brand GSS visibly in work floor. During the 2nd follow up visit by Hanes Brand auditor on 12/11/2008: the Code of Conduct training is still not provided to workers yet.

Plan Complete: No

Plan Complete Date:

Action Verified: No

Action Verified Text:

Action Verified Date:

Comments:

720015872G – China, Hanes Brands, Inc.

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.

Audit Date	Audit Type	Audit Scope	Auditor	Score
07/24/2008	External	FLA Independent External Monitoring	ALGI	1 (out of 5)

Explanation: Hanes Brand fails to develop a secure communication channel in the factory to enable its suppliers' employees to report to it on noncompliance. Sources: Factory walkthrough / Management interview Law: None Root Cause: None

Plan Of Action: Hanes Brand will study the effective means of communication channels between factory workers and company.

DeadLine Date: 12/31/2008

Supplier CAP:

Supplier CAP Date:

Action Taken: Factory will be cooperative if Hanes Brand sets up any communication channels between factory employees and Hanes Brand.

Plan Complete: No

Plan Complete Date:

Action Verified: No

Action Verified Text:

Action Verified Date:

Comments:

Miscellaneous: B. Illegal Subcontracting

MISC.1 Illegal Subcontracting

Audit Date	Audit Type	Audit Scope	Auditor	Score
07/24/2008	External	FLA Independent External Monitoring	ALGI	1 (out of 5)

Explanation: Noncompliance: 1. Facility has not informed FLA or Hbl Code of Conduct to its subcontractors. 2. Facility has no one overseeing the subcontractors to ensure that their contracts are implemented in compliance with FLA or Hbl Code. Sources: Documentation review / Management interview Law: None Root Cause: None

Plan Of Action: "1. Hbl held the meeting with vendor representatives in late August to discuss this issue; 2. Hbl performed 1st internal follow up visit on 9/18/2008 to ensure the factory CAP 3. Hbl plans to follow up its compliance in the November visit. 4. Hbl will review this issue with factory management in Feb meeting to ensure the factory will take action not later than March 2009."

DeadLine Date:

Supplier CAP: "1. Immediate action: Factory would communicate with subcontractors about HBI Code of Conduct by the end of October. Record down the meeting as well. Long Term Plan: Factory would ensure subcontractors meet at least minimum requirement of client's Code of Conduct. 2. Immediate action: Factory would established procedures to oversee subcontractors by the end of October. Long Term Plan: Factory arrange regular visit to subcontractors to check their social compliance status."

Supplier CAP Date: 10/31/2008
Action Taken: Follow up visit on September 18th, 2008, shows the factory has not yet started communication and monitoring with the subcontractors. Factory plans to further communicate HBI's Code of Conduct with subcontractors and establish procedures about subcontractor monitoring by the end of October, 2008. During the 2nd follow up visit by ***Auditor Name*** on 12/11/2008: it was noted factory has not taken action to implement the FLA or Hbi Code of Conducts to its subcontractors.
Plan Complete: No
Plan Complete Date:
Action Verified: No
Action Verified Text:
Action Verified Date:
Comments:

Health and Safety: A. General Compliance Health and Safety

H&S.1 Employers shall comply with all local laws, regulations and procedures concerning health and safety. (S)

Audit Date	Audit Type	Audit Scope	Auditor	Score
07/24/2008	External	FLA Independent External Monitoring	ALGI	1 (out of 5)

Explanation: Factory fails to establish a voluntary fire fighting team. Source: Documentation review / Management interview Law: Art. 9 of Fire prevention and safety rules of Textile Industry: Every enterprise and institution should establish a volunteer fire prevention and control team. The proportion of volunteer fire fighters must be no less than 10% of the total workers. Root Cause: None

Plan Of Action: 1. Hanes Brand held a meeting with vendor representatives in late August to discuss this issue and performed an internal follow up visit on 9/18/2008 to ensure the factory is progressing with compliance. 2. Hanes Brand plans to have another internal follow up visit by end of November to ensure the continued compliance.

DeadLine Date: 11/30/2008
Supplier CAP: "Immediate action: Factory has established and voluntary fire fighting team which is led by **Factory Worker**. Training and meeting would be held among the team members in October. Long Term Plan: Factory will make sure the voluntary fire fighting team are qualified and trained on frequent basis. "

Supplier CAP Date: 09/17/2008
Action Taken: During the follow up visit on September 18th, 2008, it was noted that the factory has established the voluntary fire fighting team and has held meetings and trainings regularly. See Attachment for evidence of established fire fighting team.
Plan Complete: No
Plan Complete Date: 09/18/2008
Action Verified: No
Action Verified Text:
Action Verified Date:
Comments:

Health and Safety: C. 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)

Audit Date	Audit Type	Audit Scope	Auditor	Score
07/24/2008	External	FLA Independent External Monitoring	ALGI	1 (out of 5)

Explanation: Facility has no policy on Health and Safety. Sources: Documentation review / Management interview Law: Art. 52 of PRC Labor Law (Chapter 6 Labor Health and Safety): The employer shall establish a system for labor safety and sanitation. Management must train workers in safety and sanitation. Management must prevent accidents and reduce occupational hazards. Root Cause: None

Plan Of Action: 1. Hanes Brand held a meeting with vendor representatives in late August to discuss this issue; 2. Hanes Brand performed 1st internal follow up visit on 9/18/2008 to ensure the factory CAP 3. Hanes Brand plans to follow up its compliance in the November visit. 4. Hanes Brand will review this issue with factory management in Feb meeting to ensure the factory will take action not later than March 2009."

DeadLine Date:

Supplier CAP: "Immediate action: Factory would stipulate health and safety policy according to the factory's production by the end of September. Long Term Plan: Factory make sure employees are aware of the health and safety policy and avoid any possible accident on work floors.

Supplier CAP Date: 09/30/2008

Action Taken: As of the follow up visit on September 18th, 2008, no evidence was found that factory regulates health and safety policy. Factory plans to regulate health and safety policy by the end of September. During the 2nd follow up visit by Hanes Brand auditor on 12/11/2008: it was noted factory has not drafted the health and safety policy yet.

Plan Complete: No

Plan Complete Date:

Action Verified: No

Action Verified Text:

Action Verified Date:

Comments:

Health and Safety: H. 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)

Audit Date	Audit Type	Audit Scope	Auditor	Score
07/24/2008	External	FLA Independent External Monitoring	ALGI	1 (out of 5)

Explanation: 1. The dormitory has no fire safety inspection certificates or building structure safety certificate. 2. The elevator is missing annual inspection certificate. 3. Facility has no designated and licensed freight elevator operator. Sources: Documentation review / Management interview Law: Art. 55 of PRC Labor Law (Chapter 6 Labour Safety and Health): Workers

who work in the special occupation shall undertake special training and obtain the certificates for such occupation. Regulations for certification of workers operating at special posts in PRC, Art.1 (Definition): Special post means some kind of work which could be potentially very dangerous to others and surrounding facilities, as well as the operator himself. Art.2 (Category of special posts): 1. electrician; 2. boiler operator; 3. operation on container with pressure; 4. operation with hoist; 5.operation involving explosion; 6.welding (gas cutting); 7. gas detection under mine; 8. auto vehicle driving; 9. vessel and turbine driving; 10. construction in high altitude; 11. others according with the definition of special posts. Root Cause: None

Plan Of Action: 1. Hanes Brand held a meeting with vendor representatives in late August to discuss this issue; 2. Hanes Brand performed 1st internal follow up visit on 9/18/2008 to ensure the factory CAP 3. Hanes Brand plans to follow up its compliance in the November visit. 4. However, the fire inspection certificate is expected to be ready until 2009. 5. Hanes Brand will review this issue with factory management in Feb meeting to ensure the factory seeks the alternative solution for fire inspection certificate by mid 2009."

DeadLine Date:

Supplier CAP: 1. Immediate action: If the fire inspection certificate is not obtained at the beginning of building the dormitory, it is hard to obtain it now. Factory would continue to check on this to find alternative method and would try to fix this in year 2009 Long Term Plan: Factory have local fire service department to inspect the dormitory on regular basis and try to obtain the certificate. 2. Factory has provided the updated annual inspection certificate of the elevator. 3. Factory has the designated elevator operator and license is provided."

Supplier CAP Date: 03/31/2009

Action Taken: During the follow up visit on September 18th, 2008, it was noted factory has obtained inspection certificate of the elevator and the operator's license. But the fire inspection certificate is unavailable and they are seeking an alternative solution until the certificate can be obtained in 2009. During the 2nd follow up visit by Hanes Brand auditor on 12/11/2008: it was noted fire service inspection certificate is still not obtained for the dormitory building and no other alternative method is available currently.

Plan Complete: No

Plan Complete Date:

Action Verified: No

Action Verified Text:

Action Verified Date:

Comments:

Health and Safety: I. 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)

Audit Date	Audit Type	Audit Scope	Auditor	Score
07/24/2008	External	FLA Independent External Monitoring	ALGI	1 (out of 5)

Explanation: The middle aisle in the sewing workshop is blocked with products made by sewing workers. Sources: Factory walkthrough / Management interview
 Law: Art. 14.6 of PRC Fire Prevention Law: Keep the evacuations passages and exits clear. Set up the safety demarcation in accordance with national standards. Art 33. of Fire Prevention and Safety Rules of Textile Mills: There must be no obstruction around evacuation passages. Art. 43 of Fire Prevention and Safety Rules of Textile Mills: Obstructive items such as sundry goods or other items must not be piled up around the fire extinguishers or fire hydrant. Root Cause: Facility expressed that they happened to have urgent shipment so that the aisles and extinguishers were blocked.

Plan Of Action: 1. Hanes Brand held a meeting with vendor representatives in late August to discuss this issue and performed an internal follow up visit on 9/18/2008 to ensure the factory is progressing with compliance. 2. Hanes Brand plans to have another internal follow up visit by end of November to ensure the continued compliance and will continue to monitor in future visits.

DeadLine Date: 11/30/2008

Supplier CAP: "Immediate action: Factory has adopted measures to make sure aisles are unblocked. Factory has re-arranged the space on work floors to make sure the aisles would not be obstructed even during urgent delivery time. Long Term Plan: Factory manager would walkthrough the factory to make sure products and materials are placed at designated area. Factory train the management and employees about properly placing products and materials to make sure aisles are not obstructed

Supplier CAP Date: 09/18/2008

Action Taken: During follow up visit on September 18th, 2008, it was noted that no aisle is blocked by materials. Factory has re-arranged the work floors to make sure aisles are clear. See Attachment for evidence of clear aisles.

Plan Complete: No

Plan Complete Date: 09/18/2008

Action Verified: No

Action Verified Text:

Action Verified Date:

Comments:

Health and Safety: J. 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)

Audit Date	Audit Type	Audit Scope	Auditor	Score
07/24/2008	External	FLA Independent External Monitoring	ALGI	1 (out of 5)

Explanation: The extinguisher beside the exit of the storage room is blocked by material. Sources: Factory walkthrough / Management interview
 Law: Art. 5.1.1 of Design Regulations for Fire Extinguisher Installation (GBJ 140-90): Fire extinguisher shall be installed in the distinct and easily accessible location, and shall not hinder the safety evacuation. Art. 5.1.3 of Design Regulations for Fire Extinguisher Installation (GBJ 140-90): Portable fire extinguisher shall be installed in such a way that the height from the top of extinguisher to the floor shall be less than 1.50m, and the height from the bottom of the extinguisher to the floor is no less than 0.15m. Root

Plan Of Action: Cause: None
 1. Hanes Brand held a meeting with vendor representatives in late August to discuss this issue and performed an internal follow up visit on 9/18/2008 to ensure the factory is progressing with compliance. 2. Hanes Brand plans to have another internal follow up visit by end of November to ensure the continued compliance and will continue to monitor in future visits.

DeadLine Date: 09/30/2008

Supplier CAP: "Immediate action: Factory has adopted measures to make sure all fire extinguishers are unblocked. Factory has put yellow mark around the fire extinguishers. Long Term Plan: Factory manager would walk through the factory to make sure fire extinguishers are unblocked and check the fire extinguishers regularly. Factory train the management and employees about the importance of keeping the fire extinguishers free of obstructions."
 "

Supplier CAP Date: 09/18/2008

Action Taken: During follow up visit on September 18th, 2008, it was noted no fire extinguishers are blocked.

Plan Complete: No

Plan Complete Date: 09/18/2008

Action Verified: No

Action Verified Text:

Action Verified Date:

Comments:

Health and Safety: K. 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)

Audit Date	Audit Type	Audit Scope	Auditor	Score
07/24/2008	External	FLA Independent External Monitoring	ALGI	1 (out of 5)

Explanation: 1. There are three workers dealing with chemicals (spot remover and alcohol) in the finishing workshop. They are not provided with gloves or masks. 2. The noise of buttoning machine in the sewing workshop was tested up to 89 dbs. at highest. Only one worker operates on that machine but he was not provided with ear plugs. Sources: Factory walkthrough / Management interview Law: Art. 74 of Factory Safety and Health Rules: Factory should provide working clothes or aprons and, according to needs, PPE to all affected workers. Art. 37 of PRC Work Safety Law: Production and business units shall provide their employees with PPE that are up to national standards or industrial specifications, and they shall give instruction to their employees and see to it that they wear or use these PPE in accordance with the rules for their use. Root Cause: Management stated that the workers dealing with chemicals do not report to them that the gloves and masks were worn out.

Plan Of Action: 1. Hanes Brand held a meeting with vendor representatives in late August to discuss this issue; 2. Hanes Brand performed 1st internal follow up visit on 9/18/2008 to ensure the factory CAP 3. Hanes Brand plans to follow up its compliance in the November visit. 4. Hanes Brand will review this issue with factory management in Feb meeting to ensure the factory will take action not later than March 2009."

DeadLine Date:

Supplier CAP: 1. Immediate action: Factory has provided gloves and mouth guards to the chemical operators. Long Term Plan: Factory would monitor the wearing of the PPE and train the users of proper wear of the PPE. 2. Immediate action: Factory would provide adequate earplugs to workers by the end of September. Long Term Plan: Factory would monitor the noise on work floors, train the workers on wearing the earplugs "

Supplier CAP Date: 09/30/2008

Action Taken: During follow up visit on September 18th, 2008, it was noted factory has provided gloves and masks for chemical users and will provide adequate earplugs by the end of September as they are currently out of stock. During the 2nd follow up visit by Hanes Brand auditor on 12/11/2008: it was noted inadequate earplugs to be provided to workers.

Plan Complete: No

Plan Complete Date:

Action Verified: No

Action Verified Text:

Action Verified Date:

Comments:

Health and Safety: M. Chemical Management and Training

H&S.13 All chemicals and hazardous substances shall be properly labeled and stored in accordance with applicable laws. Labels shall be placed in the local language and the language(s) spoken by workers, if different from the local language. Workers shall receive training, appropriate to their job responsibilities, concerning the hazards, risks and the safe use of chemicals and other hazardous substances. (S)

Audit Date	Audit Type	Audit Scope	Auditor	Score
07/24/2008	External	FLA Independent External Monitoring	ALGI	1 (out of 5)

Explanation: Workers dealing with chemicals do not receive training on chemical safety. Sources: Documentation review / Management interview Law: Regulations for Safe Use of Chemicals in the workplace, Art.20: The information concerning health and safety when utilizing hazardous chemicals shall be open to the employees. And the employees shall be trained to recognize safety labels, understand technical directions and master necessary means to deal with emergency and save themselves. Besides, there shall be regular training on how to use chemicals safely in the workplace. Root Cause: None

Plan Of Action: 1. Hanes Brand held a meeting with vendor representatives in late August to discuss this issue; 2. Hanes Brand performed 1st internal follow up visit on 9/18/2008 to ensure the factory CAP 3. Hanes Brand plans to follow up this issue next visit in November. 4. Hanes Brand will review this issue with factory management in Feb meeting to ensure the factory will take action not later than March 2009."

DeadLine Date:

Supplier CAP: "Immediate action: Factory would hold safety use of chemicals to relevant chemical operators in middle October and would document the training accordingly. The training would include how to protect themselves for emergency cases, how to proper use the personal protective equipments, how to proper store the chemicals. Long Term Plan: Factory to hold the chemical training on regular basis, ensure chemicals are properly used and stored to avoid any possible hazards. " Long Term Plan: Factory to hold the chemical training on regular basis, ensure chemicals are properly used

and stored to avoid any possible hazards. "

Supplier CAP Date: 10/30/2008

Action Taken: During follow up visit on September 18th, 2008, the factory had not started training to the chemical users. Factory plans to hold the training to workers in mid October. During the 2nd follow up visit by Hanes Brand auditor on 12/11/2008: it was noted that factory has not conducted the training to chemical users about the safety and personal protective equipments.

Plan Complete: No

Plan Complete Date:

Action Verified: No

Action Verified Text:

Action Verified Date:

Comments:

Health and Safety: R. 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)

Audit Date	Audit Type	Audit Scope	Auditor	Score
07/24/2008	External	FLA Independent External Monitoring	ALGI	1 (out of 5)

Explanation: Workers have not received training in the proper use and safe operation of machinery, equipment and tools they use. Sources: Documentation review / Management interview Law: Art. 21 of Factory Safety Laws: The company should provide training on Health and safety to all employees. Root Cause: None

Plan Of Action: 1. Hanes Brand held a meeting with vendor representatives in late August to discuss this issue; 2. Hanes Brand performed 1st internal follow up visit on 9/18/2008 to ensure the factory CAP 3. Hanes Brand plans to follow up this issue next visit in November. 4. Hanes Brand will review this issue with factory management in Feb meeting to ensure the factory will take action not later than March 2009."

DeadLine Date:

Supplier CAP: "Immediate action: Factory would hold training on proper use and safe operation of machinery, equipment and tools by the end of October. Long Term Plan: Factory would hold the safety training to employees and new hires on regular basis, ensure tools and equipments are properly used to avoid any possible danger. "

Supplier CAP Date: 10/30/2008

Action Taken: During follow up visit on September 18th, 2008, the factory had not provided training yet. Factory plans to hold the training by the end of October. During the 2nd follow up visit by Hanes Brand auditor on 12/11/2008: it was noted factory has not conducted the training on safe use and operation of tools and machinery.

Plan Complete: No

Plan Complete Date:

Action Verified: No

Action Verified Text:

Action Verified Date:

Comments:

Health and Safety: T. Bodily Strain

H&S.20 Workstations, including seating and standing arrangements and reach required to obtain tools, shall be designed and set-up in such a manner as to minimize bodily strains. Employers shall train workers in proper lifting techniques and items such as belts shall be provided. (S)

Audit Date	Audit Type	Audit Scope	Auditor	Score
07/24/2008	External	FLA Independent External Monitoring	ALGI	1 (out of 5)

Explanation: Noncompliance: Factory has no ergonomic programs in place. Factory should provide ergonomic chairs, floor mats and training on healthier practices such as positions, movements, etc. Sources: Factory walkthrough / Documentation review Law: None Root Cause: None

Plan Of Action: Hanes Brand will visit the plant in November to provide additional information to the factory to study develop an ergonomic program.

DeadLine Date: 11/30/2008

Supplier CAP: "Factory is not very clear about the knowledge of ergonomic, and would firstly have a thorough study on this topic and evaluate how to modify the current work station and provide training to workers.

Supplier CAP Date:

Action Taken: During the 2nd follow up visit by Hanes Brand auditor on 12/11/2008: it was noted no measure had been taken for the ergonomic requirement as this factory had concern about the cost burden by adding those facilities.

Plan Complete: No

Plan Complete Date:

Action Verified: No

Action Verified Text:

Action Verified Date:

Comments:

Hours of Work: B. 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)

Audit Date	Audit Type	Audit Scope	Auditor	Score
07/24/2008	External	FLA Independent External Monitoring	ALGI	1 (out of 5)

Explanation: Facility fails to provide workers with at least one-day off in the seven day period. In June, the maximum consecutive work days were 24 days in sewing department F; 13 consecutive days in packing department. In May, the maximum consecutive work days were 7 in sewing departments E and F and down-filling department; 22 days in packing department. In April, the maximum consecutive work days were 31 days in sewing department F and packing E department; 25 days in sewing department E; 14 days in sewing department D. In general, In June, 31% of sampled packing workers worked on 1 weekend; all sewing and down-filling workers had 1 day rest. In May, the 100% of sampled packing workers and sewing workers worked on 1 weekend; all down-filling workers had 1 day rest. In

April, the 38% of sampled packing workers worked whole month; 38% of sampled packing workers rested one day. 1% of sampled sewing workers worked on 2 weekends. 57% of sampled down-filling workers worked on 1 weekend. Sources: Documentation review / Management interview / Worker interview Law: Art. 38 of PRC Labor Law: Employer shall guarantee that its laborers have at least one day off per week. Reply to Questions on Working Hours, Art.9: a) The employer shall negotiate with the Union and the employees on how to implement the system of comprehensive calculated working hours; b) taking manual work regulated as the third level or higher level, laborers shall not work consecutively exceeding 11 hours a day, and at least have a day off a week. Root Cause: It is quite common to work excessive hours when the delivery date is tight especially packing department. Workers are willing to start work at 7:00 am and work during the lunch break. Factory does not encourage them to do so.

Plan Of Action: 1. Hanes Brand held a meeting with vendor representatives in late August to discuss this issue; 2. Hanes Brand performed 1st internal follow up visit on 9/18/2008 to ensure the factory CAP 3. Hanes Brand plans to follow up this issue next 6 months visit. 4. Hanes Brand will review this excessive work day issue with factory management in Feb as Hanes Brand did not allow 7th day work in our requirements."

DeadLine Date:

Supplier CAP: "Immediate action: Factory would ensure that workers rest 4 days per month. Long Term Plan: Factory would continuously make sure workers can rest 4 days per month. Proper arrange the production especially for the urgent period "

Supplier CAP Date: 10/30/2008

Action Taken: During the follow up visit on September 18th, 2008, only a small portion of workers were identified as not being provided with weekly rest day from the latest time records. Slack season is approaching in Fall. During the 2nd follow up visit by Hanes Brand auditor on 12/11/2008: it was noted that weekly rest day is not guaranteed for workers. Workers rested 2 to 3 days per month for September and November 2008 respectively.

Plan Complete: No

Plan Complete Date:

Action Verified: No

Action Verified Text:

Action Verified Date:

Comments:

Hours of Work: F. 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)

Audit Date	Audit Type	Audit Scope	Auditor	Score
07/24/2008	External	FLA Independent External Monitoring	ALGI	1 (out of 5)

Explanation: 1. Facility uses manual time records which are not reliable system to record working hours. 2. Facility keeps double books, but it presented the real ones to the auditors during the audit. All the findings regarding hours of work, wages, benefits and overtime were gathered from the real book. Sources: Documentation review / Management Interview Law: None Root

Cause: Management has bought an electronic system. But swipe time cards and correspondent payrolls were verified to be fake. Management said that it is not practicable for such many workers to use swipe time cards individually.

Plan Of Action: 1. Hanes Brand held a meeting with vendor representatives in late August to discuss this issue; 2. Hanes Brand performed 1st internal follow up visit on 9/18/2008 to ensure the factory CAP 3. Hanes Brand plans to follow up this issue next visit in November. 4. Hanes Brand will insist the factory to implement the punching card system completely. "

DeadLine Date:

Supplier CAP: "1.Immediate action: Factory would have set a punching machine on work floor since Sep 26th to have the employees punch time cards to record all working hours. Long Term Plan: Factory would make sure all working hours are recorded by the workers themselves to reflect the true working hour condition of the workers. 2. Factory would provide true records for check. "

Supplier CAP Date: 09/30/2008

Action Taken: During the follow up visit on September 18th, 2008, the factory showed it still uses manual attendance sheets without time in and time out. Factory stated that they would begin to use punching cards to record all working hours by 9/26/2008 onward. During the 2nd follow up visit by Hanes Brand auditor on 12/11/2008: it was noted factory still use manual attendance records to record workers' working time. No time in and time out and employees' signatures on the sheets. The attendance sheets are the real time tracking records. The punching cards are not commonly used by workers and the working hours reflected less than manual attendance sheets.

Plan Complete: No

Plan Complete Date:

Action Verified: No

Action Verified Text:

Action Verified Date:

Comments:

Hours of Work: H. Overtime/Reduced Mandated Overtime

HOW.8 The employer shall demonstrate a commitment to reduce overtime and to enact a voluntary overtime system, including for overtime mandated to meet extraordinary business circumstances. (P)

Audit Date	Audit Type	Audit Scope	Auditor	Score
07/24/2008	External	FLA Independent External Monitoring	ALGI	1 (out of 5)

Explanation: Overtime is not on a voluntary basis. Facility has no voluntary overtime system. Sources: Documentation review / Worker interview Law: Art. 3 of PRC Labor Law: The employees have the right to rest and holidays. Art. 43 of PRC Labor Law: The employer shall not prolong the work hours of laborers in violation of this law. Art. 4 of the Ministry of Labor Document No.118: If a company forces employees to work overtime shifts, an employee may refuse to do so. The company may not reduce that employee's wages nor shall use this as a reason for dismissal. Root Cause: Factory management expressed that excessive overtime is a common situation in Chinese textile industries.

Plan Of Action: 1. Hanes Brand held a meeting with vendor representatives in late August to discuss this issue and performed an internal follow up visit on

9/18/2008 to ensure the factory is progressing with compliance. 3. Hanes Brand plans to have another internal follow up visit by end of November to ensure the continued compliance. 4. Hanes Brand will make sure factory will make sure the process is communicated with all workers and implemented in all sections."

DeadLine Date: 11/30/2008
Supplier CAP: "Immediate action: Factory has drafted the voluntary overtime application form, and would establish procedures for the overtime application process by middle October. Also would communicate with the workers about the voluntary overtime system through meetings Long Term Plan: Factory would make sure the overtime are worked voluntarily in future and make sure the voluntary system runs properly. Also factory would try to reduce overtime in the long term. "
Supplier CAP Date: 09/30/2008
Action Taken: Follow up visit on September 18th, 2008, showed no evidence to prove a voluntary overtime system is established in the factory. However the factory has set up overtime application forms for the workers to sign. Factory will start to implement this system next month to prove its voluntary overtime system and make sure overtime hours are worked on a voluntary basis. During the 2nd follow up visit by Hanes Brand auditor on 12/11/2008: it was noted factory has implemented the overtime application process, the workers filled the overtime application forms to apply for the overtime work. However during workers' interviews for sewing section, they did not know this process and did not fill the application forms.
Plan Complete: No
Plan Complete Date:
Action Verified: No
Action Verified Text:
Action Verified Date:
Comments:

Hours of Work: J. Overtime/Calculation Over Period Longer Than One Week

HOW.10. Employers are allowed to calculate normal hours of work as an average over a period of longer than one week where local laws, regulations and procedures provide for such a possibility but only when all formal and procedural requirements attached to such calculation (for instance, obtaining official permission from the relevant authorities or limits to the period during which such calculations can be made) are met. The basis for such calculation shall, however, remain at all times the lesser of 48 hours per week or legal limits on hours of work in the country of manufacture or, where such legal limits do not exist, the regular work week in such country. (S)

Audit Date	Audit Type	Audit Scope	Auditor	Score
07/24/2008	External	FLA Independent External Monitoring	ALGI	1 (out of 5)

Explanation: Daily overtime exceeds 3 hours; weekly working time exceeds 60 hours; quarterly overtime exceeds 108 hours. In June, the maximum weekly working hours was 66 in sewing department A; 67 in sewing department B; 69.5 in sewing department C. In May, the maximum weekly working hour was 73 in sewing department C; 70 in sewing department E. In April the maximum weekly working hours was 66.5 in sewing departments A and E; 66 in sewing departments C and F. The daily overtime hours were 3.5 to 4.5 from April to June in all departments. Sources: Documentation review / Management interview / Worker interview Law: Reply to the

Questions on Working Hours, Art.5: Providing that the system of comprehensively calculated working hours is executed, in the period of comprehensively calculated working hours, the actual working hours could exceed 8 hours (or 40 hours) on a specific day (or week). But the total actual working hours shall be no more than total normal working hours regulated by law. The excess part shall be regarded as overtime and paid according to Art.44.1 of PRC Labor Law. If the employee is asked to work on legal holidays, the overtime payment should be paid as regulated by Art.44.3 of PRC Labor Law. Besides, the average hours of overtime each month shall be no more than 36 hours. Art. 41 of PRC Labor Law (Chapter 4 Working Hours, Rest Days and Holidays): Employees should not be allowed to work more than 3 overtime hours per day and 36 overtime hours per month. Root Cause: It is quite common to work excessive hours when the delivery date is tight especially packing department. Workers are willing to start work at 7:00 am and work during the lunch break. Factory does not encourage them to do so.

Plan Of Action: 1. Hanes Brand held a meeting with vendor representatives in late August to discuss this issue and performed an internal follow up visit on 9/18/2008 to ensure the factory is progressing with compliance. 2. Hanes Brand plans to have another internal follow up visit by end of November to continue to work with the facility to develop a plan and insure their the continued compliance and will continue to monitor in future visits.

DeadLine Date: 12/30/2008

Supplier CAP: "Immediate action: Factory would try best to proper arrange the production and make sure weekly working hours are within 60 for at 3 weeks in one month. Long Term Plan: Factory will continuously reduce the overtime hours. "

Supplier CAP Date: 12/30/2008

Action Taken: The follow up visit on September 18th, 2008, showed overtime hours are still in excess of the legal limit. Factory did not have a plan on how to decrease the hours as they are producing seasonal products (down jackets). Winter season is slack time but summer is peak. During the 2nd follow up visit by Hanes Brand auditor on 12/11/2008: it was noted weekly hours are still over 60hrs, which was around 70 hrs per week as maximum. Factory applied comprehensive overtime waiver on quarterly basis valid from October 2008 to November 2009. Max working hours for October and November 2008 are around 503, which is currently within 610 hours per quarter.

Plan Complete: No

Plan Complete Date:

Action Verified: No

Action Verified Text:

Action Verified Date:

Comments:

Hours of Work: N. Annual Leave

HOW.14 Employers shall provide workers with paid annual leave as required under local laws, regulations and procedures. (S)

Audit Date	Audit Type	Audit Scope	Auditor	Score
07/24/2008	External	FLA Independent External Monitoring	ALGI	1 (out of 5)

Explanation: None of the workers were provided with paid annual leave. Sources: Documentation review / Management interview / Worker interview Law:

Art 3 of Announcement of the State Council on the Regulations of Paid Annual Leave of Employees: Where an employee has served one full year but less than 10 years accumulation, he is entitled to five days of annual leave. If he has served 10 full years but less than 20 years, annual leave is 10 days. If he has served for 20 full years, annual leave is 20 days. Root Cause: Management is not willing to talk about the cause of noncompliance regarding minimum wage, legal benefits or overtime premium. In auditors' opinion, the rising of RMB and the implementation of Law of the PRC on Employment Contracts affect the export-oriented Chinese textile industries (the factories margin is reduced which affects the workers' wages and benefits).

Plan Of Action: 1. Hanes Brand held a meeting with vendor representatives in late August to discuss this issue and performed an internal follow up visit on 9/18/2008 to ensure the factory is progressing with compliance. 2. Hanes Brand plans to have another internal follow up visit by end of November to ensure the continued compliance after the policy is set and confirm it has been fully communicated to the employees. Hanes Brand will continue to monitor in future visits.

DeadLine Date: 11/30/2008

Supplier CAP: "Immediate action: Factory has established paid leave policy. Regulations have been provided. Long Term Plan: Factory properly calculate the working years of the workers and provide paid leave to workers according to the policy "

Supplier CAP Date: 09/30/2008

Action Taken: Follow up visit on September 18th, 2008, showed factory has regulated paid leave policy and will include in the employees' policy and communicate the policy change to the workers. See Attachment for evidence of new regulation on paid annual leave.

Plan Complete: No

Plan Complete Date: 09/18/2008

Action Verified: No

Action Verified Text:

Action Verified Date:

Comments:

Hours of Work: S. Sick Leave

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

Audit Date	Audit Type	Audit Scope	Auditor	Score
07/24/2008	External	FLA Independent External Monitoring	ALGI	1 (out of 5)

Explanation: None of the workers were provided with paid sick leave. Sources: Documentation review / Management interview / Worker interview Law: Art. 59 of Implementation of PRC Labor Law: Employees who were ill or hospitalized must be paid no lower than 80% of the Local Minimum standard during their legal healing period. Root Cause: According to management, when filling in the leave register, workers usually write they are sick as the reason for requiring leave but they do not provide the medical records from the hospital.

Plan Of Action: 1. Hanes Brand held a meeting with vendor representatives in late August to discuss this issue; 2. Hanes Brand performed 1st internal follow up visit on 9/18/2008 to ensure the factory CAP 3. Hanes Brand plans to follow up this issue next visit in November. 4. Hanes Brand will visit the factory in

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March 2009 to ensure factory stipulate proper sick leave policy which could be really applied at the factory. "

DeadLine Date: 03/31/2009

Supplier CAP: "Immediate action: Factory would establish proper sick leave by the end of September, would specify the circumstance of applying paid sick leave. Long Term Plan: Communicate the paid sick leave policy to workers and make sure workers understand how to apply and under what circumstances the paid sick leave could be provided to avoid disputes. "

Supplier CAP Date: 09/30/2008

Action Taken: Follow up visit on September 18th, 2008, showed factory has not stipulated proper paid sick leave policy. Factory will regulate detailed paid leave policies by the end of September. During the 2nd follow up visit by Hanes Brand auditor on 12/11/2008: it was noted the sick leave policy stipulated by the factory is inadequate and inapplicable.

Plan Complete: No

Plan Complete Date:

Action Verified: No

Action Verified Text:

Action Verified Date:

Comments:
