

California Transparency in Supply Chains & U.K. Modern Slavery Acts

CALIFORNIA TRANSPARENCY IN SUPPLY CHAINS & U.K. Modern Slavery ACTs DISCLOSURE STATEMENT

As of January 1, 2012, California's Civil Code section 1714.43 (California Transparency in Supply Chains Act of 2010) requires manufacturers and retailers to provide website information concerning their efforts to address the issues of forced labor, slavery, and human trafficking within the supply chain. The U.K. Modern Slavery Act of 2015 (U.K. MSA) requires similar disclosures. The purpose is to allow consumers to make better and more informed decisions about the products they buy and the companies they support. Hanesbrands Inc., as a parent company, issues this statement on behalf of itself and each of its subsidiaries that are subject to the U.K. MSA and California Transparency in Supply Chains Act of 2010. For the purposes of this statement, Hanesbrands Inc. and each of its subsidiaries subject to the U.K. MSA and California Transparency in Supply Chains of 2010 are collectively referred to as "HanesBrands."

HanesBrands is required to inform the public as to how it has addressed the following issues:

1. Verification of product supply chains to evaluate and address risks of human trafficking and slavery. The disclosure shall specify if the verification was not conducted by a third party.
2. Audits of suppliers to evaluate supplier compliance with company standards for trafficking and slavery in supply chains. The disclosure shall specify if the verification was not an independent, unannounced audit.
3. Certification by direct suppliers that materials incorporated into the product comply with the laws regarding slavery and human trafficking of the country or countries in which they are doing business.
4. Internal accountability standards and procedures for employees or contractors failing to meet company standards regarding slavery and trafficking.
5. Training of company employees and management who have direct responsibility for supply chain management on issues of human trafficking and slavery, particularly with respect to mitigating risks within the supply chains of products.

A full description of our efforts and processes to address the issues of forced labor, slavery, and human trafficking within the supply chain is set forth below.

HANESBRANDS' BUSINESS AND STRUCTURE

HanesBrands is a manufacturer and the world's largest marketer of everyday basic apparel, including bras, panties, shapewear, sheer hosiery, men's underwear, children's underwear, socks, T-shirts, sweatshirts, fleece and other activewear.

HanesBrands has over 65,000 employees in more than 40 countries. Unlike most apparel companies, Hanes primarily operates its own manufacturing facilities. The vast majority of the apparel units that HanesBrands sells worldwide are manufactured in HanesBrands' own plants or those of dedicated contractors.

HANESBRANDS' APPROACH TO SOCIAL COMPLIANCE AND LABOR STANDARDS

HanesBrands takes great pride in its strong reputation for ethical business practices and the success of the Hanes for Good corporate responsibility program for workplace practices and community and environmental improvement. More information about our Hanes for Good corporate responsibility initiatives may be found at www.HanesforGood.com.

HanesBrands is proud to have implemented a rigorous set of standards for both its company-owned facilities and its suppliers for well over a decade. Our [Global Standards for Suppliers](#) (GSS) and Global Human Rights Policy, which can be found on www.HanesforGood.com, are primarily based on international labor and human rights standards. We believe that all workers at our owned and supplier factories have the right to freely choose employment and to freely associate and collectively bargain. Our standards specifically prohibit "forced or involuntary labor whether bonded, prison or indentured, including debt servitude."

We are also a fully accredited member of the Fair Labor Association (FLA), an internationally recognized non-governmental organization (NGO) whose goal is to advance labor rights globally and to help industry appropriately address a range of complex issues – including the eradication of forced and slave labor across the supply chain. Our work with the FLA, and other global NGOs and organizations, has proven valuable in our efforts to ensure that all of our suppliers are compliant with our own GSS and relevant international laws.

HanesBrands realizes that forced labor and human trafficking can occur in many forms – such as child labor, workplace harassment, workplace abuse, and workplace discrimination. Therefore, our processes (described below) were created in an effort to making meaningful improvements to workers' employment and workplace conditions.

(1) Verification of product supply chains to evaluate and address risks of human trafficking and slavery.

HanesBrands itself regularly performs evaluations of its supply chain to evaluate the risk of slavery, human trafficking and other human rights violations and labor issues. Further verification efforts are described in detail below.

(2) Audits of suppliers to evaluate supplier compliance with company standards for trafficking and slavery in supply chains.

HanesBrands has consistently worked for many years to audit suppliers to ensure that slavery and human trafficking are not taking place in its supply chain. The intensity and frequency of

these audits vary based on our risk evaluations and also on the historical performance of a given factory in our internal and external audits.

For all owned and finished-goods contractors, an independent third-party audit team from an internationally recognized audit firm conducts an unannounced, comprehensive factory assessment before production begins. Thereafter, the audit process is repeated annually. These independent, third-party audits include an initial management interview; facility and dormitory (if applicable) tours; payroll analysis; confidential employee interviews that cover such issues as working hours, payment practices, freedom of association, forced labor, child labor and disciplinary practices; and a closing meeting with management. These audits use an objective, scored methodology and have over 260 separate questions. HanesBrands conducts over 500 audits/year using external auditors and also has a team of over a dozen internal auditors around the globe who work with facilities through the corrective action process.

(3) Certification by direct suppliers that materials incorporated into the product comply with the laws regarding slavery and human trafficking of the country or countries in which they are doing business.

HanesBrands expects all of its suppliers to act in a responsible manner, in accordance with prevailing local and international legislation. To ensure that our suppliers live up to our values, our finished-goods suppliers are required to sign a lengthy and comprehensive agreement which, among other things, requires them to comply with all applicable laws (which include those regarding slavery and human trafficking) and our GSS (described above). Our suppliers of component materials and parts are also required via our purchase order process to comply with our GSS and all applicable laws (which include those regarding slavery and human trafficking).

(4) Internal accountability standards and procedures for employees or contractors failing to meet company standards regarding slavery and trafficking.

HanesBrands maintains internal accountability standards and procedures applicable to both employees and contractors who may fail to meet company standards. We work to continually develop and monitor our group policies and procedures that are aimed at enhancing integrity and ethical behavior so that they are consistent with good industry practice and properly reflect the contemporary state of applicable law and regulation.

With regard to any issues identified in compliance audits of foreign manufacturers, a formal corrective action plan is developed with specific timeframes in which to correct the problems. Our internal audit teams around the globe then visit these factories on an unannounced basis to confirm adherence to the corrective action requirements. While we will typically provide 30 to 90 days for factories to correct minor issues, we generally consider things such as forced/prison labor, slavery, human trafficking, child labor, physical/sexual abuse, and bribery of an auditor to be zero-tolerance issues requiring immediate remediation or withdrawal from the facility, depending on the circumstances.

Those facilities that are “disapproved” for zero-tolerance or other violations not remediated in a timely manner are noted on a companywide “Disapproved List” that is routed to members of our

senior management and sourcing teams. Such facilities remain “disapproved” for a minimum of one year. We also closely track facilities on our internal “Alarm List” that are not progressing adequately in the corrective-action process. The “Alarm List” is also routed to appropriate members of our management team, so they can exert the appropriate influence needed to spur timely corrective action.

(5) Training to company employees and management who have direct responsibility for supply chain management on issues of human trafficking and slavery, particularly with respect to mitigating risks within the supply chains of products.

We regularly conduct training on our GSS with our compliance and sourcing staffs, as well as with our factory base. We also continually train all of our own employees (over 65,000) on the requirements of our internal Global Code of Conduct. We believe that a thorough understanding by all relevant individuals of the requirements of these standards is critical to mitigating risks associated with such critical issues as forced labor, slavery, human trafficking and child labor.

<https://hanesforgood.com/social-responsibility/california-transparency-in-supply-chains-act/>

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