

Memorandum of Understanding between Hansae Co. Ltd. and the Worker Rights Consortium regarding the Remediation Plan for Hansae Vietnam

Hansae Co. Ltd. ("Hansae") and the Worker Rights Consortium ("WRC") have agreed to undertake the following measures with respect to Hansae's factory in Ho Chi Minh City, Vietnam ("factory") in order to ensure and verify remediation with respect to the codes of conduct of the universities and colleges that are affiliates of the WRC and the brands and retailers that are Hansae's business partners.

1. Pregnancy Discrimination

a. Hansae has communicated in writing with all female employees hired under short-term contracts, whose contracts expired and were not renewed between November 1, 2015 and October 31, 2016, and offered them re-employment if: (i) the worker wishes to work again at the factory and is prepared to accept employment within 45 days of receiving the communication; and (ii) the worker can provide medical records showing that she was pregnant as of the date of such non-renewal.

b. Hansae will reemploy any of the workers to whom it has sent the communication referenced in 1(a), and who accept the offer of reemployment and meet the referenced requirements, at positions comparable to those in which they were originally employed at the factory, within 15 days of the company's receipt of such acceptance.

c. Hansae will not require any of the workers to whom it has sent the communication referenced in 1(a) to show that the non-renewal of her employment contract was the result of discriminatory intent on the part of the company or any other party.

d. Hansae will provide the WRC, by November 15, 2017, with a list of all workers to whom it has sent the communication referenced in 1(a), indicating which workers have accepted the referenced offers of reemployment and the date(s) of their reemployment.

2. Terminations and Constructive Discharges

a. Hansae and the WRC will cooperate and use their best efforts, including requesting the assistance of the FLA, to specifically identify the eight employees previously cited by the WRC and the FLA in their public reporting as having been constructively discharged by Hansae.

b. Hansae will, within 30 days of any of the employees referenced in 2(a) being identified, communicate to the employee(s) in writing and offer: (i) re-employment if the affected worker wishes to work again at the factory and is prepared to accept employment within 45 days of receiving the communication; and (ii) cash settlements in the amount of the wages the employee would have received if his/her employment had not been terminated and the employee had continued to work at the factory until the date of receipt of the offer.

c. Hansae will reemploy any of the workers to whom it has sent the communication referenced in 2(b), and who accepts the offer of reemployment and meets the referenced requirement, at a position

comparable to that in which s/he was originally employed at the factory, within 45 days of the company's receipt of such acceptance from the employee.

d. Hansae will provide any worker sent the communication referenced in 2(b), regardless of whether s/he wishes to be reemployed by the company, the cash settlement referenced in 2(b) (ii), within 45 days of the company's receipt of the employee's acceptance of such a settlement.

3. Discipline and Wage Penalties for Failure to Meet Production Quotas

a. Hansae has, in September 2017, with respect to 10 employees whom the company has identified as having received disciplinary notices and/or had scheduled wage increases denied or delayed for failing to meet production quotas: (i) provided payments to these workers, totaling, in aggregate, \$950, and (ii) removed and deleted such disciplinary notices from these workers' personnel files.

b. Hansae will provide a list of the 10 workers and the amount of the payment made to each worker under 3(a) to the WRC.

4. Temperatures

a. Hansae will provide daytime access to the factory to the WRC on no fewer than 3 dates, chosen by the WRC, between March 1 and May 31, 2018, for the WRC to take indoor temperature readings to evaluate the effectiveness of the factory's cooling systems.

b. Hansae will keep temperatures throughout the factory within the legally prescribed range during all working hours. If the WRC's temperature readings show that the cooling systems are failing to achieve this result, Hansae will install such additional or alternative measures and/or equipment as are needed to achieve this objective, by no later than October 31, 2018.

5. Seating

a. Hansae will, by October 19, 2017, test with the factory's production workers two sample ergonomic chairs, one of which will be the chair previously approved by the WRC and tested by Hansae, but modified to remove its casters (wheels), and another which also substantively meets the ergonomic specifications identified by the WRC in prior communications with Hansae's customers.

b. Hansae will report the workers' feedback regarding the chairs referenced in 5(a) to the WRC by October 31, 2017.

c. If workers are dissatisfied with both chairs referenced in 5(a), Hansae will consider carrying out in the factory a participatory ergonomics training program, under the direction of the University of California Ergonomics Research & Graduate Training Program, to facilitate the selection, provision and proper use of ergonomic chairs for all applicable workers, with the program to commence no later than December 1, 2017. If Hansae proceeds with this program, it will be carried out over a period of roughly nine months, at an expense to Hansae that is not to exceed \$65,000, exclusive of the cost of the chairs, themselves.

Recommendations for chair models emerging from the program will include multiple cost-effective options.

d. Hansae will ensure, by February 28, 2018 or within 60 days of the conclusion of the participatory ergonomics program referenced above, whichever is later, that every production worker in the factory who works primarily in a seated position is provided with an ergonomically correct chair.

6. Freedom of Association

a. Hansae agrees with the WRC that the workers' union in the factory should not be run by managers, supervisors or confidential employees, and, therefore, Hansae will ensure that, in all future elections for the union's officers and other executive committee members: (i) managers, supervisors or confidential employees will not be nominated or elected to fill these positions; and (ii) workers will freely nominate and democratically elect other workers to fill these position.

b. Hansae will sponsor a six-month freedom of association training program conducted by Ton Duc Thang University (TDTU), with substantial involvement by labor expert Katie Quan, to begin as soon as TDTU and Katie Quan are ready to proceed. The program will educate workers on principles and practices of freedom of association and specifically on nominating and electing production workers to serve on the union executive committee and on the roles, rights and responsibilities of workers on the union executive committee. Hansae will ensure that all non-managerial and non-confidential employees at the factory participate either directly in trainings or as recipients of training provided by other employees who have themselves directly participated in the training. Hansae will compensate workers for all time they spend in the trainings, so that no worker will lose any income as a result of his or her participation.

c. Hansae will participate in a conference call to plan next steps in the initiation of this training with Hansae, the WRC, Katie Quan, Jeff Hermanson, and, if they wish to participate, the Fair Labor Association, Nike, Gap and/or L Brands, to be held no later than October 31, 2017.

7. Off-the-Clock Work & Recruitment fees

a. Hansae will, by no later than October 31, 2017, pay a total of \$750,000, distributed in equal amounts among all non-managerial and non-confidential employees of the factory, as a "Special Bonus" to recognize the factory's 15th anniversary. Hansae will inform the WRC when payments have been completed and will provide access to payroll records for purposes of verification.

8. Public Reporting

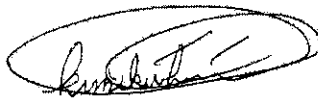
a. The WRC will, within 15 days of the date on which this memorandum is signed, issue a written report detailing the new remediation commitments Hansae has made and will note that, with the addition of these new commitments, Hansae is now committed to full remediation, to the extent possible given legal and institutional barriers in the Vietnam to workers' full exercise of their associational rights, of all outstanding WRC findings.

b. Using this update, the WRC will inform buyers, the WRC's affiliate universities, the Council on Ethics of the Norwegian Government Pension Fund, other interested parties and the public of Hansae's new commitments.

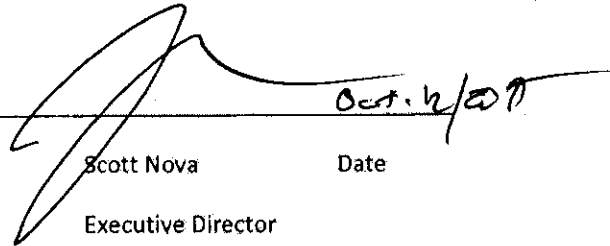
c. The WRC will, on an ongoing basis, but, no less than every six months, assess Hansae's progress on fulfilling its remediation commitments and will report the status of the implementation of these commitments to interested parties and the public, until these commitments are fully implemented. On any issues where Hansae's full implementation of its remediation commitments places the factory in a leadership position on labor rights performance relative to other factories in Vietnam, the WRC will include this in its reporting.

For Hansae Co. Ltd.:

For the Worker Rights Consortium:



Oct. 12, 2017



Oct. 12/2017

Kim Ik Whan Date
Chief Executive Officer

Scott Nova Date
Executive Director