

# SUMMARY REPORT

## Third Party Complaint; Hansae Vietnam (Vietnam)

December 6, 2016



**FAIR LABOR**  
ASSOCIATION™

During the week of July 4, 2016, the FLA conducted an assessment at the factory complex Hansae Vietnam Co. Ltd (hereinafter Hansae), located in Ho Chi Minh City, Vietnam. The factories in the Hansae complex produce a range of apparel products for the international market. At the time of the assessment, Hansae employed approximately 9,000 workers in 12 manufacturing factories or workshops. Nike, a Participating Company of the FLA, is among Hansae's buyers.

The FLA assessment team was led by a local assessor based in Vietnam accredited to monitor the full FLA Workplace Code of Conduct in Cambodia and Vietnam. This assessor was supported by a team of three local experts who assisted on different aspects of the assessment. The FLA's Regional Manager for South East Asia also participated in the assessment and provided technical guidance.

### **UNIVERSITY OF WASHINGTON THIRD PARTY COMPLAINT**

The assessment was conducted in response to a Third Party Complaint filed with the FLA on June 2, 2016, by the University of Washington raising allegations of violations of worker rights and poor working conditions at Hansae, including those identified in a report issued by the Worker Rights Consortium in May 2016.<sup>1</sup>

1. *Worker Rights Consortium Assessment of Hansae Vietnam Co., Ltd.*, May 6, 2016, at <http://workersrights.org/Freports/WRC%20Assessment%20re%20Hansae%20Vietnam%205.6.2016.pdf>.

FLA's Third Party Complaint procedure provides a means for any person, group or organization to report serious violations of workers' rights in facilities used by any affiliated company that has committed to FLA's standards. It is one of several safeguards tools the FLA has available to address such issues. This process is an added precaution and is not intended to replace or undermine existing internal grievance channels in factories, or legal remedies available at the country level. When a complaint is accepted for review, the affiliated company has 45 days to conduct an assessment and develop a remediation plan. The affiliated company may waive this internal assessment and in such case, the FLA may intervene by engaging a third party to investigate the allegations and recommend corrective action. The FLA affiliated company is required to work with the supplying facility to develop a remediation plan to address any noncompliance issues <sup>2</sup>

The FLA accepted the complaint filed by the University of Washington and requested Nike to conduct, within 45 days, an assessment of the allegations and prepare a plan of remedial actions. Nike waived the option to conduct an internal assessment and agreed that the FLA should conduct an independent external assessment of labor rights and working conditions. In order to obtain a comprehensive view of the labor rights and

2 For more information on the Third Party Complaint process see <http://www.fairlabor.org/third-party-complaint-process>

working conditions at the factory, the FLA chose to conduct a Baseline Sustainable Compliance Initiative (SCI) Assessment,<sup>3</sup> the most in-depth tool it has at its disposal for factory-level due diligence.

Earlier in 2016, in response to a Third Party Complaint filed by Cornell University, the FLA had commissioned an independent investigation at Hansae's Factory #5 regarding the payment of productivity bonuses and other labor issues that resulted in a strike. That investigation, carried out by a local, accredited third-party assessor, found several issues at the factory related to communication around productivity bonuses as well as very high production quotas, ineffective grievance procedures, and restrictions on workers exiting the factory during lunch periods. Hansae, in collaboration with Nike, developed a remediation plan to address these issues.<sup>4</sup>

At the request of the University of Washington, and with the concurrence of Nike, on October 13-14, 2016, an FLA team returned to Hansae accompanied by a team from the Worker Rights Consortium (WRC) to conduct a joint visit. During this visit, the FLA team ascertained the extent to which remediation had progressed on some of the remedial actions requiring immediate attention after the July 2016 SCI Assessment. The WRC team identified a number of findings of noncompliance in the area of safety and health that the FLA has added to the initial SCI Assessment findings. During the joint visit, as with the two earlier assessments by the FLA, Hansae

management cooperated fully with the outside experts, providing access to facilities and records as well as to management and workers for the purpose of gathering information.

Hansae, in collaboration with Nike, has developed a sustainable remediation plan that addresses the issues identified in the SCI assessment and takes into consideration the remediation suggestions from the FLA and the WRC.

## **SCI METHODOLOGY AND HANSAE**

The SCI methodology is intended to uncover the root causes of labor standards violations and offer sustainable and practical solutions. It evaluates a facility's performance in upholding fair labor standards through effective management practices throughout the entire employment life cycle.

The report of the SCI assessment at Hansae consists of 30 specific findings and 177 sub-findings, some of which require immediate action, while others require improvement over time. Hansae, with guidance from Nike, has developed a plan for sustainable remediation that addresses each of the risks or violations identified in the SCI assessment (this remediation plan is incorporated into the SCI report posted on the FLA website).<sup>5</sup> For each finding, the remediation plan provides both short-term and ongoing remedial actions, the status of the action (completed or ongoing), and the completion date, if applicable. The remediation plan is not a static report;

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3. <http://www.fairlabor.org/our-work/our-methodology>

4. Information on the Third Party Complaint, the assessment conducted by a third-party assessor, and the remediation plan are available at <http://www.fairlabor.org/report/hansae-vietnam>.

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5. During the assessment at Hansae in July 2016, a number of findings by the FLA SCI assessors brought to the attention of management were remedied while the assessment team was still in the facility. These include removal of exit doors that opened inward (Finding 22.3), replacement of a missing fire extinguisher (Finding 22.5), and installation of signs at evacuation assembly point (Finding 22.7).

rather it reflects the most recent progress updates on remediation reported in the “Progress Update” section for each finding. The remediation plan reflects input from the FLA and the WRC.

The complete findings, recommendations, and remediation plans for the entire

assessment are provided in the full SCI report, available at on the FLA website at the “Transparency” tab, under “Workplace Monitoring Reports.”<sup>6</sup> Below, this report summarizes findings requiring immediate action from Hansae, along with pertinent FLA recommendations and the related Hansae remediation plan.

## ASSESSMENT FINDINGS REQUIRING IMMEDIATE REMEDIATION, FLA RECOMMENDATIONS, AND HANSAE REMEDIATION PLAN

### *Employment Relationship*

<b>Finding 5.1</b>	Workers at two of the factories reported that they paid fees to the line supervisor for recruitment or renewal of their contracts.
<b>FLA Recommendation for Immediate Action</b>	Discontinue practice of charging and collecting recruitment fees and contract renewal fees. If evidence of payment of such fees is found, reimburse the workers and take disciplinary action against supervisors involved.
<b>Hansae Remediation Plan</b>	Effective October 2016, Hansae reinforced to all workshop managers and the Human Resources (HR) team that the current recruitment policy requires no recruitment fee. Factory management also revised the recruitment process so that all job applications must go through the HR team at the factory gate, and will revise job announcements to state that there is “no recruitment fee.” Factory management will create a system for workers who paid recruitment fees to file a complaint requesting an investigation by the factory and to reimburse the fee based on the result of the investigation. One supervisor found to have broken this rule has been disciplined and the worker reimbursed.

<b>Finding 5.2</b>	Factory management urges workers to resign from their jobs if they have disputes with a manager or supervisor, or in cases of certain types of misconduct. Factory management does not give workers the opportunity to improve their performance or conduct.
<b>FLA Recommendation for Immediate Action</b>	Ensure terminations are conducted in a fair and transparent manner. Ensure workers are given advance notice of any termination decision, as well as an opportunity to improve their performance or conduct.

6. <http://portal.fairlabor.org/fla/go.asp?u=/pub/zTr5&tm=5&Rid=1854&Fdn=13&Fna=AA0000002066%5F2016%2Epdf>

<b>Hansae Remediation Plan</b>	Effective July 2016, Hansae has revised the disciplinary procedure so that all disciplinary cases will be reviewed before implementation in a weekly a meeting with the general manager, factory manager, human resources representative, trade union, a witness, and the worker involved. This group will work collaboratively to ensure that all discipline is implemented in accordance with the law and factory policies guaranteeing fairness and consistency. Factory management will set up a asystem to record all resignations and will conduct exit interviews to ensure workers do not involuntarily resign. If any case of involuntary resignation is identified, the factory will reinstate the worker with back pay.
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<b>Finding 6.2</b>	There is no written procedure on how to calculate when a pregnant worker is supposed to switch to shorter work schedules. Different factories follow different methods of calculation.
<b>FLA Recommendation for Immediate Action</b>	Ensure calculation for shorter hours for pregnant workers is consistent across factories and the most scientific and reliable method is used.
<b>Hansae Remediation Plan</b>	Effective July 2016, Hansae has adopted a uniform working time calculation and policy for pregnant women across all factories. The benefit will start 100 days before the delivery date, as estimated by an ultrasound test.

<b>Finding 13.1</b>	Termination practices do not follow approved company regulations and disciplinary procedures registered with the Department of Labor, such as invalid terminations, or terminations recorded as voluntary resignations.
<b>FLA Recommendation for Immediate Action</b>	Ensure a proper and fair termination system is implemented and that actions are accurately documented.
<b>Hansae Remediation Plan</b>	Effective July 2016, Hansae has revised the disciplinary procedure so that all disciplinary cases will be reviewed before implementation in a weekly a meeting with the general manager, factory manager, human resources representative, trade union, a witness, and the worker involved. This group will work collaboratively to ensure that all discipline is implemented in accordance with the law and factory policies guaranteeing fairness and consistency.

<b>Finding 15.1</b>	Disciplinary actions are not transparent, fair, or consistent across the factories and with company regulations. For example: <ol style="list-style-type: none"> <li>1. Bringing a needle into the factory leads to dismissal in two factories, while it does not elicit a disciplinary action in the other factories.</li> <li>2. In one factory a worker was disciplined for sitting next to a worker who had brought food from the outside (bringing food from the outside is prohibited, but the disciplined worker did not do so).</li> <li>3. Workers receive warning letters for not meeting the factory's high daily production quotas. Suspension of wage increases is used as a disciplinary practice.</li> </ol>
<b>FLA Recommendations for Immediate Action</b>	Ensure that disciplinary practices are fair, transparent, and nondiscriminatory. Stop the practice of making deductions from workers' wages or suspending wage increases as a form of discipline.
<b>Hansae Remediation Plan</b>	The factory has revised the disciplinary procedure so that all disciplinary cases will be reviewed before implementation in a weekly a meeting with the general manager, factory manager, human resources representative, trade union, a witness, and the worker involved. This group will work collaboratively to ensure that all discipline is implemented in accordance with the law and factory policies guaranteeing fairness and consistency. The factory will provide training to both workers and management about disciplinary policies to ensure no disciplinary action is taken for not reaching production targets.

## Discrimination

<b>Finding 4.1</b>	All workers sign a probationary contract for a one-month period; if performance is satisfactory after the probationary period, workers are offered a one-year work contract. In five of the factories, according to worker interviews, work contracts of female workers were not renewed if they became pregnant during the first two years of employment.
<b>FLA Recommendation for Immediate Action</b>	Discontinue employment discrimination against pregnant workers.
<b>Hansae Remediation Plan</b>	Hansae has instituted a review of the contract renewal process to ensure that pregnancy is not a factor in contractual decisions. Factory management will review allegations that contracts were not renewed based on pregnancy status and if discrimination occurred, will reinstate workers with back pay.

<b>Finding 7.4</b>	Female workers in their probationary period are not provided with a childcare allowance in breach of local law.
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<b>FLA Recommendation for Immediate Action</b>	Cover the part of childcare costs at crèches and kindergartens required by law, including for workers in their probationary period.
<b>Hansae Remediation Plan</b>	Effective August 2016, Hansae has revised the policy to provide a childcare allowance for probationary workers and will include this allowance in the probation agreement.

## Compensation

<b>Finding 6.4</b>	The incentive bonus system is not centralized to ensure fair and transparent distribution of bonuses. Implementation is left to managers of factories. Two of the factories made bonus payments in cash without payment receipts.
<b>FLA Recommendation for Immediate Action</b>	Pay workers' bonuses in accordance with local laws and codes. Ensure all payments are transparent and records of payments are kept.
<b>Hansae Remediation Plan</b>	Effective July 2016, Hansae has developed and announced incentive calculations to all workers and set up a recording system to ensure that workers sign when receiving incentive bonuses.

<b>Finding 6.5</b>	Workers may not have been correctly paid for overtime because in some factories, workers were observed working during the lunch and dinner breaks without recording hours or being compensated. Off-the-clock work was identified during one Sunday as well.
<b>FLA Recommendation for Immediate Action</b>	Ensure all working time and compensation is reflected in the provided time records and payrolls.
<b>Hansae Remediation Plan</b>	Hansae has announced to all workers that work during lunch time is not permitted and will shut down the electricity during this time to ensure no work is done. The factory will develop a process to determine a methodology that is agreeable to workers and the union to calculate and pay back for time worked before shifts and during breaks. The factory will solicit opinions from workers, the union, and management to choose the proper method to calculate and arrange for payment of time worked before shifts and during breaks. The allegation of off-the-clock time worked on a Sunday was in fact a clerical mistake; no off-the-clock work was actually performed on a Sunday.

<b>Finding 7.1</b>	New workers do not understand wage calculations and the legal benefits to which they are entitled, including bonuses and annual leave.
<b>FLA Recommendation for Immediate Action</b>	Enhance communication and training on wages and benefits and verify that workers know how wages and benefits are calculated. Conduct an evaluation of the training.

<b>Hansae Remediation Plan</b>	In October 2016, Hansae conducted a two-day orientation training on wage calculations, the bonus system, and annual leave. The training included training evaluation tests (before and after training); the evaluation will be conducted after each session.
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## Hours of Work



<b>Finding 4.3</b>	Overtime work is not voluntary. Workers need to justify their reason for not working overtime and get approval from the line leaders.
<b>FLA Recommendations for Immediate Action</b>	Ensure that overtime is voluntary. Discontinue practice of workers having to justify and obtain approval from line leaders to be released from overtime.
<b>Hansae Remediation Plan</b>	Hansae will revise its Overtime Voluntary Work policy and form to reflect an “opt-in” system that allows workers to volunteer for overtime. The factory will organize a meeting to communicate this to all workshop managers and will conduct a series of trainings to inform workers that overtime work is fully voluntary. Managers who do not follow this policy will be disciplined, and factory management will review workers’ disciplinary records to remove notices related to failure to work overtime.

<b>Finding 7.2</b>	Although the factory has a swipe card system to record working time, the time records of protected workers (such as pregnant workers, nursing mothers, elderly workers) are not consistent with the swiped times. Protected workers worked longer hours than allowed by law.
<b>FLA Recommendation for Immediate Action</b>	Ensure actual working time and compensation are completely and accurately recorded, including working hours of protected workers.
<b>Hansae Remediation Plan</b>	Effective August 2016, Hansae revised the working time recording system to ensure that protected workers work no more hours than legally allowed, but are still paid for a full workday as required by law.

<b>Finding 8.1</b>	In order to take sick leave, workers must ask permission from production manager and factory manager by 10:00 am of the day when the leave is requested. For new workers, managers may require that the worker take leave longer than prescribed by the doctor, which is unpaid.
<b>FLA Recommendations for Immediate Action</b>	Ensure that workers can take sick leave to which they are entitled without repercussions. Do not require workers to take a longer leave when shorter paid leave is possible.

<b>Hansae Remediation Plan</b>	Effective July 2016, factory management adopted new policies on sick leave that align with the FLA recommendations, which have been announced to all responsible staff, managers, and workers. The factory now provides workers with sick leave for attending to their sick children, and has worked with the trade union to provide assistance to workers with chronic illnesses.
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<b>Finding 10.2</b>	The time recording system is not centrally calibrated across all factories. The time shown is different on each time-recording machine at the factory. At one factory, the time clock on the swipe card was set 10 minutes early.
<b>FLA Recommendations for Immediate Action</b>	Centrally calibrate the time recording system across factories and ensure that workers record their actual working time on the swipe card system for accurate compensation.
<b>Hansae Remediation Plan</b>	Effective September 1, 2016, Hansae has corrected and calibrated the time keeping system for all machines and all machines now have the same time.

<b>Finding 11.1</b>	Workers do not have sufficient time to go to the toilet or take a water break due to high production quotas. If they go to the toilet or take water break, they have to come early or stay late to meet the quota. The extra work time is neither recorded nor compensated.
<b>FLA Recommendation for Immediate Action</b>	Production targets, piece rates or any other production systems should not be set at such a level that workers need to work beyond regular working hours to meet them.
<b>Hansae Remediation Plan</b>	Hansae announced to all workers and factory management in a meeting immediately after the July assessment that the factory follows a policy of free access to toilets and water breaks. A meeting with all workshop managers reinforced this policy, and reviewed the correct methods to record working time, including early and late work. Managers were informed that violation of the policy of free access to toilets or water breaks is subject to the factory's disciplinary policy. The factory has implemented a practice of opening the doors at the official work time and shutting down electricity during breaks. Factory management will consult with production supervisors to set reasonable production targets and will track and measure on a weekly basis if workers are meeting their production targets, and make necessary interventions if they are not. Hansae will enlist a third party to conduct a quarterly audit to verify the efficiency of remediation for recording of working time, free access to toilets and water breaks and voluntary overtime.

<b>Findings 11.8 and 11.9</b>	<p>Several instances of unrecorded and uncompensated work were identified:</p> <ol style="list-style-type: none"> <li>1. Cleaning workers, who are required to come in earlier than other workers, at 7:00 am, to clean the factory before other workers come in to work, but cannot swipe their card in until 7:15 am. Workers in the sewing, cutting, and packing departments clocked in at 7:20 am; if they had not completed their allocated quota the previous day, they would have to come in earlier to complete it, but would not be allowed to sign in until 7:20 am.</li> <li>2. There are two bells to alert workers to resume work about lunch break, one bell five to 10 minutes before the time to start work and the other at the end of the break; assessors observed that workers resumed work when the first bell rang instead of waiting for the second bell.</li> <li>3. All workers are required to come at least 10 minutes before the starting time, which is not recorded in their time records.</li> </ol>
<b>FLA Recommendation for Immediate Action</b>	Ensure that all working time is recorded and appropriate records are kept.
<b>Hansae Remediation Plan</b>	The factory has implemented a practice of opening the doors at the official work time and shutting down electricity during breaks to prevent unrecorded and uncompensated work. Hansae will enlist a third party to conduct a quarterly audit to verify the efficiency of remediation for recording of working time.

## Freedom of Association



<b>Finding 14.1</b>	There is no proof that the workers voted democratically on the labor union representative nominees or subsequently on the labor union representatives. Currently, the Chairman and Vice Chairman of the labor union are Human Resources Managers.
<b>FLA Recommendation for Immediate Action</b>	Ensure that the workers are able to democratically participate in the labor union representative nomination and election processes.
<b>Hansae Remediation Plan</b>	As of July 2016, the factory's Senior HR Manager no longer served as the Trade Union Chairman, and the HR Manager had volunteered to step down from the post of Trade Union Vice Chairman. The factory trade union will consult with ILO Better Work before the next Trade Union Executive Selection (expected to be in March 2017) to ensure there is no management member on the union's executive committee.

## Harassment or Abuse



<b>Findings 15.2 and 15.4</b>	According to worker interviews, line supervisors shout at workers who use the restroom for more than five minutes, for unmet quotas, for a high defect rate, or for being late after the bell to start working. Similarly, higher ranking supervisors and management shout at line leaders if quotas are not met or there is a high defect rate.
<b>FLA Recommendations for Immediate Action</b>	Ensure a working environment free of any form of harassment or abuse, including physical abuse, psychological abuse, verbal abuse, and improper punishment. Allow workers to move about freely in production areas for water or toilet breaks. Do not deny workers access to food, water, toilets or other necessities as a means of maintaining discipline.
<b>Hansae Remediation Plan</b>	Effective September 2016, Hansae committed to strictly implementing policies against harassment or abuse. The factory will organize a meeting to communicate to all workshop managers that the current harassment or abuse policies do not allow verbal and physical harassment and such actions violate company policy and are subject to factory disciplinary policies. The factory will set up a grievance system and communicate to workers that they may file complaints without fear of retaliation.

## Health, Safety, and Environment



<b>Finding 18.1</b>	Hazardous waste from the printing plate cleaning process at Factory 5 is not properly separated.
<b>FLA Recommendation for Immediate Action</b>	Separate hazardous wastes from other industrial waste.
<b>Hansae Remediation Plan</b>	Effective July 11, 2016, factory management provided bins to store contaminated rags, and put in place a system for the proper disposal of hazardous waste from the printing plate cleaning process.

<b>Finding 18.4</b>	Hazardous chemicals used in the printing area of Factory 5 are not properly labeled with the chemical names and are kept in soft drink bottles instead of proper containers.
<b>FLA Recommendations for Immediate Action</b>	Properly label all chemicals and provide proper containers for chemical storage.
<b>Hansae Remediation Plan</b>	Effective July 11, 2016, factory management checked all chemicals to ensure they were properly labeled in Vietnamese, and has reminded workers about proper chemical storage. All chemical substances are now stored in properly labeled receptacles with secondary containment.

<b>Finding 21.1</b>	The temperature is too high during the summer months to work in the factories that do not have a ventilation system (Factories 5, 6, 8, 9, 10, 12 and Mini). Based on interviews, workers have fainted in these factories due to the heat but the clinic has not recorded these cases.
<b>FLA Recommendations for Immediate Action</b>	Ensure all production areas are properly ventilated. Ensure that all instances of fainting because of the high ambient temperature and improper ventilation are accurately recorded by the clinic.
<b>Hansae Remediation Plan</b>	With respect to ambient temperature, Hansae has developed a plan to be executed in the first quarter of 2017 to install water cooling units in several of the factories and has indicated that it is open to reviewing the functional efficiency of this solution. Factory management will also explore other options to reduce the working temperature. Drinking water and frequent breaks will be provided to workers.

<b>Findings 21.2–21.22</b>	Several findings related to factory not issuing appropriate personal protection equipment (PPE) to workers (respirators, masks, safety shoes, mesh gloves); workers not using PPE; available exhaust fans not used; obstruction of eyewash stations; improper guarding of machinery; unbolted drill presses.
<b>FLA Recommendations for Immediate Action</b>	Ensure all workers are provided appropriate PPE and trained about their use. Ensure all other mentioned safety and health issues are immediately addressed.
<b>Hansae Remediation Plan</b>	From July 2016, factory management has made numerous changes with respect to health and safety practices, for example, providing activated carbon masks to workers using chemicals, increasing the frequency of delivery of dust masks to workers, providing insulated safety gloves to electricians, reminding clinic staff to record all accidents and illnesses that occur at the factory, and instructing workers not obstruct the eyewash stations.

<b>Finding 22.1–22.12</b>	Several findings related to inoperative or missing emergency lights; exit doors did not open outward as required in case of emergencies; several blocked aisles and exits; several deficiencies regarding fire extinguishers, including some missing and others to which access was blocked; signage for emergency assembly points missing or not well designed.
<b>FLA Recommendations for Immediate Action</b>	Update company's fire and emergency preparedness procedures and make necessary changes to exit signs, doors, aisles, fire extinguishers. Update company's emergency response procedures to cover special classes of persons and terrorist threats or public unrest.

<b>Hansae Remediation Plan</b>	Effective August 2016, Hansae has implemented a series of measures to deal with the findings, including replacing exit signs, fixing emergency lights, keeping exit doors open and organizing meetings to remind workers to keep exit doors open, removing obstacles at exit ways, removing obstacles around fire extinguishers, providing missing fire extinguishers, and reviewing emergency response plans.
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<b>Findings 23.1–23.4</b>	Non-potable water sources are not labeled; insufficient number of toilets for male workers at several factories; no legally required menstruation bathrooms, breastfeeding rooms, or places to store mother’s milk at any of the factories; insufficient supplies of soap and toilet paper for workers; foul smell in toilets in Factory 11 during walkthrough.
<b>FLA Recommendations for Immediate Action</b>	Clearly label non-potable water sources as such. Install a sufficient number of toilets, menstruation and breastfeeding rooms in each factory per legal requirements, provide enough toilet supplies and ensure toilet hygiene is maintained.
<b>Hansae Remediation Plan</b>	Effective October 2016, factory management had labeled all non-potable water sources for easy recognition, provided a sufficient number of toilets to meet legal requirements, provided a location to store mother’s milk, provided sufficient toilet supplies, and required cleaning contractor to increase frequency of cleaning.

<b>Findings 24.1–24.5</b>	Food hygiene issues in the canteen include lack of control over raw food sources and reuse of cooking oil; failure to cover food during display and distribution; food portions not sufficient to meet the needs of all workers; fluorescent light tubes on the kitchen ceiling not protected to prevent possible mercury contamination in case of breakage; and the floor of the food preparation areas was very slippery.
<b>FLA Recommendations for Immediate Action</b>	Control the source of raw foods used by the canteen contractor and the reuse of cooking oil; cover cooked food at the canteen; quantify the food for each meal for each worker to ensure that portions are sufficient to sustain workers; install slip covers or other shielding on fluorescent lights in food preparation areas; install anti-slip mats in front of stove and where there is risk of slipping and injury from hot liquids.
<b>Hansae Remediation Plan</b>	Effective July 2016, factory management has taken steps to improve food hygiene, replace fluorescent lights and inadequate canteen equipment (including cutlery), analyze food portion sizes and adjust if appropriate, and institute a program to review the operation of the canteen on a quarterly basis.

<b>Findings 26.1–26.9</b>	There is no personal or area air monitoring for acetone where it is used for cleaning; cleaning rooms where acetone is sprayed in the open do not have local exhaust ventilation systems to capture vapors. Spraying of acetone occurring below non-explosion-proof lighting is a fire hazard.
<b>FLA Recommendations for Immediate Action</b>	Conduct personal air monitoring to establish acetone concentrations and provide adequate respiratory protection. Install spray booths to capture acetone emissions from spray guns.
<b>Hansae Remediation Plan</b>	The factory will establish a small booth with effective exhaust ventilation where all acetone spraying will be conducted. The monitoring checklist for the spot-cleaning room will include detailed requirements on proper PPE usage, maintenance, and storage.

<b>Findings 28.1–28.7</b>	Single use masks for use around acetone are not NIOSH approved; sound level in cleaning operations exceeds allowed limits; inspection, ironing and packaging areas present ergonomic risks; wood benches assigned to sewing operators are not ergonomically appropriate.
<b>FLA Recommendations for Immediate Action</b>	Provide adequate respiratory protection based on industrial hygiene air monitoring and protective footwear, such as closed-toed shoes, rubber boots, or chemical resistant rubber overshoes during liquid transfer operations. Install pressure reducer nozzles on air guns to help reduce the noise level. Provide production workers with ergonomically appropriate work stations and seats.
<b>Hansae Remediation Plan</b>	Hansae will seek an equipment supplier to provide masks approved by NIOSH for cleaning room workers; train workers on usage of personal protective equipment (PPE), maintenance, and storage; and will implement a schedule for replacing this equipment based on current working condition and the supplier’s recommendations. .Hansae will procure appropriate chairs for workers.

<b>Findings 29.1–29.7</b>	Electrical outlets for emergency eye wash station are not grounded and electrical equipment has exposed wires. Temperature in six of the seven inspected factories exceeded the maximum allowed 32 degrees C (89.6 degrees F) in at least half of the work areas measured. Average interior air temperatures exceeded the limit in four of seven factories.
<b>FLA Recommendations for Immediate Action</b>	Install grounded outlets within 6 feet of where water is present and where portable tools are used. Make the necessary engineering controls to comply with Vietnamese temperature regulations and modify work practices to prevent heat stress and ensure worker comfort.

<b>Hansae Remediation Plan</b>	<p>Hansae will install ground fault circuit interrupt (GFCI) electrical outlets for plugging in emergency eye wash station to prevent electric shock to workers. The factory will cover the electric pump from the eyewash station to keep water from contacting energized equipment and install carpet to capture any water stream and ensure dry working areas. The maintenance staff will check the emergency eye wash station bi-monthly to ensure GFCI outlets are operational and areas are dry. Hansae will execute a plan in the first quarter of 2017 to reduce ambient temperature to comply with local law as well as provide frequent water breaks for workers.</p>
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## FLA CONCLUSION AND NEXT STEPS

The SCI assessment and the joint FLA-WRC visit to Hansae found a range of violations of domestic labor law and of all nine elements of the FLA Workplace Code of Conduct. Earlier, the FLA had also identified some serious issues at the factory that had triggered worker strikes in 2015.

The goal of a comprehensive, systems-focused assessment like the FLA’s Sustainable Compliance Initiative (SCI) is to address root causes of chronic issues within a factory, and devise lasting, sustainable improvements. For this process to be a success, each actor along the supply chain must share the goal of improving conditions for workers, and must take responsibility for taking steps to meet that goal.

Hansae, with guidance from Nike, has developed a comprehensive remediation plan to address the many issues described in the SCI report. It is Hansae’s responsibility to implement each of the improvements committed to in the remediation plan, and

it is Nike’s responsibility to monitor the implementation of the remediation plan and ensure that Hansae meets the labor standards required by the FLA Workplace Code of Conduct. In addition, as an FLA affiliate, Nike agrees to transparently report on progress at Hansae, by providing regular updates to the FLA, until each element of the remediation plan has been completed.

As noted above, a remediation plan is not static and continues to develop as remediation progresses. The FLA looks forward to receiving from Nike the most recent progress updates on remediation that will be reported in the “Progress Update” section for each finding. The FLA will publicly report these updates in the SCI assessment report posted to the FLA website. Finally, the FLA calls on Nike to ensure that the comprehensive assessment process conducted at Hansae results in improved working conditions and labor standards for workers that meet the standards agreed to by Nike and every FLA affiliate.