

November 17, 2016

Business & Human Rights Resource Centre
1-3 Charlotte Street, 3rd floor,
London W1T 1RD, United Kingdom

Dear Business & Human Rights Resources Centre,

We would like to take this opportunity to clarify the record on our decision to close Hansoll's Faremo International operation in the Philippines. We, of course, deeply regret the need to make the closure, but it has been done for purely business reasons, and our inability, despite years of effort, to establish it as a profitable operation. We regret the impact this closure will have on our employees and the community where Faremo has been operating, and in proceeding with the closure we are following the requirements of Philippines law and our own commitment to the fair treatment of our employees.

On October 21, Faremo notified all factory employees, the Faremo International Inc. Workers Association (FIIWA) Union, and the Department of Labor and Employment (DOLE) of the decision to close the factory as of December 29, which is more than 60 days' notice. Local labor law requires 30 days' notice. The sole reason for the closure is because since 2009, when Hansoll purchased the Faremo operation from the Chang-Eun company, we have been unable to maintain its profitability. Moreover, the global apparel market has faced a period of protracted weak demand, and, after seven years of effort, we have no reason to foresee any change in the circumstances that have thus far prevented the economic viability of the Faremo operation.

Hansoll has been confronted with the need to close factories in other countries in the past. It is a very difficult and painful decision. We are committed to implement any such closure in compliance with our legal and ethical obligations. Faremo employees will receive all the wages and benefits owed to them, and we are helping, in cooperation with the Union and local officials, to seek new employment opportunities for Faremo employees. The President of Faremo (Y. S. Chun) has written reference letters for our employees, and submitted a letter requesting priority recruitment of Faremo employees to the Korean Investor Association in Cavite (KIAC) and the Cavite Export Zone Investors Association (CEZIA). The Union has acknowledged the efforts made by Hansoll in this regard. Ninety percent of our employees have already resigned from the factory, and only a little more than 100 employees are working, and among those remaining, 33 employees have turned in their resignation.

Hansoll also wants to make it clear that there is no basis for any claim that the decision to close the factory has any connection to the FIIWA Union of Faremo, the Collective Bargaining Agreement (CBA) that has been signed, or industrial relations at the factory. Our factory management engaged in a number of rounds of negotiations, and reached a collective bargaining agreement in June, 2016 that had been submitted and accepted by the Department of Labor and Employment. Hansoll has a proud record of seeking positive relationships with the unions at its facilities and negotiating CBAs, and Hansoll would never close a plant for other than economic and commercial viability reasons. Any suggestion that we will seek to re-open the plant under different circumstances, including without the existing Union or CBA, are entirely incorrect.

Again, any closure decision is painful and disruptive, and the decision was made only because we do not see any path towards the profitability for the Faremo operation. Hansoll will continue to work with our employees, the Union and local officials to support the difficult transitions required by this closure.

Thank you.