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Quarterly Newsletter

October 2020

Dear Reader,

We hope this update finds you well, hopefully having found time for reflection and relaxation over the summer.

Over the past quarter, the LABS Initiative continued to engage and support the industry, with steady progress being made in Vietnam and much work being done through digital and remote technology in India. For a full overview of the progress made, please see the details below.

As we embark on the final stretch of 2020, we continue to focus on mitigating the impacts of COVID-19 as much as possible, whilst planning for the future as well as we can. Though there is still much uncertainty, there is reason to think that, as public responses to COVID-19 mature, there will be more opportunities for work to continue. Upward market trends show reasons for (cautious) optimism, which hopefully can be emboldened with good news regarding vaccines on the horizon.

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Factories onboarded

119

India: 38
Vietnam: 81



Assessments conducted

85

India: 31
Vietnam: 54



Safety training conducted

41

India: 11
Vietnam: 30



Workers reached

285,744

India: 50,926
Vietnam: 234,818

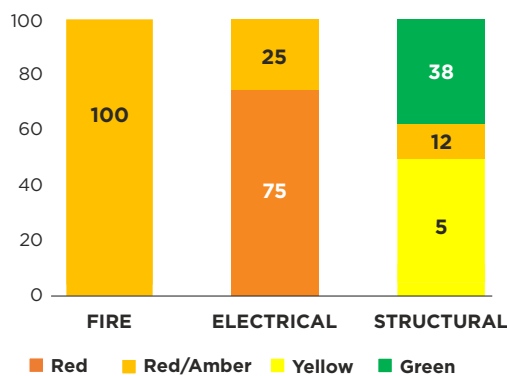
Assessments

VIETNAM

In Vietnam, a total of ten factories were assessed under the program from July 1, 2020 to September 30, 2020.

Factories assessed: Exported Footwear Manufacturer; Fulgent Sun Footwear Co. Ltd.; Hung Dat Shoes Co. Ltd.; Langham Garment Co. Ltd.; Ngoc Hung Footwear Co. Ltd.; Nien Hsing (Ninh Binh) Garment Co. Ltd.; Ty Bach Co. Ltd.; Viet Pan Pacific World Co. Ltd.; Vinh Thinh Trading General Joint Stock Co. and Youngone Hung Yen Co. Ltd.

Key Findings



Fire-Related Issues

- Locking mechanisms exist on many exit doors in the factory
- Doors in the means of egress are not the side-hinged swinging type
- Escape paths not free of temporary obstacles
- Overhead signage not provided at endpoints indicating directional changes
- Lack of fire separation of high-risk areas such as boilers and air compressors
- Lack of fire separation between production and storage areas
- Generator rooms were located alongside the final exits without fire-rated separation

Structural-Related Issues

- Cracks on concrete slabs and beams observed
- Uncontrolled load for the storage area on mezzanine and second floors
- Corrosion existed on steel structures
- Missing bracings in the steel building
- The as-built or structural drawings not available to review during the assessment

Electrical-Related Issues

- High temperatures noted at several electrical panels
- Lack of protective earth connections for generators, compressors, ventilation fan motors, and panels
- Small-sized protective earth (PE) conductors
- Incorrect-sized cables connected to the MCBs/MCCBs in the panels
- No cable sockets/ferrules used for cables from 6mm² and above
- No single-line diagram (SLD) available for review

SUMMARY OF ISSUES REQUIRING ATTENTION

AMBER

No reason to suspend operations, but action may be required locally. Production may continue subject to IMMEDIATE actions identified by the Assessor being completed in two weeks.

RED/AMBER

There are important IMMEDIATE actions required to be completed within two weeks or the overall factory designation will become Red.

YELLOW

Limited concerns but have questions on safety arrangements and details, limited visible defects with no immediate danger to structure or workers. Production may continue subject to agreement to address issues raised and prioritized action in report.

INDIA

One factory – Orient Fashion Exports (India) Pvt Ltd – was assessed under the program in India during the quarter.

Key Findings

Fire-Related Issues

Rating: Amber

- Fire-rated compartmentation and fire-rated doors not installed
- Rolling shutters installed at final exits
- Inadequate smoke-detector coverage recognized
- Flammable material observed near staircase landing
- Width of escape paths ascertained as inadequate

Electrical-Related Issues

Rating: Red/Amber

- Earthing not provided for UPS battery rack
- Unused opening found in main compressor panel
- Updated SLD and earthing-systems layout unavailable
- High number of hotspots with temperature of 78.2°C to 106.1°C detected

Structural-Related Issues

Rating: Yellow

- Unprotected structural column noticed at main entrance with risk of accidentally being hit by vehicles
- Spalling of slab reinforcement observed
- Geotechnical report unavailable

Safety Training

Vietnam

Eighteen safety trainings were conducted during the quarter

Company Name	Training Level
Appareltech Vinh Loc Garment Export Co. Ltd.	Level 1
Bac Giang LGG Garment Corporation	Level 1
Bac Giang LNG Garment Corporation	Basic
Branch of Ha Hae Vietnam Corporation in Thai Binh	Level 1
Branch of Poong in Vina Co. Ltd.	Level 1
Chutex International Co. Ltd.	Level 1
Dai Nghia Garment Export Co. Ltd.	Basic
Delta Galil Vietnam Co. Ltd.	Level 1
Formostar Garment (Vietnam) Co. Ltd.	Basic
HANA KOVI INC.	Basic
Hansae Vietnam Co. Ltd.	Level 1
Man Seon Global Garment Limited Liability Company	Level 1
Michigan Haiduong Co. Ltd.	Basic
Pearl Garment Vietnam Joint Stock Company	Basic
Poong In Vina Co. Ltd.	Level 1
Texma Vina Co. Ltd.	Level 1
Triple Garment (Vietnam) Co. Ltd.	Basic
Youngone Hung Yen Co. Ltd.	Level 1

The safety trainings conducted were attended by 306 participants, including 110 women participants. The participants represented factory management, the occupational health and safety (OHS) committee, and the human resources and maintenance departments, including electricians and security guards.

In the Basic Training, participants were provided fundamental knowledge about fire, electrical, and structural safety including identifying dangerous situations related to fire detection, firefighting, using electrical equipment, structural issues, and safety during earthquakes.

In the Safety Training Advanced Level 1, the participants were introduced to the OHS committee and were made aware of guidelines on fire and electrical safety as per LABS Standard and Corrective Action Plan (CAP) framework. They were shown how to use the thermographic scanner and firefighting equipment and conduct the evacuation drill. New sections on health and hygiene at the apparel factories and COVID-19 general awareness and preventive measures were added to the training and shared with the participants.



India

In India, no safety trainings were conducted during the quarter due to the COVID-19 pandemic and as per the national and state government directives.

Helpline Update

Vietnam

Eleven calls were received during the quarter.

- **One LABS non-critical call:** The caller reported historical cases that occurred in the factory in 2010 and 2019, where workers' fingers were crushed due to machine malfunction. He mentioned the incidents arose while using a shoe sole press machine, which is supposed to press the sole twice and then stop thereafter the sole is withdrawn by workers. However, in each case, the machine did not stop but continued to press for the third time, causing the accidents. He stated the machine was not changed since the incidents and pose a threat to worker safety. The case details were shared with the Brand and factory management. The factory management confirmed an incident was recorded in September 2019 and changes were made. Brand local officer will schedule a follow-up visit to ensure this concern is addressed.
- **Ten non-LABS, non-zero tolerance calls:**
 - Five calls related to factory policies on paternity leave, social-insurance book, quitting job, moving into another working unit, and scanning factory card
 - Three calls were complaints regarding managers' attitude from two different factories
 - One worker called erroneously
 - One caller had a query regarding wages. Due to the COVID-19 crisis, all factory workers were asked to take leave starting at the beginning of September through October 15 and would be paid 1.5 million VND per month. The caller wanted to know if the factory could increase the wage amount as she said it is not enough for her and other workers to cover living expenses. The case details were shared with the factory management, who mentioned they went through legal procedures (third-party meetings with union and worker representative) to propose the amount.

India

Seven non-LABS calls were received during the quarter.

- One worker had a concern related to Provident Fund amount, which was resolved the following day. The worker called a second time to inform the Helpline her concern was resolved.
- Others were enquiries where callers wanted to know if LABS Helpline was active or not

Orientation update

Vietnam

Seven online orientation sessions, were conducted for suppliers, inspection firms and quality assurance firms on factory registration, assessments and CAP and remediation processes. A total of 130 people participated in the sessions.

India

Five online orientation sessions were conducted for suppliers, inspection firms and quality assurance firms on factory registration, assessments and CAP and remediation processes. A total of 59 people participated in the sessions.

Remediations update

Vietnam*



FIRE

- 90% of the factories removed temporary obstacles from evacuation pathways
- 61% of the factories provided additional illuminated exit signs at the exit doors
- 38% of the factories replaced shutters and sliding doors with side-hung doors
- 30% of the factories removed locking mechanisms from exit doors



ELECTRICAL

- 82% of the factories removed lint and dust from electrical panels and distribution boards
- 78% of the factories provided backup power for emergency lighting and fire alarms
- 73% of the factories remediated issues related to high temperatures in electrical panels and distribution boards
- 66% of the factories provided protection devices and sockets/ferrules for the cables



STRUCTURAL

- 56% of the factories installed bracings for the boiler heating vents
- 43% of the factories remediated the issues related to vertical structural system
- 27% of the factories remediated the issues related to corrosion of steel elements
- 24% of the factories added or tightened bracings for the lateral structural system in their steel buildings

**Data given above is from 47 follow up visits conducted.*

INDIA*



FIRE

- 38% of the factories installed emergency lights
- 59% of the factories removed the temporary obstacles on the evacuation pathways
- 64% of the factories installed illuminated exit signages
- 25% of the factories removed the locking mechanism from the exit doors



ELECTRICAL

- 83% of the factories removed the lint and dust from electrical panels and distribution boards
- 88% of the factories took needful corrective actions to reduce high temperatures in electrical panels and distribution boards
- 94% of the factories provided the earthing connections for the electrical components



STRUCTURAL

- 28% of the factories remediated the issues related to cracks in beams and columns
- 33% of the factories remediated the corrosion in non-engineered structures (such as MS Shed)
- 44% of the factories remediated the dampness in walls

**Data given above is from 19 factories where 25 follow-up visits were conducted*

How is COVID-19 impacting the program



- An overall delay in progress is expected due to greater prioritization for stabilizing business operations by factories after COVID-19
- Program areas (e.g., assessments, follow-ups, CAP sign-off) not significantly impacted and/or recovered from pandemic impact are being operationalized cohesively in conjunction with the mandate of Brands, factories, and national and state government directives
- Wherever physical meetings are not possible, LABS team, after consulting with Brand Participants, will be initiating the process of virtual CAP sign-off with factories to ensure minimal delay in commencement of remediation activities in factories (meeting participants include factory management, Remediation Firm, Inspection Firm, and LABS team)
- LABS will be extending the membership length for 60 days to those factories with payment due in 2020 as a relief effort during the COVID-19 pandemic
- International engineering firms cannot conduct activities in Vietnam during this time due to the entry-restriction policy of Vietnam for foreigners and the reduction in international flights

Major incidents during the quarter

While no incidents occurred in Vietnam in the quarter, 11 were reported in India.

1. **July 01, 2020**; Amethi, UP; fire gutted cotton factory; cotton and other items destroyed; cause unknown; no casualties reported
2. **July 04, 2020**; Bathinda, Punjab; chemical factory gutted; firefighters took four hours to control blaze; machinery, raw material, and finished goods destroyed; short circuit suspected; no casualties reported
3. **July 11, 2020**; Gorakhpur, UP; fire reported in shoe warehouse; five fire engines rushed to contain the fire caused by short circuit; one injured
4. **July 15, 2020**; Amroha, UP; short circuit caused fire while factory was running; machines and finished goods burned; no casualties reported
5. **July 17, 2020**; Ludhiana, Punjab; three-story apparel factory on lockdown was closed at time of fire; firefighters controlled blaze in one hour; cause unknown; no casualties reported
6. **July 24, 2020**; Meerut, UP; textile factory gutted due to short circuit; no casualties reported
7. **July 29, 2020**; Alwar, Rajasthan; fire gutted home textile factory due to short circuit; no casualties reported
8. **July 30, 2020**; Panipat, Haryana; fire in blanket factory; seven fire units required to extinguish; machinery and raw material damaged; cause unknown; no casualties reported
9. **August 10, 2020**; Muradnagar, UP; fire in power loom factory; material worth lakhs gutted due to short circuit; no casualties reported
10. **September 26, 2020**; Narela, Delhi; fire in three-story, shoe-manufacturing factory due to short circuit; 100 firefighters and 26 fire tenders were involved; one fireman injured
11. **September 27, 2020**; Nangloi, Delhi; fire in shoe-manufacturing factory, eight fire tenders controlled the blaze; cause unknown; no casualties reported



Fire in shoe warehouse (Gorakhpur)



Fire in Narela shoe factory

(Sources: NDTV India; Dainik Bhasakar, Dainik Jagran; Live Hindustan; Amar Ujala; Hindustan Times)

What the workers are saying



“ I have seen LABS assessments performed at the factory here and was told they are looking into Electrical, Fire, and Structural safety. We felt relieved that our safety is being monitored this way. We have been informed that we can call a Helpline number if we see any issues in the factory. Seeing these benefits, we are not anxious anymore about our safety and are happy to be working in the factory.”

Harish, Tailor, Venkateshwara Clothing Company (VCC2)
Bengaluru, South India



“ We know about the LABS Helpline and are aware that issues related to Structural, Electrical, and Fire Safety as well as any other issues can be reported on the LABS Helpline. We have the LABS Helpline number and the same number has been posted on our ID Cards and on all the floors.”

Gurcharan Gautam, Tailor, Richa Fashions Pvt. Ltd.
Noida, North India



“ Through the LABS assessment, the factory maintenance team has learned a lot of safety knowledges, it helps us to increase awareness of the safety risk in our factory related to electrical, fire, and structural. In addition, the safety training firm has provided us the training session on three disciplines - it is very helpful for us to remediate the issues in our factory in a sustainable way and improve our capacity to check the safety issues regularly, such as the thermographic scanning has been carried out by maintenance team monthly.”

Tran Duc Nhan - HSE Dept/staff - Poong In Vina factory

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