

Quarterly Newsletter



Issue 1

January 2021



Dear All,

We wish you and your loved ones a very happy new year!

The year 2020 will go down in history as the most unprecedented year this planet has yet to see. For the first time, it was unfathomable for us to predict where we were headed or what was on the horizon.

Though COVID-19 initially halted the rolling out of LABS processes, the program has seen considerable progress with sizeable numbers over the last quarter pertaining to process completion at factories. LABS Vietnam achieved the "100 factories onboarded" milestone, further strengthening our belief in the factories' acceptance of the LABS program; the progress is testimony to the collaborative success the LABS program has achieved through the years. It is imperative for all of us to collate our learnings and reflect on what is required by us in 2021 to transform and adopt the new normal, to evolve as individuals and leaders, and to operate businesses and relationships in this unsettled world. Please find below an overview of LABS' activities for last quarter.



143

Factories onboarded

India: 43
Vietnam: 100



113

Assessments conducted

India: 36
Vietnam: 77



83

Safety training conducted

India: 23
Vietnam: 60



340,359

Workers reached

India: 53,768
Vietnam: 286,591

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2020 Reflections

LABS onboarded over 140 factories in India and Vietnam in the year, including 100 factories in Vietnam.

Undeterred by pandemic-related challenges, LABS Initiative has maintained a steady state of operations in India and Vietnam throughout the year

Assessments completed at 77% onboarded factories

Safety trainings delivered at 78% assessed factories. Safety trainings now address new topics including COVID-19, related safety precaution and awareness, and good practices in health and hygiene

Delays in remediation were countered by conducting Corrective Action Plan (CAP) processes virtually and, as a result, the CAP has been signed off for 56% of assessed factories

Operations Update for the Quarter

VIETNAM



1. Assessments

LABS conducted 23 assessments and four Quality Assurance (QA) assessments during the quarter.

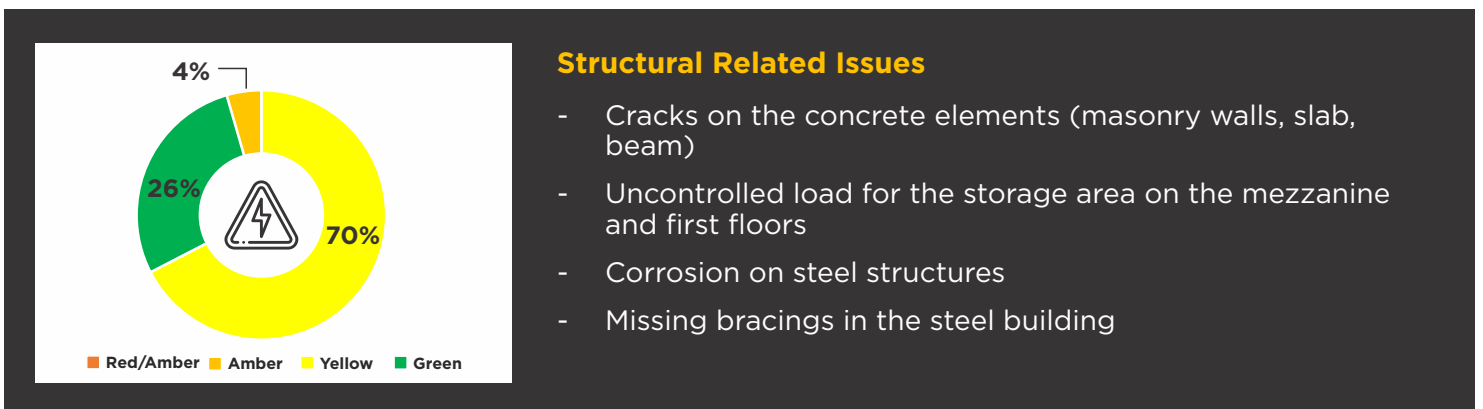
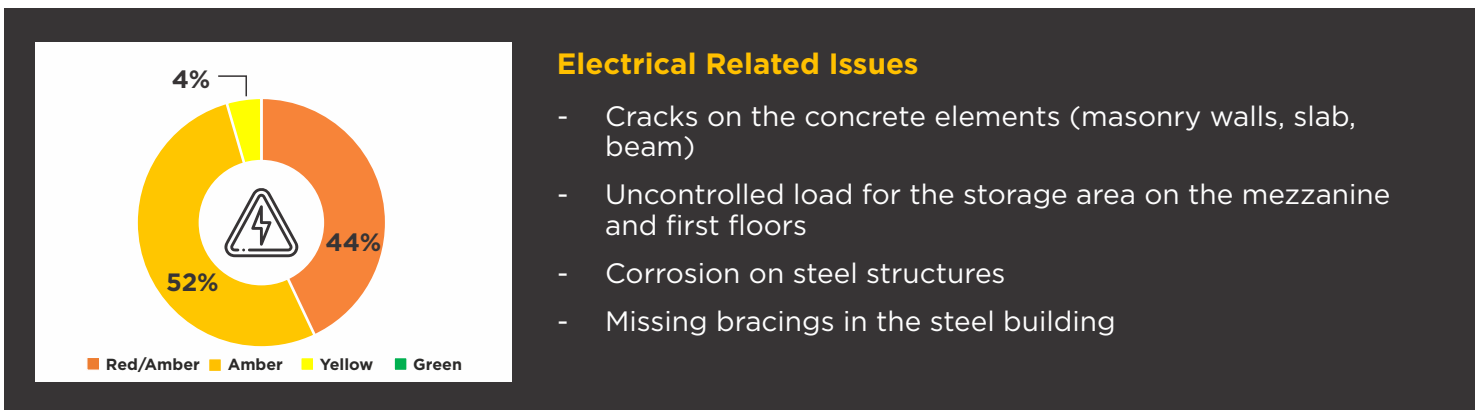
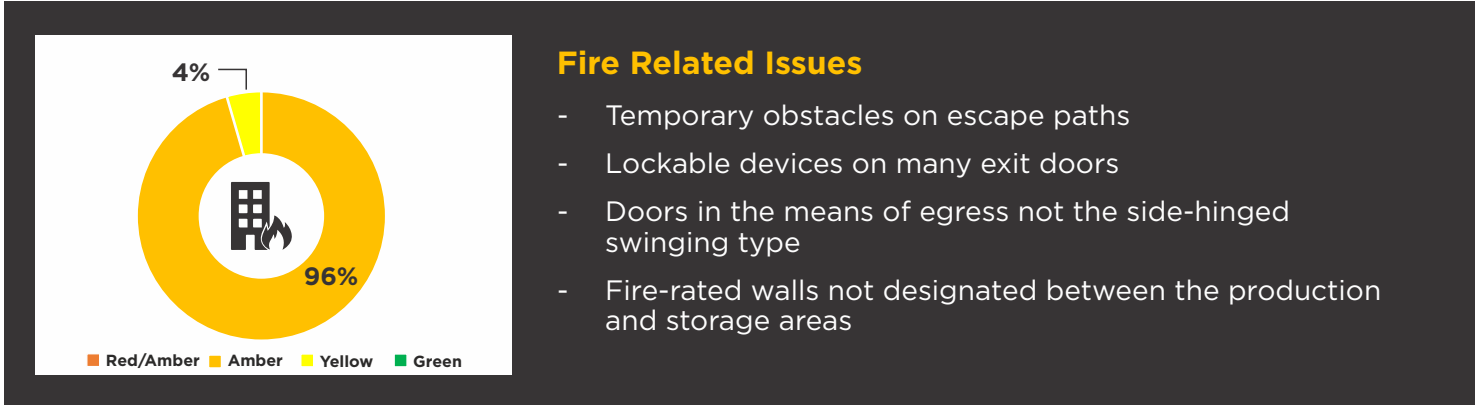
Factories assessed

- BGG Lang Giang Garment Factory - IBT Joint Stock Company Branch
- Texhong Thai Binh Garment Co., Ltd.
- Golden Star Joint Stock Company Limited - Quang Ninh Branch
- Nobland Vietnam Co., Ltd 2
- Sun Garment Textile Vietnam Co., Ltd.
- Manufacturing Sportswear Joint Stock Company - Thai Binh Branch - Factory No. 1 (MXP1)
- Manufacturing Sportswear Joint Stock Company - Thai Binh Branch - Factory No. 2 (MXP2)
- Manufacturing Sportswear Joint Stock Company - Thai Binh Branch - Factory No. 3 (MXP3)
- Manufacturing Sportswear Joint Stock Company - Thai Binh Branch - Factory No. 6 (MXP6)
- Manufacturing Sportswear Joint Stock Company - Thai Binh Branch - Factory No. 8 (MXP8)
- Star Fashion Company Limited
- Viet Thanh Garment And Trading Company Limited [Gia Binh Factory]
- Footgearmex Footwear Co., Ltd.
- Yi Feng Footwear Joint Venture Co., Ltd.
- Golden Star Company Limited, Stella
- Now Vina Co., Ltd.
- Pro Kingtex Vietnam Co., Ltd.
- G&G Fashion (Vietnam) Co., Ltd.
- QUANG VIET (LONG AN) Co., Ltd.
- Kwang Viet Garment Company Limited
- Pou Yuen Vietnam Co., Ltd. [D3]
- Hong Duong International Co., Ltd.
- An Hung Joint Stock Company - An Thinh Factory

Factories in which QA was conducted

- Appareltech Vinh Loc Garment Export Co., Ltd.
- Manufacturing Sportswear JSC - Thai Binh Branch, Factory No. 6
- Now Vina Co., Ltd.
- Viet Thanh Garment And Trading Co., Ltd. - Gia Binh Factory

Key Findings



2. Remediations



Fire Safety:

- 96% of the factories removed temporary obstacles on the evacuation pathways
- 68% of the factories provided additional illuminated exit signs at the exit doors
- 42% of the factories replaced shutter and sliding doors with side-hung doors
- 29% of the factories removed locking mechanisms from the exit doors



Electrical Safety:

- 90% of the factories removed lint and dust from electrical panels and distribution boards
- 86% of the factories remediated the high temperature-related issues in electrical panels and distribution boards
- 83% of the factories provided backup power for emergency lighting and fire alarms
- 64% of the factories provided cable sockets/ferrules for cables



Structural Safety:

- 48% of the factories remediated issues related to the vertical structural system
- 42% of the factories remediated issues related to the corrosion of steel elements
- 36% of the factories added or tightened bracings for the lateral structural system in their steel buildings

(Data given below is from 56 factories where 75 follow-up visits were conducted through December 31, 2020.)

3. Safety Trainings

Safety-training sessions were provided for 31 factories this quarter

Basic Level:

- | | | |
|---|-------------------------------------|--|
| • Sees Vina Co., Ltd. | • SSV Exports Garment Company | • Hung Dat Shoes Co., Ltd. |
| • CPPC Outdoor Wear (Vietnam) Co., Ltd. | • Langham Garment Co., Ltd. | • Ty Bach Co., Ltd. |
| • BGG Lang Giang Garment Factory - IBT Joint Stock Company Branch | • Quang Viet (Tien Giang) Co., Ltd. | • Yi Feng Footwear Joint Venture Co., Ltd. |

Level 1:

- | | | |
|--|--|---|
| • May Hai Joint Stock Company - Tan Lien Factory | • Song Hong Garment JSC (Factory 3, 4, 5, 6) | • Ngoc Hung Footwear Company |
| • Nien Hsing (Ninh Binh) Garment Co., Ltd. | • Fulgent Sun Footwear Co., Ltd. | • Golden Star Joint Stock Company Limited - Quang Ninh Branch |
| • Jia Hsin Co., Ltd. | • Song Hong Garment JSC - Song Hong Nghia Hung Branch (Factory 15, 16, 17, 18) | • Now Vina Co., Ltd. |
| • Shinwon Ebenezer Vietnam Co., Ltd. | • Exported Footwear Manufacturer; S&H Vina Co., Ltd. | • Shinwon Ebenezer Ha Noi Co., Ltd. |
| • Youngone Nam Dinh Co., Ltd. | • Winners Vina Co., Ltd. | • Sun Garment Textile Vietnam Co., Ltd. |
| • Seshin Vn2 Co., Ltd. | • Texhong Thai Binh Garment Co., Ltd. | • Footgearmex Footwear Co., Ltd. |
| • Viet Pan Pacific World Co., Ltd. | | • Star Fashion Company Ltd. |

Level 2: Yakjin Vietnam Co., Ltd.

A total of 621 people participated in the safety training sessions, with representatives from Factory Management, OHS Committee, HR and Maintenance department included electricians and security guards.

INDIA



1. Assessments

LABS conducted five assessments and one Quality Assurance (QA) assessment during the quarter.

Factories assessed:

- Celebrity Fashions
- Celebrity Fashions Limited, MEPZ
- Jay Jay Mills India Pvt. Ltd.
- Texport Industries Pvt. Ltd.
- Texport Apparels LLP

Factories in which QA was conducted

- Celebrity Fashions Ltd., Narayanapuram

Key Findings

Category	Percentage
Red/Amber	0%
Amber	0%
Yellow	0%
Green	100%

Fire Related Issues

- Non-sprinklered warehouse area had excessive storage and no fire-rated doors to separate from production area
- Lockable devices installed on exit doors
- Inadequate staircase widths
- Rolling shutters installed at emergency exits

Category	Percentage
Red/Amber	20%
Amber	0%
Yellow	0%
Green	80%

Electrical Related Issues

- Lightning protection system not installed at the building
- Earthing to battery bank rack and MS roof trusses not provided
- Electrical insulating mats missing in the vicinity of electrical panels
- Multiple hotspots with temperatures varying from 47°C to 142°C

Category	Percentage
Red/Amber	0%
Amber	0%
Yellow	0%
Green	100%

Structural Related Issues

- Visible cracks in structural members
- Concrete column with exposed, corroded steel bars
- Missing documentation (e.g. structural diagrams, geo-technical reports, single-line diagrams, floor-load plans)

2. Remediations



Fire Safety:

- 53% of the factories installed emergency lights
- 72% of the factories removed temporary obstacles on the evacuation pathways
- 73% of the factories installed illuminated exit signages
- 35% of the factories removed locking mechanisms from exit doors



Electrical Safety:

- 92% of the factories removed lint and dust from electrical panels and distribution boards
- 94% of the factories took necessary corrective action to reduce the high temperatures in the electrical panels and distribution boards
- 94% of the factories provided earthing connections for the electrical components



Structural Safety:

- 47% of the factories remediated issues related to cracks in beams and columns
- 33% of the factories remediated corrosion in non-engineered structures, such as MS shed
- 60% of the factories remediated dampness in the walls

(Data given below is from 20 factories where 34 follow-up visits were conducted through December 31, 2020.)

3. Safety Trainings

Safety-training sessions were provided for 12 factories this quarter

Basic Level:

- Nahar Spinning Mills Limited

Level 1:

- | | | |
|---|--|--------------------------------------|
| • Fashionage Corporation Pvt. Ltd. | • Venkateshwara Clothing Company (Unit-2) | • Pearl Global Industries Limited |
| • Pee Empro Exports Pvt. Ltd. (Unit 78) | • Orient Craft Limited, Plot 9-13, Gurgaon | • Matrix Clothing Pvt. Ltd. – Unit 4 |
| • Orient Fashions Exports (India) Pvt. Ltd. (Daffodils) | • SMS Exports | • Matrix Clothing Pvt. Ltd. – Unit 2 |
| | | • Texport Industries Pvt. Ltd. |
| | | • Orient Fashions Exports Pvt. Ltd. |

A total of 282 people participated in the safety training sessions with representation from Factory Management, OHS Committee, HR and Maintenance department and workers from the production area.



Quarterly Helpline Updates

In India, one non-LABS, non-zero tolerance Helpline call was received where the caller wanted support on salary-related issues.

The Vietnam Helpline received 28 non-LABS non-zero tolerance calls:

- Six callers asked what LABS Helpline is and how it works.
- Five calls regarding factory policies on job procedure, unilateral contract termination, health insurance, bonuses, and social insurance coverage rate. In these cases, the callers were asked to contact the factories directly.
- Two calls reported familial issues, outside purview of LABS and factory.
- Three callers reported inappropriate attitude of team leader, supervisors, and factory technician respectively. The cases were forward to factory management.
- One caller complained about wage shortage.
- One caller wanted to update her phone number on factory's system.
- One caller complained of productivity-bonus differences between the sewing line's main phase team and supporting team.
- One caller requested installation of a ventilation system in the factory.
- One caller complained about quality of the meals provided by the factory.
- One caller needed information on their spouse's salary.
- One caller complained about increased work pressure.
- Five calls were made in the matter of the 13th-month bonus. One caller reported that factory management ended his contract in December 2020 and asked him to re-apply in January 2021. Two outbound calls were placed to obtain additional information; it was discovered that the factory did ask workers to quit in December 2020 and re-apply as new employees in January 2021 in order to avoid paying the 13th-month bonus. The factory supervisor stated that, since the COVID-19 pandemic, the manager frequently moved workers from one team to another, terminated their labor contracts, and re-recruited those workers as new workers to avoid paying bonuses. Furthermore, the manager did not pay hazardous allowances to those working in chemical-related departments. The case was shared with the Factory as well as the Brand to which the factory supplies.

Major Incidents in the Quarter

1. **On October 14, 2020**, a destructive tornado caused the industrial park in Tien Giang province in Vietnam to collapse. No casualties were reported from the incident.
2. **On October 8, 2020**, fire was reported at a PVC sole-manufacturing unit in Narela in New Delhi, India. No casualties from the incident were reported.
3. **On November 11, 2020**, due to a short circuit, fire erupted in an apparel factory in Faridabad in Haryana, India. Approximately 100 workers were in the factory at the time; fortunately, no casualties were reported. Nonetheless, the factory reported a heavy loss of goods.
4. **On December 26, 2020**, fire broke out at a mask-manufacturing factory in Mayapuri in New Delhi, India which resulted in one death and two injured workers. The factory reported inadequate fire-fighting preparedness and the authorities stated fire clearance was missing from the factory.

Source: Giadinh.Net, The New Indian Express; Apparel Resources; Economic Times



What the workers are saying



“ After the factory has been assessed by LABS, we have gained confidence to use and operate the electrical equipment. Safety criteria has improved a lot in the factory.”

Ramnath
Electrician - XLNC Fashions



“ Through the LABS assessment, I realized that there are electrical risks in our factory. I have increased understanding about the LABS electrical standard, which is very helpful for us to improve the working conditions in our factory and to ensure safety for everyone.”

Nguyen Thanh Cong
Electrician, Now Vina Factory (North Vietnam)



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