

Quarterly Newsletter



Issue 7

July 2021



Dear All,

Hope you are keeping well and safe amidst the new wave of COVID-19 cases in the second quarter of 2021.

LABS achieved yet another milestone by onboarding over 200 factories in total. We continued maintaining a steady state of operations at factories in Vietnam. In India, however, the huge spike in COVID-19 cases across the nation caused a decrease in various LABS processes (e.g., assessments, follow-up visits, safety trainings, and remediation) at factories in line with State and National Government Directives; activities pertaining to registrations, onboarding, and remediation/CAP Sign-offs are ongoing wherever possible.

The situation began to improve in mid-June. LABS processes at factories are gradually resuming. We continue progressing with caution in our operations. We remind all of you to stay safe and take all necessary precautions. Please find below an overview of the LABS' activities for last quarter.



233

Factories onboarded

India: 97
Vietnam: 136



151

Assessments conducted

India: 44
Vietnam: 107



132

Safety training conducted

India: 26
Vietnam: 106



497,741

Workers reached

India: 121,848
Vietnam: 375,893

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Operations Quarterly Update

INDIA

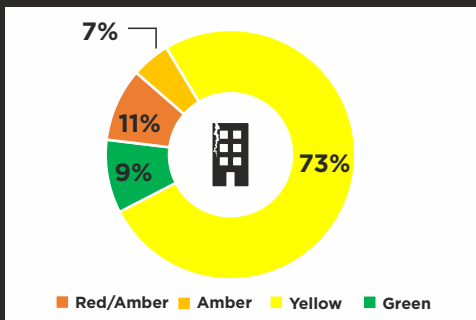


1. Assessments

Two assessments were conducted at the following factories this quarter:

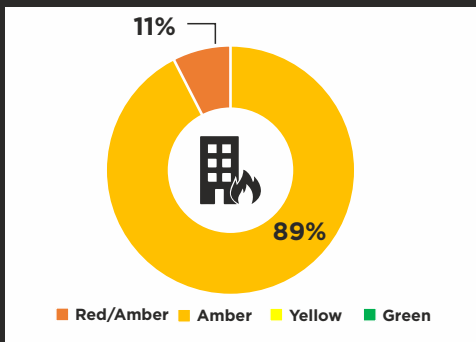
1. CTA Apparels Pvt., Ltd., Noida, Uttar Pradesh
2. Precise Seamless Apparels Pvt., Ltd., Gurugram, Haryana

Key Findings, in particular, included:



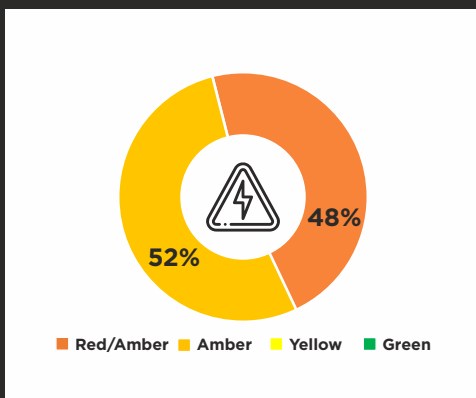
Structural Safety

- Moderately stressed columns as per FOS calculations (may be due to large span or excessive loading)
- Slab reinforcement exposed at second-floor level
- Uncontrolled storage at various floors without load plans indicated
- Missing documentation (e.g., structural diagrams, geo-technical report, floor-load plans)



Fire Safety

- Vertical rolling shutters at final exits on the ground floor
- Lockable devices installed on all exit doors
- Fire-rated doors and fire-rated enclosure not provided at staircases
- Inadequate water storage for fire-fighting purposes
- Inadequate handrails
- Partially blocked escape paths



Electrical Safety

- Combustible material near distribution boards
- Missing clear identification markings at distribution boards
- Outgoing cables not terminated with proper lugs and glands
- Body-frame earthing not provided to MS roof truss, floor-wise distribution boards, battery bank racks, and transformer fence
- Lint and dust inside switchboards and distribution boards
- Numerous hotspots with temperatures varying from 80°C to 129°C

2. Remediations

Data provided comprises 21 factories where 37 follow-up visits were conducted.



Fire Safety:

- 67% of the factories installed emergency lights
- 68% of the factories removed temporary obstacles on the evacuation pathway
- 75% of the factories installed the illuminated exit signages
- 39% of the factories eliminated locking mechanisms from exit doors



Electrical Safety:

- 93% of the factories removed lint and dust from electrical panels and distribution boards
- 94% of the factories took necessary corrective action to reduce high temperatures in electrical panels and distribution boards
- 94% of the factories provided earthing connections for electrical components



Structural Safety:

- 44% of the factories corrected issues related to cracks in beams and columns
- 33% of the factories remediated the corrosion observed in non-engineered structures, such as MS Shed
- 55% of the factories rectified the dampness in walls

3. Safety Trainings

One Safety Training session was conducted this quarter

Level 1:

Shahi Exports Pvt., Ltd. (Unit E10)

25 participants attended the session including representatives from Factory Management, OHS Committee, HR and maintenance departments, and workers from the production area.



VIETNAM

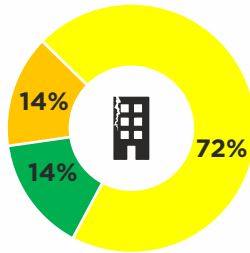


1. Assessments

Factories assessed:

- Dae Kwang Apparel Joint Stock Company
- Dong Viet Shoes Co., Ltd.
- Minh Anh - Do Luong Garment Joint Stock Company (2054437)
- Son Ha Co., Ltd. - Thai Binh Branch
- Yi Da Viet Nam Ltd.
- Manufacturing Sportswear Joint Stock Company - Thai Binh Branch - Factory TanDe 5
- Golden Star Company Limited - Tien Lang Footwear Factory
- Nam Ha Garment Joint Stock Company
- Nam Ha Garment Joint Stock Company - Workshop 2
- P.I.T VINA CO., LTD .
- Seyang Corporation Vietnam
- Viet Pan Pacific Thanh Hoa Co., Ltd.

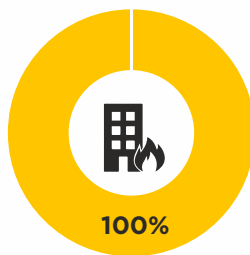
Key Findings, in particular, included



■ Red/Amber ■ Amber ■ Yellow ■ Green

Structural Safety

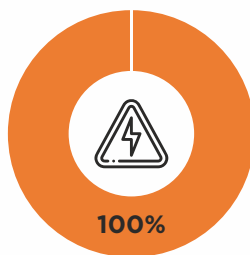
- Cracks on structural elements (beam, walls)
- Uncontrolled load for storage area on floors
- Lack of anchored bolts at column base plates
- Corrosion on steel structures
- Missing bracings in the steel building



■ Red/Amber ■ Amber ■ Yellow ■ Green

Fire Safety

- Temporary obstacles on escape paths
- Locking mechanisms installed on exit doors and escape paths
- Incorrect egress doors
- Fire alarms not provided
- Back-up power for fire alarm system did not work well
- Fire rated walls not provided between production and storage areas



■ Red/Amber ■ Amber ■ Yellow ■ Green

Electrical Safety

- High temperatures at electrical panels
- Lack of protective earth (PE) connection
- Small-sized PE conductor
- Incorrect coordination of protection between cables and protection devices

2. Remediations

Data provided comprises 70 factories where 114 follow-up visits were conducted.



Fire Safety Issues

- 100% of the factories eliminated temporary obstacles on the evacuation pathways
- 72% of the factories provided additional emergency lighting
- 64% of the factories installed additional fire detectors
- 43% of the factories remediated exit-door issues



Electrical Safety Issues

- 91% of the factories removed lint and dust from electrical panels and distribution boards
- 94% of the factories resolved high-temperature issues in electrical panels and distribution boards
- 79% of the factories remediated issues regarding supplies to life-safety systems
- 71% of the factories provided PE connections



Structural Safety Issues

- 54% of the factories rectified the vertical structural-system issues
- 57% of the factories remediated issues related to the visible distress in structural members
- 53% of the factories added or tightened bracings for the lateral structural system in their steel buildings

3. Safety Trainings

Eighteen safety trainings were conducted in this quarter, which was attended by 338 participants including representatives from Factory Management, OHS Committee, HR and maintenance departments, and workers from the production area.

Basic Level:

- Sun Jade Vietnam Footwear Ltd.
- Soto, Co., Ltd.

Level 1:

- | | | |
|---|---|---|
| • Hong Duong International Co., Ltd. | - Factory No. 3 (MXP3) | An) Co., Ltd. |
| • Manufacturing Sportwear Joint Stock Company - Thai Binh Branch - Factory No. 2 (MXP2) | • NYG (Vietnam) Co., Ltd. | • FTN Vietnam Co., Ltd. |
| • Manufacturing Sportwear Joint Stock Company - Thai Binh Branch | • SEYOUNG INC. CO., LTD (CONG TY TNHH SEYOUNG INC.) | • Vina Korea Co., Ltd. |
| | • Chutex International (Long | • Sung Hwa Vina Co., Ltd. |
| | | • Formostar Garment (Vietnam) Co., Ltd. |

Level 2:

- | | | |
|---|---|---|
| • Eclat Textile Co., Ltd. (Vietnam) | • May Hai Joint Stock Company -Tan Lien Factory | • Appareltech Vinh Loc Garment Export Co., Ltd. |
| • Ha Hae Vietnam Corporation - Thai Binh Branch | • Leader Garment (Vietnam) Co., Ltd. | • Seshin Vn2 Co., Ltd. |

4. Other Country Updates

A new local assessment team (Elevate) and a new Quality Assurance (QA) Firm (Bureau Veritas Vietnam) were onboarded to strengthen in-country technical capacities of Inspection Firms and their engineers, the capacity of the program, and the quality and consistency of assessments.

LABS Initiative will commence full-scale operations in Cambodia by early 2022. Activities have been initiated for creating an enabling environment for technical aspects, including shortlisting firms to develop LABS Methodology and Standards for Cambodia; onboarding of Inspection Firms, Remediation Firms, and Safety Training Firms; addressing legal compliances and connecting with relevant country-specific stakeholders.

Helpline Quarterly Updates

In India, three Non-LABS, Non-Zero Tolerance cases were reported on the Helpline.

- Caller wanted to know about LABS standards and how engineers can enroll in LABS
- Factory owner from Noida inquired about LABS audit procedure and fees' structure
- COVID-19 safety query

In Vietnam, 40 Non-LABS, Non-Zero Tolerance cases were reported on the Helpline. Issues reported included:

- Managers' attitudes
- Labor issues
- Compensation and wages
- Employment contracts
- Non-LABS related OHS
- Helpline query
- Overtime
- Annual leaves
- Working environment

Outreach and Meetings

- LABS Program was presented to Industry Summit (April 1, 2021) and American Apparel and Footwear Association (AAFA) (June 2, 2021) to strengthen the coalition and enable more brands and factories to follow common standards and adopt to sustainable business practices. As a follow-up to these outreach sessions, LABS conducted multiple webinars in April and June for interested brands to present various dimensions of LABS Initiative, its operations, and associated processes
- A meeting was conducted with Better Work (Vietnam) and Ministry of Construction (MOC) recently to share learnings, experiences and explore synergies to further deepen the impact in Vietnam.

Internal Meeting

LABS Technical Sub-Committee (Tech. SC) meeting was conducted June 15, 2021. Key meeting outcomes:

- Inspection Firms should provide additional clarity to factories on recommended actions in the assessment report during the CAP Sign-off meetings
- Inspection Firms will look into alternative remedial actions during the CAP Sign-off meeting and discuss them with the factory and Remediation Firm to arrive at a consensus on remedial action. This will be done while ensuring the remedial actions fulfil the requirements of LABS Standards.

Major incidents in the apparel and footwear sectors during the Quarter

India

- 1. April 1, 2021 - Delhi:** Fire erupted at a ready-made garment factory; 15 fire engines responded. Unknown cause with no casualties reported.
- 2. April 4, 2021 - Topsia, Kolkata:** Fire broke out at a shoe manufacturing unit. Ten fire engines managed to douse the blaze after 12 hours. There were no casualties.
- 3. April 21, 2021 - Hyderabad:** Fire at a shoe manufacturing unit caused by a short circuit resulted in four fire trucks rushing to the scene. No casualties reported.
- 4. May 12, 2021 - Noida, Uttar Pradesh:** Multiple fire engines rushed to a minor fire at a cloth manufacturing unit. The cause was a short circuit. Timely evacuations from the factory and its adjoining buildings resulted in no injuries.
- 5. May 27, 2021 - New Barrackpore, Kolkata:** A tragic fire at a knitting factory resulted in four deaths. Unknown cause.
- 6. June 3, 2021 - Delhi:** Fire broke out at shoe factory with 24 fire trucks rushed to the scene. The cause is unknown - there were no casualties.
- 7. June 22, 2021 - Udyog Vihar, Delhi:** 23 fire engines responded to a massive blaze which gutted a shoe factory. No valid Fire No Objection Certificate (NOC) was available. Four workers were reported missing. A short circuit was the suspected cause.
- 8. June 24, 2021 - Gurugram, Haryana:** A fire at a garment factory resulted in 50 fire trucks being dispatched. The cause was unknown and no casualties were reported.



*Kolkata shoe factory fire
4th April*



*Hyderabad shoe factory fire
21st April*



*Gurgaon garment factory fire -
24th June, 2021*



*Kolkata knitting factory fire
27th May - 2*



*Delhi Shoe Factory
3rd June*



*Delhi Udyog Vihar Fire
22nd June - 2*

Vietnam

In this quarter, two accidents were reported in the apparel and textile industry:

- 1. April 29, 2021: Fire at Bach Thuan JSC factory (North Vietnam)** caused a 1,900sqm building to burn down. No casualties.
- 2. May 5, 2021 - Central Vietnam:** A fire at Thien An Phat JSC factory caused 1,000sqm of the building to burn. No one was hurt or injured.

Sources: <http://conganhungyen.gov.vn/hung-yen-chay-lon-tai-kho-chua-vai-vun-c215655.html>

<https://tuoitre.vn/chay-3-tieng-khong-dap-noi-lua-chu-tich-ubnd-tinh-den-hien-truong-chi-dao-20210505201503522.htm>



Fire Incident at Thien An Phat JSC - 5 May 2021



Fire Incident at Bach Thuan JSC 29 April 2021

What the Workers are Saying



“ LABS Program is focusing on the Electrical, Fire, and Structural safety issues in our factory aligned with the international best practices and the local laws. They helped our maintenance team to improve the knowledge on the technical aspects, then we can support to improve the safety for our factory working condition as well.” ber. The Helpline number is displayed in our shop floor as well. ”

Nguyen Le Thinh

Maintenance Team Manager, Delta Galil Factory



“ With the help of LABS Safety Training, I have learned about safety measures and now have clarity on why safety is important at work place, in case of an emergency how we will evacuate from the factory building, and what are the necessary steps to be followed during an emergency situation. ”

Riyanka Yadav

Operator, Production Department – Pee Empro



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