

## Introduction

The LABS Initiative has developed an internal escalation process to assist Brand Participants in determining the safety of the factories from which they source. This escalation process (**“SOP- Factory Escalation for Failure to Remediate”**) allows to notify factories when they are falling behind in one or more program areas and make an effort to get back on track. If factories do not properly engage throughout escalation and/or make enough progress, factories will eventually be removed from the LABS compliant factory list – these factories are labelled **“Suspended”**.

Examples of lack of engagement and/or make enough progress are:

- Refusal to temporarily evacuate the factory if found unsafe;
- Lack of progress in finalizing corrective action plans or executing required safety renovations for all severe priority 1 issues and priority 1 issues;
- Refusal to resolve worker complaints on severe safety issues;
- Lack of cooperation with Inspection Firms (IF's), Quality Assurance Firms (QA), Factory Co-ordinators and Remediation Review Panel.

It is recognized that factory circumstances may change over time. As such, a suspension reactivation protocol is drafted for those factories that can show a renewed commitment to safety. If suspended factories wish to re-establish participation in the LABS program process, they must undergo the reactivation process and meet specific criteria before they can be added to the LABS compliant factory list.

## Suspension Reactivation Eligibility

Suspension reactivation eligibility requires the following:

- Factory support from a LABS Participant
- Three (3) months from the date of suspension for factories NOT suspended for ethical violations
- Six (6) months from the date of suspension for factories suspended for ethical violations
- There will be zero tolerance for ethics violation for organizations associated with LABS. The organization will have their association with the LABS initiative suspended and all participating brands & retailers will be informed. The LABS participants will individually decide on continued sourcing from these factories.
- Eligibility confirmation from Quality Assurance Firm post new assessment
- Factory is required to demonstrate during this new assessment by Quality Assurance Firm that necessary remediation from the LABS original assessment has been satisfactorily completed and that an acceptable, time bound corrective action plan is in place to correct any new findings identified during the original assessment
- Significant progress made on Corrective Action Plan (CAP) and/or similar milestones

The requalification period does not automatically apply if ineligibility was due to fraud or violence. The possibility for requalification after fraud or violence will be addressed at the Steering Committee level on a case-by-case basis.

## Suspension Reactivation Process

- Brand Participant requests that LABS consider reactivation on behalf of the factory
- Factory undergoes a new assessment at their own cost from LABS approved Quality Assurance Firm
- Quality Assurance Firm conducts this new assessment at the factory and provides a report to LABS team for review.
- Quality Assurance Firm recommends whether LABS should allow reactivation (based on Suspension Reactivation Eligibility). The cost of this new assessment will be borne by the Factory in addition to the normal assessment fees
- LABS send Factory Co-ordinator (FC) onsite to review Quality Assurance Firms findings together with local brand representative which has requested reinstatement followed by a meeting with factory
- If reactivation criteria are met, the factory is reinstated. If the reactivation criteria are not met, the factory continues to be suspended; after at least three months, the factory can make one final attempt at reinstatement following the above procedure
- The process may deviate in the case of ethical violations, per decision of the Steering Committee