

Advisory Board Report

16 August 2016 Meeting (11:00 am – 12:30 pm)

The Accord on Fire and Building Safety in Bangladesh (Accord) held its ninth Advisory Board (AB) meeting on 16 April 2016 in Dhaka. Representatives from supplier factories, sourcing agents, the Ministry of Labour (DIFE), IndustriAll RMG trade union federations (IBC-RMG), Accord signatory brands, and Bangladesh NGOs/CSOs participated in the discussions. The ILO Deputy Country Director served as the neutral Chair of the meeting of the Accord Advisory Board.

The Chair welcomed the participants, made introductions, and offered the floor to the Accord Executive Director (ED) to comment on **follow up items from the previous AB meeting**:

- the Accord Secretariat shall report to the AB on our support for the National Plan of Action. This will be a standing agenda item and the Accord will provide details of the support provided to the NPoA.
- A document in English and Bangla was distributed to the AB organizations to capture the AB discussion on attribution at AB meetings.

The Chief Safety Inspector (CSI) and Executive Director (ED) then provided an **update on Accord implementation** which focused on:

Remediation, Escalation, New Inspections: the CSI went through the internal “dashboard” our engineering and case management departments use to track remediation follow up. Information provided included: covered factories, initial inspections, new factories, follow up inspections, fire/electric/structural design reviews and approvals, completed remediation, escalation cases, transfer cases to the NPoA. The CSI reported approximately 67% of safety hazards from initial inspections have been corrected¹; Accord has verified 20 factories have completed remediation; 163 factories have remediated 90% or more of the safety hazards, and 40 suppliers have been terminated under Accord Art. 21. The CSI informed the AB that approximately 20% of safety hazards reported as corrected on verification prove to not be corrected or not properly corrected.

The ED commented that remediation remains behind schedule and also commented on the importance of also recognizing the amount of progress that has been achieved on remediation. An industry representative highlighted that notwithstanding being behind, good progress has been achieved in a challenging environment including a period of several months where hartals and blockades affected the industry.

The ED informed the AB of the recently introduced procedures for notifying suppliers when they have been removed from escalation (de-escalation notice), on the application of Art. 21 termination to all RMG factories owned by the supplier or group, and on the Steering Committee decision to obtain a legal opinion on such application of Art. 21.

Roger Hubert of H&M inquired on the high percentage of structural analyses (DEAs) which are not yet approved and the impact this has on structural remediation being delayed. He expressed concerns on the relative low percentage of structural remediation completed, anticipated this will be high(er) cost remediation, and suggested the Accord will face criticism as responsible for obstacles in completing remediation (relating to new findings, delays with DEAs, and applying a “higher” standard). He asked the CSI and ED to inform the AB of what the Accord is doing to address these issues.

The CSI reminded the AB that the Accord standard is much less stringent than the national building code (BNBC) so allegations of applying a higher standard are groundless. The NPoA just approved a DEA protocol that created higher structural standards than agreed in Nov. 2013 by the group of BUET,

¹ Corrected includes items reported as corrected plus items reported and verified by Accord as corrected.

Accord, and Alliance engineers². The CSI and ED elaborated the actions the Accord has taken to see DEAs approved and structural remediation completed. These include: continually adding to resources available to local structural engineering firms; one-on-one “training” through the hundreds of meetings Accord engineers hold with local firms on specific factory DEA’s; dedicating large numbers of Accord engineers almost exclusively to DEA review and approval; and garnering the support of BGMEA for their members to hold the engineering firms their members hire to their contracts and to not pay for services until DEAs are approved. The CSI informed the AB he has received suggestions from a group of signatory brands on ways DEA approvals could be advanced. The CSI is developing additional guidelines and operational actions from these suggestions.

A query was raised if the 90% remediated factories had remediated the lowest risk and lowest cost issues. The Accord responded that the ones at 90% have remediated all types of items including more complicated and more costly ones. These are the best and most serious performers of our covered factories. The role of the brands in these factories also has an impact on the level of remediation.

A brand representative inquired on why factories issued non-compliance notices are indicated as in escalation on FFC to which the CSI responded that prior to the use of the stages, the first escalation letter was referred to as non-compliance letter. For many months now, only the term Stage 1 escalation has been used. Derya from H&M asked if pre-escalation letters are sent prior to formal Stage 1. The CSI responded in some cases yes but on a limited basis. Roger from H&M suggested it is better to just issue formal escalation when that is warranted stating pre-escalation adds extra layers and slows remediation and/or needed escalation. The CSI, in general agreed with Roger but stated a large part of the reason he sometimes uses pre-escalation is that several brands have left factories when formal escalation was issued which goes against the intent of pressing for and supporting remediation. The CSI stated there is no hesitancy on the part of the Accord to issue escalation; almost 500 factories have been issued escalation notices.

Questions were raised on the application of Art. 21 termination to all RMG factories of a group or same owner. The ED explained that this is currently the decision of the Steering Committee and that the Accord is obtaining a legal opinion on this. Roger Hubert challenged this as the current status suggesting the Accord is seeking a legal opinion to decide. BILS representative Sultan Ahmed requested that the Secretariat be informed that his organization believes the termination should not be applied to all factories of the group or same owner. He later qualified this that it should not be applied to all factories only if the terminated factory paid full severance and termination benefits to affected employees. A representative of buying agents also stated the Art. 21 termination should not be applied to all RMG factories of the same owner or group. Roger Hubert opined there is logic to the current application of Art. 21 termination if it is known the owner is the same but it is more complicated in cases where there are other factories with part ownership.

Safety Committee and Safety Training Programs: the ED updated the AB organizations on the roll-out of the Safety Committee training program after the successful pilot since Sept. 2015 at unionized factories among Accord covered factories. The proposal approved by the Steering Committee in April was explained and statistics were provided on the number of factories, initial meetings, training sessions with safety committee members, and safety information sessions held with the entire workforce at the factory.

An IBC federation representative raised the issue of harassment of workers who advocate for safety committees or raise safety complaints. The rep commended the Accord for the implementation of worker protections in these regards; particularly through the Accord Osh complaint mechanism. Sultan from BILS inquired on whether components of the Labour Law and BLA Rules are included in the safety trainings and suggested it is important that this is covered. The ED replied that these subjects are covered but are not prevalent elements of Accord trainings which are practical in

² The ILO has assured the Accord that inspected factories with DEAs approved will be “grandfathered”. It is expected those with DEAs in review process will also be. New inspections will be under the NPoA DEA standard / protocol. This will create something of a two-tier system.

approach. The ED reminded the AB members they were provided full versions of all materials the Accord is using in the safety training programs in early 2016.

A separate IBC federation asked if the Accord is monitoring the selection of safety committee members or election of WPC members. The ED explained this part of the Accord's approved proposal on safety training where we solicit the names of covered factories from our signatories where it is known there is a WPC and/or safety committee. The Accord then introduces our training program. The rep also asked if the unions involved to which the ED stated yes. He reminded the federation rep of the program Accord conducted with all the RMG IBC federations on the safety programs of the Accord and the role of the union signatories in these activities. At covered factories with no union, if an IBC union federation has individual members, the federation will have a rep invited to the initial meeting on the safety committee at the factory. In cases of multiple federations with members, only one will be invited; to be determined by IBC.

A separate IBC federation inquired and took exception to the limited role of the Accord in factory closure cases to make sure workers receive termination benefits. The ED explained how Art. 13 works if it is a temporary closure for remediation to take place and the related protections under the Accord. In cases where a factory owner decides to close his / her factory, the Accord role is limited and in many respects outside the scope of the Accord. Sultan from BILS asked the Accord to consider how the Accord can be more active in making sure workers get paid all due wages and termination benefits in closure cases; including creating conditions of eligibility to be Accord covered / listed.

Support for the NPoA: The CSI and ED informed the AB organizations of the most recent specific support efforts of the Accord with the NPoA. The CSI provided technical comment to the NPoA DEA document recently approved at the NPoA's tripartite meeting. The Accord is organizing a "shadow" program in late August for the MoLE DIFE staff responsible for CAP development, remediation monitoring, technical coordination, and progress reporting. A group of DIFE staff will spend time with the Accord case handlers and engineers to see specifically our operations and systems in these areas. The CSI will provide input and technical expertise to the enhancement of BUET curriculum and courses on fire safety engineering. This in addition to Accord's regular and active participation as resource persons in ILO programs with the social partners on NPoA issues. The ED informed the AB of the ongoing work to coordinate safety committee and safety training programs with the national effort. BW Enterprise Advisors have participated in Accord programs at BW factories where Accord is conducting safety program work.

Coordination with BGMEA: the ED commented on the increasingly substantive monthly meetings of the BGMEA leadership and the Accord. The Accord is now regularly providing BGMEA the list of factories in Stage 1 and Stage 2 escalation. BGMEA has committed to intervening with these factories to help identify reasons for delays and pressuring their members to do the remediation. The ED updated the AB on the security arrangements (police, Ansar guards and escort) the BGMEA has helped set up with the MoHA for signatories offices, staff, and travel in country. After some initial hiccups, the commitments are being met when requested.

An MoLE rep inquired on why Accord is not doing the same type of engagement with BKMEA. The ED replied after initial efforts early in the Accord operations which received a lukewarm response, we have focused on BGMEA. The Accord committed to again reaching out to BKMEA.

AOB – Security: the ED informed the AB that the Accord continues our operations and field work after the July attacks at Holey Bakery and during the Eid celebrations. We have taken additional security measures at our offices, continue to monitor the safety and security situation, and intend to continue our work without disruption. Sultan from BILS expressed his thanks to the Accord for this work and for staying in BGD.

AOB – CSI's Resignation: Brad informed the AB he has submitted his resignation and after three years with the Accord will return to Canada on 30 September 2016. He expressed pride in the



accomplishments of the Accord and thanked the AB for their support of the Accord and him as the CSI. The ED updated the AB on the efforts and discussions at the Steering Committee level to recruit a new CSI and to meet the functions of the CSI during any interim period while the recruitment takes place. The AB was assured that there will be no discontinuity to the functions of the CSI being met. Several persons present thanked Brad for his commitment and service to the Accord.

With **no other business** the meeting was adjourned. The next meeting is to be held in Oct. 2016.