



on Fire and Building Safety in Bangladesh

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## STEERING COMMITTEE QUARTERLY FACE TO FACE MEETING - MINUTES

**Date:** Wednesday 25<sup>th</sup> & Thursday 26<sup>th</sup> January, 2017

**Time:** 9am – 5pm. 9am – 4pm

**VENUE:**

Rode Hoed  
Keizersgracht 102  
Amsterdam 1015CS

**ATTENDEES:**

**Chair:** Dan Rees

**Company signatories:** Santiago Martinez-Lage Sobredo, Karl Fagerlin, Jochen Overmeyer, Aleix Gonzalez, Marissa Pagnani, Ted Southall

**Trade Union signatories:** Christy Hoffman (26<sup>th</sup> only), Christina Hajagos-Clausen, Mathias Bolton, Jenny Holdcroft

**Witness signatories:** Scott Nova, Ineke Zeldenrust (morning of 25<sup>th</sup>)

**Accord Executive Team:** Rob Wayss

**Accord staff:** Tatiana Delany, Miriam Neale, Joris Oldenziel

**Apologies:** Roy Ramesh, Amirul Haque Amin

## AGENDA ITEMS

### 1. Introductions

- Rob welcomed those Steering Committee (SC) members present and welcomed Mathias Bolton, Head of Department Uni Global Union commerce to his first SC meeting.
- The SC noted that it is a formality under the Dutch foundation regulations that the Board formally approve the Accord's financial statements. Matthias Bolton and Marissa Pagnani were nominated by the SC to represent the Board on the audit committee and the SC agreed to this appointment.

#### 1.1 Agree meeting agenda and any items of AOB

- Agenda agreed with following changes:
  - Agree timings at the beginning of each remediation section to discuss key remediation priorities.
  - A discussion on how to better incorporate OSH committee and complaints reports into the agenda.

### 2. Governance

#### 2.1 Review last meeting agreed actions

- No outstanding actions

#### 2.2 Advisory Board (AB) Update

Rob updated the SC on the outcomes of the last AB meeting (17<sup>th</sup> November 2016). (Paper 2)

- Labour and Civil Society AB members requested that the Accord do more to ensure severance payments for workers in closure cases. The Accord has a protocol to closely monitor closure cases. However, ensuring worker payments in closure cases currently falls outside of the Accord scope. The SC agreed to take this request under consideration.
- The ILO presented an update on the National Tripartite Plan of Action remediation work and developments with the Remediation Coordination Cell (RCC).
- Michael Bride presented on the OSH committee and training program.

### 3. Management Reporting (Executive Office pt. 1)

#### 3.1 Review last meeting agreed actions

- Outstanding action: Secretariat to prepare talking points to address the importance of enclosed stairwells to be used in external communication material and at BGMEA meetings, buyer's forum meetings and caucus meetings. Suggested talking points were received from Brad Loewen yesterday and will be reviewed by Rob before sharing with the management committee for information.

#### Inspection Program & Remediation

Rob updated the SC on the status of the inspection and remediation program:

- Since April 2016, 107 Accord listed factories have had an initial inspection (99 Accord inspected, 8 Alliance inspected). The Accord is scheduling

initial inspections at a further 53 listed factories and continues to see between 10 to 15 new factories listed a month by brands.

- The SC supported Rob's proposal to consider contracting external engineering firms to act as further quality assurance for the initial inspection program and provide professional development to the Accord engineers.
- The Accord is carrying out post-earthquake structural inspections at 67 of the most structurally vulnerable factories following the recent earthquake at new year. No structural distress has been identified because of the earthquake in these factories yet. The Accord received 3 safety complaints from workers following the earthquake which were investigated under the Accord complaints mechanism.

Rob shared some data with the SC on the follow-up inspection program and the escalation process under Article 21:

- Almost 40% of Accord covered factories have now received a 6<sup>th</sup> follow-up inspection.
- 45 factories have now completed all remediation of their initial inspection findings. Additionally, 336 have completed remediation of all initial structural findings, 725 have completed all initial electrical findings and 138 all initial fire findings.
- On 1<sup>st</sup> January 2017, 168 factories were at stage 1, 97 factories at stage 2 and 59 factories at stage 3 of the Article 21 notice and warning process. 140 factories have been notified that they have been de-escalated.
- Of 1307 DEAs that have been reviewed by the Accord, 552 have been approved. Rob confirmed that the turnaround time for a DEA review is generally 7 days to 3 weeks, and that a large part of the delay in DEA approvals is the wait time for re-submissions from factories.
- The SC discussed how to best raise awareness amongst brands on driving remediation and DEA approval, including: the agent's role and relationship with their retailers; the 'top 10' DEA mistakes; data available to signatories on the DEA review process; a brand-led training for agents on addressing remediation; and that structural remediation will be a key focus of the Accord regional brand meetings in March.
- Rob agreed to ask Inditex if they would be willing to share their DEA guidance with the Accord and signatory brands.
- The SC Brand reps agreed to consider addressing the brand caucus on the role of agents in the remediation process at their upcoming meeting and the Secretariat agreed to assess the need and feasibility of an agent training (to be also attended by their retailers).

#### CAP Categorisation update & report (paper 3 a, b, c)

Rob introduced Papers 3a and b which explain the CAP categorisation project, objectives and progress to date and include the final list of CAP categories.

- Four temporary data entry staff and four structural engineers have categorised all CAP findings of factories inspected in 2013/2014; approximately 90,000 inspection findings.
- Early analysis of this preliminary data has been completed, but not quality controlled and therefore cannot be shared outside of the SC until further quality control takes place.

Tatiana presented preliminary analysis of the CAP categorisation data:

- Report 3c shows the number of factories with at least one initial inspection finding 'in progress' in a specific sub-category.
- The 'key issues' table aggregates certain sub-categories and categories to answer specific queries
- The SC discussed why certain findings are still un-remediated, Ted noted that in the case of lockable gates, frequently a factory reports that they have removed all their lockable gates, but it turns out that the factory may have removed all but one, or it is a shared building and another factory in the building has not removed theirs.
- Tatiana confirmed that CAP categorisation data will be available to the SC in their monthly reports from March onwards, but this will be in a raw format i.e. with no analysis.
- Tatiana explained that from February the Accord will develop 'brand specific' reports in FFC, so that brands can also access this data to support in monitoring remediation progress across their factory lists.

**Actions:**

- **Secretariat to provide preliminary data analysis to brand SC reps to present highlights of categorisation data at the caucus meeting**
- **Secretariat to provide preliminary data to the SC in excel format as part of March 1<sup>st</sup> monthly reports.**

Remediation financing requests referral to the SC (paper 4)

Rob updated the SC on the increasing number of mandatory stage 2 escalation and finance meetings taking place. Rob referred the SC to the 6 finance cases in Paper 4 brought to the SC for their consideration.

**Action:**

- **For future finance referral cases, the Secretariat will provide a clear recommendation and rationale to the SC for each case.**

Progress report on the implementation of the 'lowest 25' escalation trigger (paper 6 a,b)

Rob presented Paper 6a and b and advised that the change in protocol from escalation of the lowest 75 to the lowest 25 is proving workable.

- The initial report on the lowest 25 trigger indicates it is working successfully; of the 25 factories escalated in November, 15 have been de-escalated, 6 escalated to stage 2 and 4 placed on hold at stage 1 for reasons of substantial progress and evidence the factory is committed to remediate.
- The average improvement rate was 13% across the 25 factories.
- Rob recapped the SC request at the last meeting to not issue simultaneous escalation letters to the same factory and confirmed that there is now an extra check in place to ensure that a factory is not de-escalated and immediately escalated for a different trigger.

Draft letter to signatory company CEOs addressing individual signatory company progress rates, escalation consequences and importance of driving remediation. (paper 7)

Rob introduced Paper 7 and noted that the management committee has already provided comments on the language and it is now before the SC for approval. The Secretariat also seek advice on how to operationally distribute the letter. The SC agreed the following changes to the letter:

- Explain that when referring to 'outstanding' issues/remediation, this means that all original final timelines have been missed
- Move the order of the text in the letter so the 'About Accord' section is at the end and key messages are at the top for targeted reading.
- Addition of 'requiring' in the first sentence in the 'company performance' section: "As an Accord signatory, your company is responsible for requiring each factory completes its Corrective Action Plan and has the resources to upgrade and maintain a safe factory."
- Include specific factory cases for illustration.

The SC agreed that all signatory companies with any factories listed with the Accord should receive the letter and that it should be sent in hard copy. The Secretariat will request CEO names from brands, but if not provided will send to 'CEO', company name, address.

**Actions:**

- **Secretariat to revise the letter incorporating SC comments and send to the management committee for final approval.**
- **SC brand reps to introduce the concept of the letter at the company caucus meeting**
- **Secretariat will inform all brands reps of forthcoming letter and request CEO name & postal address**

Article 21: Approval of amendments to protocol (paper 8 a,b,c)

Rob introduced Paper 8c and explained that its purpose is to inform signatories of the application of Article 21 in relation to factory groups. The SC agreed that this needs to be a short and concise statement to communicate that the Accord has sought legal advice on Article 21 and amended the Article 21 protocol accordingly.

**Actions:**

- **Rob to amend the summary document on application of Article 21 in relation to factory groups (Paper 8c) and re-circulate to the SC for review.**
- **Christy and Jochen to review the amendments to the Article 21 protocol and come back to the SC with the result of their discussion on amended language on the application of factory group termination. Jochen to send the Brand SC Reps comments to Christy within the week after the SC meeting.**

Proposal for pilot inspection program of non-listed factories (paper 11)

Rob introduced Paper 11.

- The Accord proposes to carry out initial inspections in 18 newly built factories or one tenant existing buildings which meet specific criteria, nominated by brands and BGMEA. The expectation is that brands would ultimately list the factory.
- Ted commented that some brands do not want to list factories with the Accord and take responsibility for remediation if they have not placed orders yet with the factory.
- The SC Brand reps discuss signatory brands responsibilities to carry out their own due diligence before placing orders with a factory or adding it to the Accord list.
- The SC agreed that they would like to include more factories in the Accord program, but question if this is the most appropriate approach, noting that the Accord is not a brand's vetting mechanism for factories.
- The SC discussed the feasibility of proposing a short-list of recommended engineering firms that factories can rely on for an initial inspection and organise themselves. Upon completion of initial inspection, the Accord could consider producing a letter to state that for all intent and purposes an Accord inspection would likely identify equivalent findings. Scott commented that if the factory is then listed with the Accord, it would still have to undergo an Accord initial inspection.

**Action:**

- **Marissa, Scott and Rob to draft a pilot proposal to enable unlisted newly built factories to organise a (non-Accord) inspection, but which to all intent and purposes is deemed equivalent.**

Brand responsibility for inactive responsible factories on completion of initial inspections remediation. (paper 12)

The Secretariat seek SC decision on whether a signatory company should continue to remain responsible for ensuring remediation is completed in their 'inactive responsible' factories *after the initial* CAP is completed i.e. should a brand be responsible for ensuring that all new findings identified in a factory are completed even if the initial CAP is completed. The Secretariat proposed that an inactive, responsible is brand is responsible for their inactive factories until the end of the Accord term (May 2018) unless the full CAP is completed (all initial + all new findings) before then. At such time of CAP completion, or in May 2018, the factory shall be removed from the inactive, responsible brand's list.

- Jenny explained the discussion at Management Committee was that the Secretariat would investigate alternative options other than responsibility for

initial CAP only or full CAP indefinitely. Rob responded that most options 'in the middle' would be very difficult to implement operationally e.g, brands remain responsible for remediation until all initial findings are completed and then any new findings which are still in progress at the time of the verification of all initial findings. Alternatively, brands remain responsible for a fixed time after verification of all initial findings. However, the proposed approach is the most feasible to monitor and implement.

- Rob drew the SCs attention to the data in the paper, explaining that whilst new findings are identified at every follow-up inspection they are remediating at a faster rate than initial findings and the verification rate is the same.
- There was no disagreement with the Secretariat's recommendation and the proposal as presented.

### **3.3 Safety Committees, all Employee Information sessions & complaints**

#### Safety Committee and Safety Training update

Rob presented a summary of the status of the Accord safety committee training program to the SC:

- 759,000 workers and managers are participating in the safety committee program at the 317 factories where safety committee & safety training has commenced.
- 43 Accord training staff, including logistics support and senior trainers.
- Federal Mediation & Conciliation Service (FMCS) developed and is delivering a 12-session video conference program with the training team.
- Delivery of the safety committee training program was affected for a month due to the Ashulia unrest.
- Rob confirmed that brands involvement in resolving factory concerns has been integral to the success of the training program so far. Rob supported Marissa's suggestion that brands reach out to factories prior to the training to explain the program and demonstrate their support. The SC was reminded of the series of webinars and face-to-face programs conducted with the brand and labour signatories prior to the roll out of the safety committee & safety training program.
- Signatory factory nominations for participation in the training program is slowing. Brand SC reps commit to informing brands at the February caucus meeting that they must continue to monitor the establishment of safety committees in their factories and continue to provide rolling factory nominations for the training program. Marissa commented that it would be helpful if clear guidance can be provided to brands on the requirements under the law in establishing a safety committee and what this compliance looks like.
- Rob explained that the trainings are substantive which therefore makes the program labour intensive.
- Rob commented that BGMEA and some factories have asked to video tape the initial meetings. The Accord has not agreed to this and explained that the Accord regularly videos trainings and prepares training videos to use in the program.

#### Complaints update

- 150 complaints received of which 119 are in scope and 23 of these are reprisal complaints.
- Rob shared his opinion that the complaints mechanism is an excellent model and the most credible and robust grievance mechanism in the RMG sector in Bangladesh, noting that it is a very important component of the Accord program.
- Several of the union federations utilise the complaints mechanism well and have organised outreach sessions with their members on the mechanism.
- Brand signatories have also been closely involved in the complaints and have been actively involved in all reprisal cases.
- The SC discussed the methods through which the Accord makes the complaints mechanism known to workers and whether brands could amplify the message by distributing the complaints booklet to their factories.
- Rob commented on the importance of copying the brands on any communication to a factory in receipt of a complaint. The Accord has received some push-back from factories asking why the allegation is copied to brands, but this does have a tremendous impact on the mechanism. Marissa confirmed that this approach is consistent with the way complaints are handled by other third party groups who bring allegations to brands.

- Dan commented that this area of the Accord work is impressive, and that the Accord could do more to communicate the impact and results. Marissa agreed that the future sustainability of the complaints mechanism warrants further discussion, bringing its importance to the success of the Accord to the forefront.

**Action:**

- **Brand SC reps to present the complaints mechanism to the brand caucus**

#### **4. Management Reporting – Executive Office (pt.2)**

##### **4.1 Review last meeting agreed actions**

- No outstanding actions

##### **Signatory Management**

###### Annual fee issues/outstanding fees (paper 13)

- \$30,000 in arrears payments from June 2016
- \$17,000 outstanding Year 2
- \$18,600 outstanding Year 3

###### Update on brands closing & signatory status issues (paper 14 a)

**Actions:**

- **Renaissance sourcing closed; remove from Accord website & brand lists**
- **Hawkesbay, Entrade Manufacturing & Milords mark as not in good standing on the Accord website for non-payment of fees.**

##### **4.2 Human Resource Management & Operations**

###### Report on the complaints received under the ACC

- Rob informed the SC that no complaints have been received under the ACC.

##### **4.4. Budget and Accounting**

Danny Van Opmeer joined the SC meeting.

###### Quarterly Budget (budget vs. actual) (paper 15)

Rob introduced Paper 15, including the forecast and revised budget (2016-2017) and summarised the revisions to the budget.

- Marissa requested an allocation of budget for an overlap of consulting by Brad with the new CSI starting.
- Rob clarified that 'Inspectors Professional Standards Support' is the Arup training programme for Accord engineers.
- Rob advised that the budget will be amended to incorporate the loyalty bonus agreed.

- Ted advised that he may raise questions outside of the meeting, after he has had time to review the budget in more detail.
- Jochen asked if the Accord should increase the budget for legal fees, Rob responded that this budget line is underspent to-date.

Rob presented the quarterly budget summary for the period September to November 2016 noting that the Accord was underspent by \$687,317. This was due to several items including: \$28,000 not spent on regional meetings which are taking place in March 2017 rather than autumn 2016, lower customisation costs in FFC during this period, and being underspent on operations (including the safety committee and safety training roll-out) and people costs.

Rob and the SC thanked Danny for his help on preparing the budget.

## **5 Communications**

### **5.1 Review last meeting agreed actions**

- No outstanding actions

### **5.2 External Communications**

Joris presented the draft Quarterly Aggregate Report (paper 16) to the SC noting that a section on safety committee work has been added. The SC requested minor language changes to the QAR.

The SC approved the QAR for publication, subject to the requested changes.

Joris noted that the QAR will be accompanied by a one-page factsheet that will also be prepared and available for the brand caucus meeting in February.

Joris advised the SC that the annual report will be published the week commencing 30th January on the Accord website and that there will soon be an updated complaints overview available on the Accord website. The Annual Report for 2015 was formally approved by the SC and audit committee members.

Joris showed the unedited video on the safety committee and all-employee meeting program with the SC to which the SC commented favourably.

### **5.3 Stakeholder Engagement**

Rob updated the SC on recent stakeholder engagement with the BGMEA, the Bangladesh Government, visiting delegations and other stakeholders *BGMEA*.

## **6. AOB**

The SC agreed to the following dates for their next SC quarterly meeting: 3th and 4<sup>th</sup> May 2017.

The SC agreed to move the July SC quarterly meeting from Dusseldorf to Amsterdam.

## **Close of Meeting**