

Advisory Board Report

12 March 2017 Meeting (11:00 am – 1:00 pm)

The Accord on Fire and Building Safety in Bangladesh (Accord) held its eleventh Advisory Board (AB) meeting on 12 March 2017 in Dhaka. Representatives from supplier factories, sourcing agents, the Ministry of Labour (DIFE), Industrial RMG trade union federations (IBC-RMG), Accord signatory brands, and Bangladesh NGOs/CSOs participated in the discussions. The ILO RMG Project Manager served as the neutral Chair of the meeting of the Accord Advisory Board.

The Chair welcomed the participants, made introductions, confirmed the agenda, and offered the floor to the Accord Executive Director and Acting Chief Safety Inspector (ED-ACSI) to comment on **follow up items from the previous AB meeting**:

- The Accord met with the Vice President and senior staff of BKMEA in mid-November 2016 in the effort to establish more regular and substantive engagement with BKMEA similar to as the Accord has with BGMEA. A meeting of the Accord senior management with the BKMEA Directors is confirmed for 14 March 2017 (the meeting date was changed to 23 March 2017 by BKMEA subsequent to the AB meeting). In the November 2016 meeting, the BKMEA VP expressed their interest in this Accord proposal.

The ED-ACSI then provided an **update on Accord implementation**:

Remediation, escalation, new Inspections: the AB was provided the most up-to-date information and statistics on: inspections of newly listed factories, remediation progress, Accord engineers' follow up inspections (FUI)(15,296¹), escalation cases (573²), de-escalation cases (180), completed remediation cases (56), termination cases (67), statistics on design reviews and **approvals** (fire alarm: **1241**, fire suppression: **988**, electric: **1045**, DEAs: 560), and cases handed over to the National Effort (159- terminations, relocations, closures, vacated buildings). Of the 87,503 safety hazards from initial inspections, 65,282 (75%) have been reported and/or verified as corrected.

Currently, 400 factories have completed 90% or more of the remediation from initial inspections. 193 have completed all initial structural. 607 have completed all initial electrical. 84 have completed all initial fire. The Accord allocates a portion of our FUI schedule to factories that are close to completing initial inspections remediation in the effort to support and verify completion. Similarly, a portion of the FUI schedule is allocated to poor performing and escalation factories to press and support them to implement required safety remediation.

The Accord informed the AB organizations that completing the last 25% of remediation is going more slowly and bringing challenges. This is partially attributed to many of the remaining items being the more complex and more expensive ones and challenges in obtaining approvable quality structural DEAs from covered factories which hampers progress on structural remediation. Accord recognized the support we are receiving from BGMEA in them formally contacting the poorer performing and escalated member factories to press them to remediate and/or seek support from the Accord if they are facing problems.

Accord **FUIs at common factories** initially inspected by the Alliance: the Accord updated the AB that in early Feb. 2017 we commenced or resumed Accord FUIs at common factories initially inspected by the Alliance where the Alliance had been doing the FUIs. This effort is being coordinated with Alliance with inspections schedules shared in advance and Accord engineers' FUI reports being proactively sent to the Alliance. The Accord will complete an FUI at each of the approximately 285 factories by mid-March 2017. Thereafter, these factories will be placed on the regular Accord FUI

¹ The Accord is well into the 6th round of FUIs at most of the covered factories. Some factories have now received 7 or 8 FUIs since the initial inspections conducted by the Accord.

² The Accord informed the AB that we have stopped issuing pre-escalation and non-compliance letters and in cases of lack of progress or lack of cooperation we are issuing Stage 1 escalation.

schedule. The AB was informed of BGMEA's objection to the Accord doing FUIs at these common factories.

The AB was updated on the Accord efforts to complete remediation at inspected factories both through the additional staff and technical support and consistent use of the notice and warning provisions of Accord Article 21. The Accord presented on the Stage 2 escalation mandatory meetings with factory owners and brands as part of the effort to identify and overcome reasons for remediation delay and to minimize the number of termination cases. The AB was updated on the Accord coordination with BGMEA to obtain their support in contacting their members who are in Accord escalation to help move remediation forward.

Qualitative enhancement to Accord database to track remediation by area of safety hazard (CAP categorization): AB organizations were briefed on the recent, substantial investment the Accord has made in our database and search capabilities. These upgrades will allow Accord and Accord signatories to better manage remediation completion of our factory base and will equip the Accord to target specific areas of remediation to be completed and/or prioritized. The Accord requested the AB organizations to assist the Accord in the first focused effort in utilizing this new capacity to complete all "protected exit/egress" remediation at all Accord covered factories. The CAP categorization allows the Accord to focus on both quantitative and qualitative assessment of remediation progress and level of safety in our covered factories.

The Accord Head of Training (HoT) informed AB organizations of progress on implementation of the **Safety Committee and Safety Training Programs (SCST)**. 327 factories are now participating in the SCST. These 327 factories employ 756,000 employees. 225 essential safety informational sessions (all-employee meetings) have been delivered by Accord trainers at participating factories where all production and managerial employees of the factory attend. 490,000 employees from covered factories have now participated in these all-employee meetings. 3077 labour and management safety committee members have participated in SC training sessions. The Accord explained our coordination between the training and engineering departments to make sure safety committee co-Chairs accompany Accord engineers on FUIs and investigations into alleged safety hazards submitted through the OSH complaint mechanism.

The Accord informed the AB organizations that an important element of the SCST program is to clearly communicate to factory employees that in the event of a fire people should immediately evacuate the building in an orderly manner. We actively teach that employees, factory fire brigade members, security guards, and civilians should not attempt to extinguish or fight the fire. **We train that the only persons who should attempt to fight fires are professionally trained firefighters who have proper firefighting apparatus and proper personal protection gear.** We informed the AB organizations that this is a difficult part of our work because historically it has been taught or suggested that factory level fire brigades made up of workers and managers should try to assess, extinguish, and even attempt to fight a fire that breaks out in a factory. Accord teaches that this is unsafe and puts people in danger. We asked for the AB to support this message and effort informing them that it is often an unpopular but essential message.

The AB was updated on **complaints submitted under the Accord occupational safety & health complaints mechanism**. The Accord reported 170 complaints have been received of which 43 were not processed because they were not OSH related. 34 of the complaints received have been further processed for allegations of retaliation against the complainants. The Accord reported that in recent months a higher percentage of complaints are related to wage & hour or fundamental (non-OSH) rights violation allegations. The Accord is finalizing a public report on OSH complaints received and outcomes which will be published on the Accord website.

Accord highlighted the following **current challenges and priorities** in implementation of the agreement on-the-ground: completing remediation; accelerating structural remediation; to scale up the delivery of the SCST program at covered factories; to facilitate the functioning of the SCs after

completion of the Accord training course; expanding the support for Accord implementation from BGMEA and BKMEA; conducting additional outreach on the OSH complaints mechanism and how to responsibly utilize this; and to obtain the extension of the Accord liaison office permission from the GoB (BIDA).

Support for the NPoA: the AB was informed of the assignment of a new DIFE-Inspector General. Former IG Syed Ahmed completed his assignment in this post on 28 February 2017. The Accord is arranging to meet with the new IG (who served previously as the Deputy IG). The Accord suggested to the MoLE Secretary and to the ILO colleagues that a NPoA tripartite committee meeting should be scheduled as it has been several months since this group last convened and several implementation issues warrant discussion. The Accord has committed to support a NPoA program to develop a fire safety engineering component to the BUET engineering undergraduate degree program. The Accord has requested the support for the MoLE and MoC Secretaries for the extension of the Accord liaison office to which we received a favourable verbal reply.

Accelerating DEA reviews, approvals, and structural remediation completion: the Accord Lead Structural engineer informed the AB organizations of the efforts of this department to accelerate structural remediation progress. The Accord will commit additional engineers to reviewing DEAs to try to reduce the time it is currently taking for approvals. Much of the time consumed in the DEAs being approved is attributable to poor quality re-submissions by factories and/or long delays in re-submitting incomplete / incorrect DEAs. The Accord also presented details of the escalation “trigger” that is being introduced as a supplementary means to push improvement in DEA approvals and performance of associated remediation. Structural remediation currently lags far behind fire and electric.

ILO presentation on Remediation Coordination Cell (RCC) of the NPoA: The Chair (who also serves as the head of the ILO RMG project) provided an update on developments with the RCC. The policies and architecture of the RCC will be developed in earnest in 2017. The RCC will be built utilizing both public sector and private sector personnel. A temporary, dedicated body of DIFE and local and international private sector technicians will pursue remediation at the NPoA covered factories. This will include: inspections, verification of remediation, and reporting of remediation status (to the factories and for the DIFE database).

The RCC will create a special mechanism to deal with factories “handed over” to the NPoA due to Accord termination or Alliance suspension. The NPoA and RCC partners are in discussions with BGMEA to cease their assistance and to utilize suspension or termination of the factories’/suppliers’ UD (export permission) as a sanction in situations where remediation does not progress. The NPoA and RCC partners are also looking at the relevant GoB authorities; including DIFE, to utilize their powers to evacuate and condemn unsafe factories where remediation is not occurring.

Within the next 4 months, the business plan, and protocols for the RCC will be finalized. The RCC envisions a “clustering system” for their covered factories where clusters will be determined by level of risk.

Discussion, comments, and questions with AB organizations:

Roy Ramesh (IBC) raised the issue of termination of factories under Article 21 of the Accord. He stated the termination should not be applied to the other RMG factories of the owner or the group. He furthered that this should be discussed at Steering Committee. He also stated the Accord signatory brands have a role in supporting that affected workers from terminated factories get paid their due wages. H&M and another Accord brand inquired about Article 21 termination situations where the terminated factory owner owns other RMGs that are not Accord listed.

The ED-ACSI informed the AB that the Steering Committee has discussed, decided, and re-confirmed the decision that Article 21 termination would apply to the other RMG factories of the owner or group. There are objective criteria that would need to be met to determine ownership in such cases. The AB

was reminded of the legal opinion the Accord Steering Committee obtained on applying Article 21 termination in this manner. The opinion we received indicated that this is generally consistent with standards of compliance, in line with ILO principles, and consistent with UN Guiding Principles. The Accord committed to raising the Article 21 issue as a request from Roy Ramesh to the Steering Committee (reminding Roy that he is a Steering Committee member and can also request this as an agenda item for the next meeting).

The ED-ACSI commented that the experience with terminated factories, which the Accord hands over to the IG, is they do not close and the workers do not seek Accord assistance in obtaining employment at compliant Accord listed factory.

One of the brand representatives inquired on the conditions we are finding at our FUIs of the common factories and also asked if the Accord and Alliance engineers are doing any of the FUIs jointly. The reply to this was, the initial feedback from the FUIs is the findings are comparable to our other FUIs. The FUIs have taken place quite recently so not all inspectors' reports are completed. At time of the AB meeting, to the ED-ACSI's knowledge there had been no factories where the FUI was done jointly.

One of the brand representatives asked why the BGMEA objects to the Accord doing FUIs at Alliance initially inspected common factories. BGMEA has stated to Accord, that it is duplicative, creates confusion and inconvenience for the factories, sometimes results in inconsistency, and that the Accord is not meeting commitments they agreed to with BGMEA in April 2016 on FUIs. The Accord does not agree with BGMEA on these arguments and have told them if there is any inconsistency, we need to be informed and these matters will be resolved. The Accord does recognize that we have reversed on our commitment to BGMEA of 2016 to not do FUIs at these common factories. We have explained to BGMEA that a previous Steering Committee decision of April 2014 requires us to do FUIs. Accord acknowledged we erred in agreeing not to do FUIs in April 2016.

Roy Ramesh raised a concern that Accord and other brands may be contracting work from Myanmar in Bangladesh terminated RMG factories. The ED-ACSI explained that signatories are required to list all factories producing their product regardless of the contracting / sourcing arrangement. Accord does not pro-actively monitor alleged unlisted subcontracting but do look into cases that are brought to our attention and also raise such cases for the brand to investigate.

Roy Ramesh commented on a recent Centre for Policy Dialogue (CPD) paper on the cost of RMG supplier (including related to remediation) keep going up but that the prices brands are paying the suppliers are not increasing in a corresponding manner. He stated this and supplier access to remediation funding should also be placed on the Accord Steering Committee agenda.

One of the brand representatives and one of the CSO representatives inquired on how the Accord evaluates impact of the SCST trainings and all-employee meetings. The HoT provided details of the evaluations we do with the safety committee members from the training and how we randomly interview people immediately after the AEMs. The Accord also collects data to gauge if the safety committee is meeting, what issues they are addressing, whether walk around "safety-checks" are taking place, and on similar indicators.

An IBC representative inquired on the recent Ashulia wage protests and associated arrests and detentions and asked what the Accord is doing around this. The ED-ACSI referred the AB organizations to the letter sent to the Honourable Prime Minister by the Steering Committee on these matters. The AB was briefed on how the industry unrest in December 2016 – January 2017 disrupted Accord inspections and trainings in the Savar-Ashulia area for approximately 3-4 weeks.

A brand representative requested whether the Accord can recommend DEA firms to the factories for them to contract these firms. The Accord stated that we are unable to recommend firms as it poses a conflict of interest. The Accord does provide information on firms that we are aware of the are doing DEAs. The IG and NPoA have "approved" approximately 15 such firms. The Accord opinion is the



industry knows who are the better firms to contract to do the DEAs. There are issue on price and availability that may be affecting these decisions.

The DIFE-IG office representative stated the new IG will be organizing a coordination meeting with the ILO, Accord, and Alliance.

One of the IBC representatives raised several factory specific cases on WPC election irregularities and terminations (including of safety committee members) during the Ashulia unrest. The IBC colleague was requested to provide details on specific cases outside the AB meeting with the Accord trainers and/or complaint handlers. The same IBC representative asked if workers have information on how to contact the Accord. Accord explained the outreach we have done on this and our protocol of distribution of information by the safety committees which includes how to contact the Accord and the phone numbers for submitting a safety complaint. Accord reminded the IBC colleague of the programs we have done and materials we have provided to all of the IBC RMG federations and commented that Accord needs the help of the labour signatories in outreach to workers at Accord listed factories.

Accord through June 2018 and post 2018: the AB was informed that several of the current Accord company signatories are in discussions and negotiations with the current GUF signatories on the work of the Accord after June 2018. There is a consensus that the work of the Accord will not be completed by June 2018. It is expected that the outcomes of the discussions and negotiations will be known within the next couple of months.

AOB: Roy Ramesh requested that Accord not schedule the AB meetings on Sunday or Thursday because of the traffic considerations on these days of the week.

With no other business, the meeting was adjourned. The next AB meeting is to be held in May/June. 2017. The Accord will organize a meeting of the AB with the Accord Steering Committee when the latter is in Dhaka for its quarterly meeting in early May 2017.