



on Fire and Building Safety in Bangladesh

STEERING COMMITTEE QUARTERLY FACE TO FACE MEETING – MINUTES

Date: Thursday 1st February 2018

Time: 9am – 6pm

VENUE:

De Rode Hoed
Keizersgracht 102,
1015 CV Amsterdam

ATTENDEES:

Chair: Edward Southall & Mathias Bolton

Company signatories: Santiago Martinez-Lage Sobredo, Karl Fagerlin, Jochen Overmeyer, Edward Southall, Bob Chant, Lary Brown

Trade Union signatories: Christina Hajagos-Clausen, Mathias Bolton, Jenny Holdcroft, Christy Hoffman

Witness signatories: Ineke Zeldenrust, Scott Nova

Accord Executive Team: Rob Wayss

Accord staff: Tatiana Delany, Joris Oldenziel, Michael Bride, Miriam Neale, Raluca Dumitrescu

Apologies: Roy Ramesh, Dan Rees, Amirul Haque Amin

MEETING MINUTES

1. Introductions

- Rob Wayss welcomed those members of the Steering Committee present to the Accord office. Ted Southall and Mathias Bolton volunteered to co-chair the SC meeting in Dan Rees' absence. Ted welcomed Larry Brown from Esprit and Bob Chant from Loblaw (alternate) to the SC in their roles as SC company representatives.
- Rob introduced Raluca Dumitrescu and informed the SC that she is present to take SC meeting minutes, as part of the transition plan for Tatiana Delany's departure.

Action:

- **The SC agreed to ask the ILO if they would be willing to send a regular substitute chair for Dan Rees when he is unable to attend SC meetings.**

1.1 Agree meeting agenda and any items of AOB

Agenda agreed with following changes:

- Rob requested to include one item under 3.2 Inspections & Remediation (structural remediation & update on DEAs): update on aligning the structural remediation requirements of the National Tripartite Plan of Action (NTPA), Alliance & Accord.

2. Governance

2.1 Review last meeting agreed actions:

No outstanding actions

2.2 Advisory Board (AB) Update (Paper 1)

Rob updated the SC on the outcomes of the 13th AB meeting held on 23rd January 2018, noting that the meeting report is not yet published, but that the Accord has provided a meeting summary to the SC in advance of the official report.

- The AB was informed of the recent Article 5 arbitration case resolution and the Accord distributed the Global Union Federations statement on the settlement.
- The BKMEA attended the AB meeting for the first time.
- The ILO presented on the status of the Remediation Coordination Cell (RCC) and extended their thanks to the Accord for their consistent support for the NTPA.
- The Centre for Policy Dialogue (CPD) raised questions for the Accord on the following topics: the main causes for Accord factory's remediation delays; the most common Occupational Safety & Health (OSH) complaints received; & on the Accord's work post-May 2018.
- Michael Bride presented on the Accord OSH programs. The Inspector General (IG) requested that the Accord forwards complaints to the Department for Factories & Establishments (DIFE). The Accord responded that this would be taken under advisement. The SC agreed that the Accord would not

auto-forward complaints received through the Health & Safety Complaints Mechanism to the IG unless at the complainant's request.

- A few Accord signatory companies raised the issue that Accord responses to some emails and queries from factories and brands have been slow. Rob noted that he is addressing this with the engineering and case handling departments.

Action:

- **Secretariat to circulate the AB Terms of Reference, including the AB composition & list of members to the SC.**

2.4 Letter from Haesong's lawyers (19th January 2018)

Haesong Corporation Ltd. (et.al.):

The Accord conducted the court-ordered remediation completion verification inspection in November 2017. Accord engineers found remediation from initial inspections was not completed, so termination was re-activated. The Accord reported the inspection findings and the decision to re-activate the termination to Haesong, Accord signatories and the IG. On 19 January 2018, Haesong's German attorneys sent a letter to the Accord Secretariat, but addressed to the SC. The letter was discussed by the SC in the meeting.

The Accord Steering Committee has been approached by the legal representative of companies in the Haesong Group to intervene over alleged malfeasance by the Accord Chief Inspector. The SC has constantly been informed about the actions taken by the Accord with respect to the Haesong Group. This includes the outcome of the on-site inspection conducted at the Haesong facilities on 7 November 2017. The SC has carefully reviewed these documents and the verification process conducted by Accord personnel and sees no merit in the allegations brought forward by Haesong.

3. Management Reporting (Executive Office pt. 1)

3.1 Review last meeting agreed actions:

Management Reporting – Executive Office (part 1 = inspection program, remediation, workplace programs)

Outstanding actions:

- Rob to update the SC on structural inconsistencies between the Accord building standard and the Alliance and NTPA standards and the proposed plan for alignment of the structural live-load standard with the Alliance and the NTPA. This action is covered under agenda item 3.2.
- Secretariat to draft a press statement announcing the allocation of the first grants under the inactive factories remediation fund. Joris commented that the inactive fund was included in the public newsletter and didn't get much press attention. The next step is to finalize a further two more grants and the Accord will then issue a press statement.

3.2 Inspection Program & Remediation

Remediation financing requests referrals (paper 4a)

Joris summarised the financing remediation paper (Paper 4a) noting that to date 114 remediation finance requests from factories have been received. Joris talked through each case referred to the SC for decision on next steps.

Actions:

- **Secretariat to provide an update to the SC at the next SC meeting on the total number of remediation financing requests received and the type and level of finance support that was provided for resolved cases.**

Inactive Factories Remediation Fund implementation update

Joris updated the SC on the status of the Inactive Factories Remediation Fund:

- 17 applications received, 3 successful applications and 12 applications under consideration. The Secretariat estimates that approximately half of these 12 applications will be rejected for failure to complete the remediation of low-cost and immediate items. Joris explained that when applications are rejected for this reason, the Accord explains to the suppliers that they can re-apply for a grant through the inactive remediation fund when they complete the remediation of the low-cost and immediate items. A further 15 factories have expressed an interest in submitting an application for the inactive factories remediation fund.

The SC discussed the small number of applications received and the low approval rate and asked the Secretariat to carry out some research to try to better understand the reason for the lack of interest in the fund. The SC also discussed whether the commercially sensitive information requested during the application process deters factories from applying for the fund for e.g. order book information, turnover information and bank statements.

The SC agreed that the inactive remediation fund committee should review any rejected applications to see if marginal eligibility criteria could apply in certain circumstances. Scott Nova suggested that the Accord inactive remediation fund committee also consider showing some discretion for factories with a high remediation progress rate whereby for example they can match less of the costs required to complete remediation. The SC agreed to re-address the eligibility criteria of the inactive factories remediation fund so that the factory's previous Accord remediation investments are taken into consideration.

Actions:

- **The SC agreed to increase the inactive fund eligibility scope to any factory which was made inactive for all Accord company signatories before 1st August 2017.**
- **Joris to draft new eligibility criteria for the Inactive Factories Remediation Fund and circulate to the Inactive Remediation Fund Committee for review prior to SC approval.**
- **The Inactive Remediation Fund Committee to review the latest fund applications & previously rejected fund applications the week of 12th Feb, Dhaka.**
- **Secretariat to investigate the reasons why factories are not applying for the Inactive Remediation Fund (for e.g. informal meetings, focus groups) and reach out to BGMEA for an informal discussion on possible reasons why the inactive remediation fund take-up is slow.**
- **Secretariat to draft a press statement and consider organising a press conference announcing the allocation of the first grants under the Inactive Factories Remediation Fund.**

Jenny raised for discussion a proposal that the SC trade union representatives put forward to the SC company representatives on carrying the Inactive Factories Remediation Fund into the 2018 Transition Accord to ensure that there is sufficient funding to remediate all the inactive factories that meet the eligibility criteria and especially those factories which are not being carried over into the 2018 Transition Accord.

- Jochen commented that there won't be any responsible Accord brands to drive remediation at inactive factories being carried over into the 2018 Transition Accord.
- Tatiana clarified that based on current data, 200+ factories are inactive responsible for one or more 2013 Accord signatory companies, but have no

active Accord brands. With some certainty, the vast majority of these factories will not be listed by 2018 Transition Accord signatory companies on 1st June 2018. A further 300 active factories are not covered by current 2018 Transition Accord signatory companies and therefore their status under the 2018 Transition Accord is as yet unknown and depends on which other signatory brands join the 2018 Transition Accord.

- Joris and Rob commented that budget and staffing needs will have to be planned accordingly in order to allow for the Accord to continue to monitor and inspect these additional factories.

The SC agreed that the 2018 Transition Accord should continue to monitor remediation at any factory that has been inspected by the 2013 Accord, prior to 1st June 2018. These factories will be eligible to continue participating in the Accord, albeit without any Accord signatory companies to drive remediation. The SC agreed that the inactive factories remediation fund will also be carried over into the 2018 Transition Accord to ensure that financial support is available for inactive factories to complete remediation.

- Miriam commented that in light of this SC decision, it is worth noting that the Article 21 escalation process cannot be applied in the same method as currently because there would be no Accord companies to issue notice and warning to terminate business. The SC agreed in principle that the Accord cannot implement the Article 21 escalation process for inactive factories with no responsible Accord signatory companies and a separate protocol would need to be drafted to manage this situation.

Actions:

- **The SC agreed that the Inactive Factories Remediation Fund will be carried over into the 2018 Accord.**
- **The SC agreed that all factories inspected under the 2013 Accord (whether currently inactive or active) and not listed by 2018 Transition Accord companies on 1st June 2018 will be carried over into the 2018 Transition Accord and monitored by the Accord.**

Update on boiler inspections (paper 5)

The SC re-confirmed their agreement that the Accord must address boiler safety in Accord covered factories.

Actions:

- **Secretariat to develop a risk matrix assessment to identify the highest risk boilers in Accord covered factories and share with the Management Committee for approval.**
- **Secretariat to simultaneously research the local capacity of private boiler inspection firms, boiler operators, regularity of boiler inspections, the degree to which factories have qualified technicians on staff & assess the credibility of boiler inspection certificates.**

Structural remediation & update on DEA process

Rob informed the SC that the Accord has entered into a three-month pilot contract with WSP to review a sample of DEAs submitted to the Accord. WSP are providing comments for the engineers working for the factories and working with Accord engineers to support them in their review process and analysis. Rob noted that this work has only recently begun and therefore only has some preliminary comments from WSP to share with the SC, however the Secretariat will provide remote updates to the SC as the program progresses. Initial feedback from a WSP structural engineer is that the detailed DEA analysis that the Accord carries out is not typical. In most situations a DEA review would include a relatively cursory review of columns and slabs and a spot check of the calculations and methodology used. The Accord engineers are reviewing the DEAs in totality on every calculation. Rob explained that the Accord would need to tolerate a higher level of potential structural risk if the Accord was to no longer carry out detailed review of all DEAs.

Action:

- **Secretariat to provide a remote update to the SC on the results of the WSP DEA assessment and review process.**

Scope of Accord (CMT production exits integrated building) (paper 6)

Rob explained that a signatory company requested clarification of the following question from the Secretariat in November 2017: should a fabric manufacturing unit remain in scope of the Accord if it was previously part of an integrated CMT facility, but the CMT part of the factory has subsequently relocated after the Accord initial inspection? Rob noted that there is no Accord written policy on whether a factory building will remain covered by the Accord if the building use changes in such a way that the factory building no longer falls with the definition of Accord CMT scope.

The SC agreed that Accord inspected integrated factories where the CMT unit relocates should remain Accord covered factories. The signatory companies who listed the factory remain responsible. The rationale for this decision is because the factory was within scope when the Accord inspected the factory and it is within the same company group.

Requalification period of termination in cases of fraud/violence

Rob explained that the SC requested a discussion on the requalification period in cases of fraud or violence at this meeting. The requalification period for suppliers under Article 21 is currently 18 months, but the SC agreed that this would not automatically apply to fraud or violence cases. Jenny suggested that the SC does not adopt a policy on the requalification period of termination cases for fraud or violence and advocated instead that the SC address each case on a case-by-case basis. The SC agreed with this proposal and agreed that no new policy is required.

Update on alignment of the structural remediation requirements of the National Tripartite Plan of Action (NTPA), Alliance & Accord.

Rob informed the SC that the Accord currently uses a lower structural live-load standard than the NTPA and the Alliance. All three initiatives have been in discussions to resolve the differences and have agreed that the Accord, prospectively, will align with the standard used by the NTPA and the Alliance. The NTPA recognises that the Accord cannot go back and retrospectively apply this new standard to all Accord covered factories and has instead asked for a date from which the Accord would apply this standard. Rob advised the SC that he has proposed the 1st March 2018 as the start date for applying the new live-load standard to Accord covered factories. Rob re-iterated that this standard would not apply to any remediated factories or factories which have already submitted DEAs for Accord review.

Rob explained the history of discussions on this topic and clarified that the original live load figure was previously agreed between all three initiatives when the original building standards were developed.

The SC noted Rob's update and agreed with the proposed 1st March 2018 date to apply the new live-load standard going forwards.

Remediation update

Joris presented a remediation update to the SC based on data as at 1st January 2018:

- 83% initial CAP progress rate,
- >90% remediation at 699 factories
- 127 factories have completed 100% remediation from initial inspections.
- Approximately 600 factories are not yet in escalation with a less than 90% initial remediation rate. Joris noted that he anticipates that the number of factories in escalation will rapidly increase in the coming months due to an increasingly objective escalation process.

Scott asked the Secretariat why the pace of escalations and de-escalations has slowed over recent months. Joris and Miriam explained the following changes to the escalation process which are having an impact on the pace of escalations:

- Escalation assessment form (EAF): every engineer has to complete an EAF after every follow-up inspection. This is driving an increased number of escalations, but has taken some time to embed across all departments.
- Multiple escalations: factories are being issued with escalation notices for multiple reasons (e.g. structural, slow progress, fire), this results in factories not being de-escalated and is complex to manage so can slow down the pace of issuing escalation notices.
- Factory Group research: in May 2017 the Accord was tasked with notifying factory groups at stage 1 of group escalation consequences. Researching factory group ownership is nuanced and time consuming work and has resulted in a backlog of pending escalations.

Jenny asked the Secretariat for clarification on the timelines for factories in escalation at stage 1 and stage 2. The Secretariat explained that timelines are based on remediation of individual CAP items on factory by factory basis.

The SC agreed that if a factory is in escalation and one of the signatory companies active in the factory has signed the 2018 Transition Accord, then the escalation status of the factory would carry over into the 2018 Transition Accord.

Ted presented a remediation progress update on analysis of LC Waikiki factories 'in progress' issues.

Ineke asked the SC to consider what further the SC can do to drive remediation, recognising the efforts of the Secretariat, lead brands and unions thus far.

3.3 Safety Committees, all Employee Information sessions & complaints

Safety Committee and Safety Training update

Michael presented on the progress of the safety committee training program

- 150 letters of recognition issued to 150 factories that have completed both All Employee Meetings and the full training curriculum. Michael commented on the success of issuing letters of recognition and the impact these letters have on incentivising factories to participate in the program.
- 846: current factory participation (including the 150 mentioned above).
- Training program stalled at 63 factories (24 related to technical issues for e.g. no workplace participation program in place, factory relocation. In the other 39 factories there are labour relation issues).
- 34 factories involved in the re-engagement program
- 811 initial meetings held
- 516 training sessions have been held, covering 4,978 participants
- 659 All-Employee Meeting 1 covering 1,294,854 participants
- 290 All-Employee Meeting 2 covering 732,620 participants.
- Phase 9 safety committee training roll-out to start the 2nd week of March. Following this roll-out, 1,067 factories will have completed the safety committee training program or be participating in the program. The aim is that by May 31st 2018 all workers in Accord covered tier 1 and 2 factories

will have received information about safe evacuation in the event of a fire.

- Michael updated the SC on the success of the walk-through component in the safety committee training program.

Scott asked to what extent workers are retaining information from the Accord workplace programs. Michael explained that the Accord hotline is being widely used, and the Accord sees an influx of complaints following All-Employee meetings. Michael clarified that the All-Employee meetings are informational sessions and not training sessions. Rob explained that the Accord has carried out interviews with participants after the All-Employee Meetings, and safety committee members complete a questionnaire after training sessions 4 and 7. Rob also commented that the Accord has data related to the number of complaints and workers approaching engineers at follow-up inspections to discuss safety issues. Jenny asked if the Accord is carrying out an assessment of the safety committee training program. The SC agreed that it would be useful to assess the success of the program based on three suggested indicators: 1) Accord awareness; 2) Knowledge of the safety committee role & members; 3) functionality of the safety committee. Bob also noted that safety records and accident prevention might demonstrate some measure of progress.

Larry commented that Esprit has not been asked to take part in the safety committee training program or support the Accord training program in any capacity. Michael noted that every brand is copied on all communication issued from the Accord regarding the safety committee training program and signatory brands are welcome to accompany the initial meeting and all-employee meetings.

Action:

- **Secretariat to design assessment tools to assess the impact of the Safety Committee training program and All-Employee Meetings.**

Complaints update

Michael presented an update on complaints data and highlighted the number of complaints received directly from workers as a result of receiving information about the Accord complaints mechanism at an All-Employee Meeting.

Emergency application to escalation procedure in cases of violence under the complaints process. (paper 7)

Rob summarised the SC action from the October 2017 Steering Committee meeting: The Secretariat to consider whether changes to the escalation protocol or complaints protocol are required to cover cases of violence under the complaints process and draft an emergency application to the escalation procedure for circulation to the SC.

Rob explained how the Accord handles complaints related to violence by following up with all parties and signatories through the complaints process to gather quick information and put in place measures to bring the violence to a halt. Furthermore, the Accord ability to utilise the escalation protocol in a safety complaints case is much more rapid than in a failure to remediate case. Following internal discussion, the Accord Secretariat concluded and recommended that a separate protocol or adjustments to the complaints and escalation protocols are not required.

Jenny asked whether the Accord should consider covering violence under training program. Michael and Rob supported this proposal.

The SC supported the Secretariat's recommendation in the proposal that there should be no change to the escalation or complaints protocol to cover cases of violence.

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

4.1 Review last meeting agreed actions: no outstanding actions

4.2 Signatory Management

Signatory status issues/outstanding fees (paper 8a,b,c)

Outstanding fees: cumulative \$244,500 outstanding over 5 years. Several brands listed are legacy cases that the Accord does not expect to receive payment from.

Actions:

- **The SC agreed for the Secretariat to mark non fee-paying brands ‘not in good standing’ on the Accord website.**

4.3 Human Resource Management & Operations

Chief Safety Inspector: next steps

Rob updated the SC that interviews for the CSI role took place in November and December 2017.

- Karl and Mathias served on the initial interview panel with Rob. The 2nd interview panel consisted of Ted, Christy and Rob.
- All interviews were conducted by conference call.

Rob informed the SC that the recruitment firm the Accord has hired to support in the CSI search have committed a further three to five candidates for interview by the beginning of February. The SC brand representatives also noted that they have one potential candidate and will review the CV and refer to Rob if suitable.

The SC discussed the possibility of hiring a CSI who is not based full-time in Dhaka and agreed that the CSI role needs to be willing to live in Dhaka.

4.4 Budget & Accounting

Quarterly Budget (budget vs. actual) (Paper 9)

Rob summarised the most significant variance in the quarterly budget. Rob noted that a 2018 projected budget has been produced for discussion under the 2018 Transition Accord agenda by the Interim SC on 2nd February.

- \$709,000 surplus on the actuals from the quarter (Sept 2017 – 30 Nov 2017).

Bob asked for clarification on whether surplus funds from the 2013 Accord can be used to remediate factories in the 2018 Accord. Jenny explained that from the Global Union’s perspective if the factories are not remediated then fees can be used as funds to complete remediation. Santiago commented that the role of the SC is to uphold the principles of the Accord. Santiago noted that implementation and policy decisions have to be made by the SC acknowledging the inadequacy of the wording in the Accord contract. Therefore, it is for SC decision on whether surplus funds may be used to complete remediation. Rob noted

the Secretariat has confirmed with the Accord's Dutch lawyers that the foundation can carry over the 2013 Accord funds and that the brands caucus has been formally informed (in the presentation) at recent caucus meetings; including 30 January 2018, that the surplus will be carried over

Christy asked if more of the surplus funds can be used prior to the end of May 2018 to drive a much faster pace of remediation. Rob responded that the money would be best spent on the following areas: 1) Quality Assurance inspections; 2) Utilising Jensen-Hughes to carry out further engineering training and Quality Assurance for Testing & Commissioning Inspections; and 3) Consider a larger contract with WSP to support structural/DEA work. These areas would support training and development of engineers and also speed up remediation completion.

Christina commented that the Accord should consider investing in further capacity to monitor company signatory obligations. The SC discussed that if 2013 company signatories are not signing the 2018 Transition Accord then it is the responsibility of the unions to enforce the 2013 Accord where brands have not fulfilled their obligations. Christy asked for SC support for the enforcement of 2013 Accord obligations and the SC agreed that the Accord Secretariat could support the enforcement work if staffing capacity is addressed.

5 Communications

5.1 Review last meeting agreed actions: no outstanding actions

5.2 External Communications

Quarterly Aggregate Report (paper 10)

Joris summarised the changes to the QAR (data as at 1st December 2018). The SC agreed to publish the QAR

Annual Report (paper 11)

Joris advised the SC that the annual report is due to be published shortly on the Accord website and asked for comments on the narrative from the SC. In order for the auditors to finalise the annual report, they require a letter of representation from the Audit Committee.

The SC confirmed that Karl Fagerlin and Mathias Bolton are the Board representatives on the Audit Committee.

The SC agreed to a conference call on Friday 9th March, 10am CET to formally approve the annual report.

Actions:

- **Secretariat to publish the Quarterly Aggregate Report, dated 1st January 2018**
- **Secretariat to send a calendar invitation to the SC for an annual report conference call on Friday 9th March at 10am CET.**

5.3 Stakeholder Engagement

Rob updated the SC on stakeholder engagement and outreach.

BGMEA & BKMEA:

- Rob, Michael, Ted, Amin & Roy met with the BGMEA leadership in December 2017. BGMEA committed to organise a meeting with all suppliers who are at stage 2 escalation under Article 21. Accord senior management from the case handling department attended and provided a brief meeting report that the meeting was successful.
- Rob and Michael met with new BKMEA board of directors in late 2017 and BKMEA attended the recent Accord AB meeting.

ILO:

- The Accord has recently met with the senior RMG Project Technical Manager on technological and operational implementation of the RCC with Fire Service Civil Defence (FSCD) – Bangladesh University of Engineering & Technology (BUET) staff.
- The SC discussed the ILO national employment insurance fund and how the Accord can best support.

Bangladesh Interfaith Centre on corporate responsibility (ICCR):

- Issued at the end of January a very supportive letter on the 2018 Transition Accord, which received good media coverage. The letter called on all brands to sign the 2018 Accord. The Accord has met with the ICCR formally twice and have been vocally supportive of the Accord work. ICCR contacted the Secretariat formally to request that the Secretariat share this letter with the SC.

AOB

The SC confirmed the next SC quarterly meeting date; w/c 7th May 2018

Close of Meeting