



STEERING COMMITTEE QUARTERLY FACE TO FACE MEETING – MINUTES

Date: Tuesday 26th June 2018

Time: 9am – 6pm

VENUE:

Rode Hoed,
Keizersgracht 102,
1015 CV Amsterdam

ATTENDEES:

Chair: Dan Rees

Company signatory representatives: Karl Fagerlin, Jochen Overmeyer, Edward Southall, Santiago Martinez-Lage Sobredo, Lary Brown, Bernardo Cruza, Bob Chant (as observer)

Trade Union signatory representatives: Jenny Holdcroft, Christina Hajagos-Clausen, Matthias Bolton, Alke Boessiger

Witness signatories: Scott Nova, Ineke Zeldenrust

Accord Executive Team: Rob Wayss, Stephen Quinn

Accord staff: Michael Bride, Joris Oldenziel, Raluca Dumitrescu, Veronique Camerer

Apologies: Roy Ramesh, Amirul Haque Amin

MEETING MINUTES

1. Introductions

The Chair welcomed those members of the Steering Committee present to the Accord office.

Santiago Martinez-Lage Sobredo informed the SC that Bob Chant may join the meeting later in the day, as observer.

1.1 Agree meeting agenda and any items of AOB

Edward Southall suggested to address item 2.7 on the agenda – Contingency plan in case of premature closure of Accord liaison office in Bangladesh – at the beginning of the meeting. Jenny Holdcroft maintained that the meeting should follow the agenda as it is. The SC agreed to follow the order of items set in the agenda.

2. Governance

2.1 Review last meeting agreed actions (9th May, 10th May, 1st Jun 2018):

No outstanding items

In response to the action on 2013 Accord record keeping: ‘The Secretariat to follow-up with the Accord’s lawyers in the Netherlands to ensure that the Accord’s record keeping complies with the EU General Data Protection Regulation’, Rob informed that the Secretariat received confirmation from the Accord’s lawyers in the Netherlands that the Accord’s proposal on record keeping, approved by the SC at the previous SC meeting in May 2018, is in compliance with the EU law’s General Data Protection Regulation. Jochen Overmeyer asked whether the lawyers advised that the Accord requests confirmation from each company signatory as to whether financial data and data on their company’s program activities (inspections, remediation, training & complaints) can be stored by the Accord. Rob answered that the lawyers confirmed that individual confirmation from company signatories is not needed in order to store the data.

2.2 Legal Cases

Rob provided an update to the SC on recent legal cases filed against the Accord in Bangladesh and the Netherlands.

2.3 Protocol revisions for 2018 Transition Accord

Draft protocol for approval: Closures & Compensation. (Paper 2a)

Joris Oldenziel presented Paper 2a, summarising the key aspects covered under the Closures & Compensation protocol:

- Company signatories are required to notify the Accord of upcoming factory closures or relocations;
- Factories must notify the Accord as soon as possible when they have decided to close down or relocate;
- Before factory closure or relocation, the Accord holds a mandatory meeting with Factory Management and responsible company signatories to explain, among others, the following; i) the factory's requirement to provide to the Accord a complete list of workers' ID including details on years of service, grade and designation, ii) the factory's requirement to post closure notices on notice boards in the factory informing workers of the closure status and of their entitlements to severance pay under the Accord; and iii) the Accord's procedure of informing workers of their rights under the Accord, including a notice posted by the Accord in the factory on workers' entitlements under Article 8.
- The Accord will follow a procedure to verify the severance payments made in accordance with Article 8 of 2018 Accord.
- The Accord will verify the closure of a factory through an unannounced visit at the factory.

The SC discussed the following sections.

Section 2:

- Jenny commented that section 2 of the protocol must read that the protocol deals only with Accord-related closures or relocations (e.g. temporary closure to complete the remediation). Rob noted that this aspect is described at the beginning of the protocol, but this that this will be further clarified in the protocol

Section 3:

3b)

- Jochen asked whether collecting the list of workers is not in breach with the EU law's General Data Protection Regulation. Rob commented that the Accord will request the data in a sanitised form, requiring individual worker IDs, not names. Joris added that the announcements made to workers in factories will be similar to the announcements of resolution of complaint; Accord case handlers will be informing workers – collectively – that they are entitled to payments in case of factory closure or relocation and that they can check on a board in the factory if their entitlements are correctly calculated.

3c)

- Lary suggested that the wording be changed from 'workers' entitlements under the Accord to severance pay [...] or continued employment and payment of regular monthly income [...] into 'workers' entitlements under the Bangladesh Law [...]'.
 - Rob explained that the Accord's requirements on workers' entitlements are higher than the Bangladeshi law's. Under the Bangladeshi law, if a factory closure is outside the control of the owner – and the Accord remediation requirements are often cited by factories being outside their control - the severance paid to workers is reduced. Additionally, the law requires that the severance paid to workers who decide to end their employment with a factory that is relocating, is based on the distance between the old building and the new building, whereas the Accord requires that full severance is paid regardless of the number of kilometres between the two, and instead makes reference to an 'unreasonable increase in travel time'
 - Joris noted that the section 'Full severance payments' in Appendix 1 of the protocol reads that the full severance payment is made in accordance with Article 26 of the Bangladesh Labour Act. Additionally, the same article is referenced in the footnote of page 4 detailing the benefits paid by the factory.

- Jenny commented that the Bangladeshi law does not include provisions on factories closing down for not being able to complete the safety remediation.
- Jenny concluded that the Accord's requirements are not legal requirements, but Accord's signatory company's conditions to continue to be able to do business with the factory.

Section 5:

- Ineke asked whether the factories for which the responsibility to monitor the remediation has been handed over to the NPoA would still be listed on the Accord's website. Joris answered that the Accord lists on its website all factories that are handed over to DIFE/NPoA, as part of the Accord's due diligence. These factories are marked as 'archived' in FFC.
- Ineke requested that the wording is amended to make clear that the names of the closed factories transferred to NPoA are still listed on the website, although not in the covered factories category.
- Lary suggested that the wording 'the building will be then handed over to [...]' be changed to reflect that the responsibility for monitoring safety is handed over, not the building per-se.
- Lary suggested to change the wording 'The Accord will carry out an unannounced verification visit' in order to prevent the Accord from committing to conduct unannounced visits at each factory listed as closed, assuming that these inspections require significant resources. Jenny commented that resources should be allocated accordingly.
- Lary suggested that instead of confirming whether product is still being produced for them in a factory considered closed (section 5b), companies must submit to the Accord the date of their final shipment from that factory. The SC agreed.

Section 6:

- Jochen raised the following scenario: i) factory changes ownership and ii) new ownership produces a product other than CMT, and noted that if a factory continues to remain covered under the Accord under this scenario, there is a risk to cover suppliers outside the scope of the Accord.
- Jenny noted that the Accord covers units beyond CMT and requested that the phrasing in section 6b is amended in order to reflect this. The SC agreed.

Action: Secretariat to make the following changes to the Factory Closure & Relocation Protocol and to share the protocol with the SC over email for approval:

i) Section 2

Reiterate that the protocol deals only with Accord-related closures or relocations.

ii) Section 5

5b: change wording to reflect that in order to confirm the status of factory closure, companies must submit to the Accord the date of their final shipment from that factory.

Edit last paragraph of section 5 in order to reflect that:

- **the responsibility of monitoring remediation at closed factories is handed over to the IG/NPoA/RCC and not the actual buildings of closed factories;**
- **the closed factories are listed as such onto the Accord’s website.**

iii) Section 6

6b) Replace ‘non-CMT’ with new wording to reflect the industries in which company signatories can currently list suppliers.

Revised Escalation letters for ‘Released’ factories (Paper 2b)

Joris presented Paper 2b and reminded the SC that on the conference call of 1st June 2018 they confirmed that the Secretariat shall apply the escalation protocol in the same way to all supplier factories covered under the Accord, regardless of their relationship with Accord company signatories. The templates for stage 1 and stage 2 warning letters, as well as the template for the termination letter have been revised to indicate that the Accord - instead of company signatories – will issue the stage 2 letters at non-compliant factories that have been carried over from the 2013 Accord but have not been re-listed as active by 2018 Accord company signatories.

Term to describe factories carried over into the 2018 Accord, that have not been re-listed as active under the 2018 Accord

Joris noted that the Secretariat employed the term ‘released’ to describe in FFC the status of a factory where the Accord continued to monitor remediation as of 1st June 2018, but which was not re-listed as active by any 2018 Accord company signatories.

- Santiago commented that the wording ‘release of responsibility’ is utilised in the 2018 Accord to reference the companies’ release of responsibility to a supplier.
- The SC agreed that utilising ‘released’ for a cohort of factories may be interpreted to imply that those factories are released of their responsibility to complete remediation and/or the training program.
- Joris noted that the intention is to utilise the term in FFC by the Accord Secretariat and Accord signatories, and will not be made public onto the Accord’s website or to factories.
- The SC agreed that the term needs changing and discussed a number of possible new terms, including ‘inactives’, ‘orphans’, and ‘2013 inactives’.
- The SC agreed that the new term utilised for the cohort of factories which have been carried over into the 2018 Accord and have not been listed as active by 2018 Accord signatories will be changed from ‘released’ to ‘no-brand’ factories.

Stage 3 escalation for no-brand factories

Ted asked whether the sanction for no-brand factories that reach stage 3 of escalation will be that they cannot start a business relationship with Accord company signatories for a period of 18 months since the termination letter has been issued. Joris answered affirmatively, adding that those factories will also be listed as ‘terminated’ on the Accord’s website.

- Christina suggested that the status for terminated factories is changed from ‘terminated’ to ‘ineligible’, arguing that company signatories are required to terminate their business with these factories, and the factories become ineligible for business with Accord signatories for a period of 18 months.

Actions:

- **The SC approved the revised escalation letters presented as Paper 2b, conditional to the following amendments to be made by the Secretariat:**
- i) Replace the term ‘released’ with ‘no-brand’ to reference the factories the 2018 Accord continues to monitor remediation but which have not been listed as active by 2018 Accord company signatories, and any factories where all brands are released of their responsibility after 18 months of delisting;**
- ii) Replace the term ‘terminated’ with ‘ineligible’ to describe the factories escalated to stage 3.**
- **Secretariat to review all references to ‘terminated’ factories in internal and public communications materials and send amendments to the Management Committee for approval.**

Update on outstanding protocols for 2018 Accord

Joris updated on the status of 2018 Accord protocols, as follows:

- Factory disclosure – protocol presented at the SC meeting of May 2018; the Secretariat incorporated the feedback received and sent an updated version to the SC through email; the SC subsequently approved it. The Secretariat is currently developing a one pager summarising the protocol, as per the SC’s request.
- Escalations –protocol approved conditional to the changes requested earlier in the SC meeting.
- Workplace Programs – protocol approved; the appendix to the 2014 approved Proposal on Worker Participation explaining how the workers’ right to Freedom of Association will be covered under the 2018 Accord was approved during the SC conference call of 1st June 2018. Michael Bride circulated for amendment or approval a draft “one-pager” summary document based on the submission of the 2018 Working Group on Worker Participation as per the SC requirement. If by 6th July 2018 the SC members require no additional amendments to be made, the communication will be considered approved.
- Dispute Resolution – protocol almost finalised; Jochen informed the SC that currently he and Lary are in the process of incorporating Christy Hoffman’s feedback. The revised protocol will be sent to the SC for review and approval as soon as possible.
- Closures and Compensation – protocol discussed earlier in the meeting; the Secretariat will make the requested amendments and will share through email with the SC. If within a week the SC members require no additional amendments to be made, the protocol will be considered approved.
- Inspections and Remediation protocols – The Secretariat is currently reviewing these protocols with the Chief Safety Inspection and will soon share the revised versions with the SC for approval. Christina requested that the Secretariat makes amendments to the protocols in track changes.

Joris noted that the Secretariat suggested at the SC meeting of February 2018 that a protocol on capacity building and handover to RCC is drafted, reflecting Articles 15 and 21 under the 2018 Accord, and asked the SC whether the Secretariat should proceed with developing such a protocol or the efforts on capacity building would better be reflected in a handover strategy. The SC agreed that information on capacity building efforts is more suitable for a strategy document

rather than a protocol.

Actions:

- **The Secretariat to share with the SC for approval the following revised protocols:**
 - o **Closures and Compensation - If the SC members have no additional comments within a week, the protocol will be considered approved;**
 - o **Inspections and Remediation protocol;**
- **Jochen and Lary to share with the SC for approval the Dispute Resolution protocol.**

Continuation of Safety Committee Training Program at no-brand factories

Rob noted that while the Accord continues to monitor remediation at no-brand factories, it is the Secretariat's understanding that the training program will be discontinued at those no-brand factories where it had commenced under the 2013 Accord. He furthered that this matter has not been previously addressed by the SC and asked whether the Secretariat's understanding reflects the SC's understanding.

- Lary asked why the training program would discontinue if the factories are required to continue the safety remediation.
- Christina asked the Secretariat whether continuing the training program at no-brand factories raises a capacity issue. Rob replied that this aspect has not been previously discussed, but he estimates that the Accord has the necessary resources.
- Lary requested clarification regarding the Accord's view of when factories are considered to have completed the training program. Rob answered that the program includes two All Employee Meetings – with a third one being added under the 2018 Accord - and training sessions, at the completion of which factories are given a recognition letter and the Accord considers them as factories that have completed the Safety Committee and Safety Training (SCST) Program. However, a key component of the program, envisioned since the beginning of the Accord, is the ongoing support that Accord trainers are providing to factory Safety Committees, which is meant to continue as long as the Accord continues. The ongoing support includes facilitating factory walk-throughs, support in developing systems to efficiently communicate to workers about safety, and participating in the Safety Committee meetings.
- Jenny highlighted the importance of the ongoing support, noting that, when the RCC will prove that it can responsibly take over the work of the Accord and the Accord will hand over its work, the RCC will have the obligation to step in and provide this ongoing support to factory-level Safety Committees.
- Michael noted that the Secretariat has recently been contacted by non-Accord factories seeking to participate in the Safety Committee and Safety Training Program. Additionally, he noted that there are approximately 80 factories which are now no-brand factories under the 2018 Accord and where the training program had commenced, was ongoing or had finished. A sample number of these – 6 where the Safety Training Program was ongoing in shared factories - were contacted and all indicated that they would favour continuing the Training Program.
- Jochen suggested that the Accord could provide the Safety Committee Training Program at non-Accord factories against a fee. The SC disagreed.

The SC agreed that continuity of the Safety Committee Training Program is key to enabling a working environment where Safety Committees can monitor and address workplace safety on a daily basis.

Action:

- **Secretariat to send a communication to all no-brand factories under the 2013 Accord where the Safety Committee Training Program has commenced and is in progress, to inform them that the Safety Committee training program will be discontinued unless the factory wishes to continue the program. Secretariat to continue the Safety Committee Training Program at all factories that respond positively.**

2.4 Other related industries**Findings from feasibility study (paper 3)**

Joris provided a summary of the findings of the study conducted by an external freelancer specialised in supply chain analysis.

- The sub-categories beyond CMT that were identified during the study include: dyeing, washing, printing, embroidery, packaging, finishing, spinning mills, weaving mills and knitting mills. The findings indicate large differences between the estimated number of entities. Scott asked whether the sub-categories list entities independently of each other (Paper 3, Figure 9). Joris responded that if production in a building covers more than one of the sub-categories listed, that building would be counted twice.
- 46% of the respondent signatory companies indicated that they have only made partial progress in mapping their supply chain in the areas listed above and 32% have not yet started. For those that are incomplete or only partially mapped, 60% of the signatory companies indicate that it would take more than 6 months to determine how many separate entities they have beyond CMT suppliers.
- The figures showing the number of entities per sub-category (Paper 3, Figure 9) are higher than those showing the estimated number of signatory entities beyond CMT (Paper 3, Figure 10), but there is a considerable overlap between the two. For example, one can estimate that Accord signatories would be utilising all the spinning mills in Bangladesh.
- Bernardo Cruza noted that only 37 company signatories completed the survey sent by the Secretariat, implying that the remaining 120+ signatories may not be interested in listing factories under other categories beyond CMT. Joris commented that there may be other reasons for brands not to fill in the survey (like time constraints) and that given that any possibility agreed by the SC to list related industries would be on a voluntary basis, so even if the majority of the brands would not be interested, it would be important to consider that some (major) brands do want to list related industries.
- Jenny commented that the results indicate there is a huge gap in supply chain mapping, and it is likely that the other companies, even if they were willing to complete the survey, they would not be able to provide the information required.
- Joris reminded the SC that the purpose of conducting the feasibility study is to assess the capacity needed by the Accord to conduct its programs if factories are listed in the sub-categories given and to help the SC make an informed decision regarding categories of related industries where company signatories may choose to list entities. . He also suggested that the SC considers combining categories – such as washing and dyeing – should they decide to provide companies with the possibility of listing suppliers in other industries.
- From a fire and building safety perspective, the highest risks are related to entities in these sub-categories: packaging, trims and embroidery.
- 46% of respondents are interested in voluntarily listing fabric mills, while 43% are interested in voluntarily listing washing and/or dyeing entities.
- Considering the level of interest of signatory brands combined with their weighted share of current listed factories, the categories with highest level of interest are: fabric mills, spinning mills, washing facilities, finishing, dyeing and printing.

Actions:

- Secretariat to develop a proposal in expediting supply chain mapping by signatory companies in the following sub-categories: dyeing, washing, printing, embroidery, packaging, finishing, spinning mills, weaving mills and knitting mills, to close the current information gap.
- SC members to provide written comments on the draft feasibility study. Option to list additional related industries to be discussed at next SC meeting.

2.5 SC monthly reports - Proposed revision to SC monthly report format

Action: Secretariat to share with the SC through email the proposal on revising the SC monthly report format.

2.6 Establish sub-committees

The SC agreed that the following SC members will serve on the 2018 Accord Audit and the Management sub-committees.

- Audit Committee: Jenny Holdcroft and Edward Southall
- Management Committee: Matthias Bolton and Karl Fagerlin

2.7 Contingency plan in case of premature closure of Accord liaison office in Bangladesh

- The Chair summarised that the 2018 Accord agreement is solid, and is not nullified if the Accord's operations in Bangladesh are prematurely shut down. The next step for the SC is to discuss how the agreement can continue to be implemented if the operations in Bangladesh are forced to cease.

Key messages for SC brand representatives to communicate to the brand caucus on 27th June 2018

The SC agreed that SC brand representative will inform the brand caucus of the following:

- If the operations in Bangladesh are ceased prematurely and the RCC is not deemed ready to take over the Accord's work, the company and trade union signatories will continue to implement the 2018 Accord.
- SC brands committed to share the template message to their suppliers and urge all other Accord company signatories to share it with their Accord-covered suppliers as well

3. Management Reporting (Executive Office pt. 1)**3.1 Review last meeting agreed actions:**

Outstanding actions:

Inspection Program & Remediation

1. 'Secretariat to investigate how many factories of the 812 where the installation of fire detection and alarm systems is still outstanding have opened the LC.' Rob commented that this investigation requires checking each individual factory's CAP, as the Accord does not currently track any data in FFC to inform on the above. The results will be presented at the next SC meeting.
2. 'Secretariat to share with the SC the number of key safety issues segregated per active and inactive factories.' Rob noted that the Secretariat is waiting for all company signatories to submit their active factory lists. The report requested will be shared with the SC as soon as possible.
3. 'Secretariat to re-assess the CAP categorization with the CSI to better track which particular safety items have been remediated and which have not. To be presented at next SC meeting.

WSP DEA review

1. 'Accord CSI to review the DEA review process and Secretariat to present at next SC meeting a plan on how to optimise this process.' Rob noted that the report will be provided to the SC within the next two weeks.

Proposal for impact assessment

1. 'Secretariat to start implementing the impact assessment tool based on the proposal presented.' Michael reported that a discussion had taken place with the ILO's partner which carried out the Impact Assessment on the ILO Bangladesh program, and that partner stated that it had taken a year just to prepare the impact assessment. He furthered that this partner was not a right fit for the Accord's impact assessment considering the timeline that would be required. The Accord is proceeding as per the previous proposal agreed at the previous SC meeting.

3.2 Inspections & Remediation

2018 Accord factory numbers & Accord capacity (presentation)

Joris updated the SC on the 2018 Accord factory figures:

- 1,396 active factories listed by company signatories
- 289 no-brand factories
- 36 company signatories are yet to submit their factory lists submissions
- 56 newly listed factories – of which 2 producing home textiles and 1 producing fabric and knit accessories; Joris noted that the figures above do not indicate a need for change in the Accord's capacity to effectively operate, as the number of covered factories – approximately 1,600 – is similar to the number of covered factories under the 2013 Accord (given the SC decision to continue monitoring remediation at "no-brand" factories not carried over by signatories to the 2018 Accord.

Actions:

- **Secretariat to ask the Alliance and/or NPoA to provide the inspection reports for the Alliance/NPoA covered factories of the 56 newly listed factories under 2018 Accord.**
- **Secretariat to share with the SC brand representatives the list of company signatories that have not yet submitted their factory**

lists, to raise this issue at the brand caucus on 27th June 2018.

Life cycle stages for Accord covered factories (presentation)

Joris presented the program flow for Accord-covered factories, noting that this was an action from the previous SC meeting, at the request of SC brand representatives. The presentation will be shown at the company caucus on 27th June 2018 and includes an overview of the Accord inspections, remediation, and workplace programs' status as of beginning June 2018.

The three main steps that Accord-covered factories go through are i) being listed by one or more company signatories and being subject to initial inspections and follow-up inspections until remediation completion or termination; ii) completing the safety remediation and the Safety Committee Training Program, and iii) receiving ongoing support from the Accord to ensure that once they become safe workplaces, they are maintained as such. The Safety and Health Complaints Mechanism is an overarching component of the Accord, as since the moment factories are listed workers and their representatives at Accord-covered factories can raise health and safety issues with the Accord.

Steps inspections and CAP implementation:

- Within a target of 6 weeks of listing, Accord engineers conduct initial inspection for fire, structural, and electrical safety. There are currently 29 factories inspected that are yet to develop their CAP.
- Within an additional 6 weeks, the factories complete the development of their CAP. There are currently 1,553 factories with CAP finalised and working on the implementation of the CAP.
- The most updated data on CAP implementation progress rate shows that 1,222 factories have a progress rate of >75%. Accord engineers conduct follow-up inspections to verify the remediation once every 4 months. At factories in escalations, follow-up inspections take place once every 3 months. The new safety findings identified during follow-up inspections are listed in the CAP as 'new findings'.
- To start the installation of their fire prevention and protection systems, factories must first submit to the Accord for review and approval the designs of the fire systems. Similarly, to start the structural retrofitting, factories must first submit to the Accord for review and approval a (detailed) engineering assessment (D/EA). There are 1,419 factories with fire alarm design approved. There are 689 factories with their DEAs/EAs approved.
- The next step in advancing the safety remediation is CAP completion. 182 factories are ready for testing & commissioning verification inspections and 404 factories have a reported remediation progress rate of 100%. Jenny commented that presenting the number of factories with 100% progress rate is misleading, as it would imply that those factories are fully remediated, although Accord engineers are yet to verify the remediation as completed. The SC agreed to change the wording and use 'awaiting verification' instead of '100% progress rate'. The Chair asked when the factories awaiting verification of remediation will be inspected. Joris answered that it will not take longer than 3 months before the remediation is verified, depending on the date when each of the factories had their last follow-up inspection.
- There are currently 152 factories verified as remediated.

Steps Safety Committee Training Program:

- Factory nomination/selection. Currently the program commenced at 1,063 factories.
- Initial meeting with Accord, company signatories and factory management. Currently the initial meeting took place at 1,020 factories.

- Within 4 weeks of initial meeting taking place, the Safety Committee training starts. It includes 2 All Employee Meetings with all workers in the factory and 7 training sessions with the Safety Committee members.
- Within approximately 43 weeks, the Safety Committee Training Program is completed. 239 factories have completed the training as of June 2018.

The ongoing support that the Accord provides at factories that have completed the initial remediation and/or the Safety Committee and Safety Training Program includes:

- Follow-up inspections every 6 months; there are 41 factories with all new findings completed and 135 factories with no outstanding CAP remediation items.
- As part of the ongoing support, the Accord facilitates Safety Committee meetings at factories. Lary asked how often the Safety Committees meet and how often an Accord trainer facilitates the meetings. Michael replied that functional Safety Committees meet every 3 months and up until now the Accord has been attending almost every meeting. It is intended that in the future the Accord trainer will facilitate every second Safety Committee meeting, but will still require the reports of the walk-throughs conducted during the Safety Committee meeting where the Accord was not present.

Action: Secretariat to make the following amendments to the presentation before it is shown at the brand caucus on 27th June 2018:

- **Change wording to reflect that factories with 100% remediation progress rate are awaiting verification of their remediation;**
- **Remove the figure indicating the number of factories with new findings remediated.**

Inspection scope - Plan for boiler inspections pilot (paper 5)

Stephen and Rob presented the proposal on Accord boiler safety pilot program, highlighting the following:

- The pilot program will contract with international firm TUV-SUD to conduct safety boiler inspections at 50 Accord covered factories. The Secretariat is at this moment selecting the 50 factories by applying the following criteria: i) type and capacity of boilers that are the the most dangerous in case of explosion and ii) geographical proximity.
- The Accord will have 5 selected staff engineers receive training from and accompany the TUV-SUD engineers on the boiler safety inspections. The Accord will further invest in training and credentialing (as required under the Bangladesh Boiler Act) of these staff engineers who will serve as in-house technical resource persons on boiler safety issues. Rob noted that subsequent to the pilot program, the Accord will decide whether to recruit additional engineers to cover boiler safety inspection and follow-up at covered factories.
- The estimated cost for the pilot is \$150,500.
- The pilot is scheduled to start in the second week of July and resume at end August. Boiler inspections will not be conducted around mid-August due to the Eid holiday.
- The Accord will develop inspection reports together with TUV-SUD to share with factories, company signatories and labour colleagues. Additionally, a CAP will be developed with the factory and the Accord will follow-up on completing any remediation from the boiler inspection with the supplier factory and relevant signatories. The Accord notice and warning provisions would not be applied to the boiler safety inspections conducted as part of the pilot, nor to the follow-up inspections.
- The Accord will continue its work with ILO to have boiler safety integrated into the safety requirements and inspections program of the NPoA.

Jenny asked whether the Chief Inspector of Boilers (CIOB) knows of this pilot program.

- Rob confirmed that he has been informed and is supportive of the program. The Accord has documentation in support of the CiB's approval of the Accord support for boiler safety, including from CIOB organized engagement meetings where ILO participated as well. Rob noted that given the proposal is approved by the SC, the Secretariat will inform the company signatories in July 2018 of the start of the pilot.

Scott asked how the Accord will deal with the critical cases of unsafe boilers, noting that he has raised this question at the past SC meeting.

- Rob replied that the Accord will apply a procedure similar to when Accord engineers find that a building is structurally unsafe. The Accord will notify the factory owner, the responsible company signatories and - if there is a Federation in the factory – the union that the Federation is affiliated with, that the boiler inspection revealed that the boiler(s) in the factory is/are unsafe. The responsible company signatories will have the obligation to inform the factory management and the CIOB of these findings. Rob noted that from the Accord's previous engagement with CIOB, there is indication that CIOB would respond timely and send inspectors to investigate any critical cases that the Accord would flag.
- Jenny noted that it is important to use clear criteria to determine when a boiler is in critical state. Rob responded that the CSI and TUV-SUD will develop these criteria.

Lary noted that he has reservations to the approach of utilizing international boiler safety engineers to conduct these inspections while he asserts there is local capacity available. He furthered that since the previous SC meeting, Esprit has been looking at the boiler safety inspection reports of the factories it supplies from and although there is indication that the quality between the reports may vary, he believes that there is local capacity to conduct boiler inspections and monitor boiler safety remediation.

- Rob noted that running the pilot with TUV-SUD is a good opportunity to have an international firm assess the quality of boiler safety inspections conducted locally by cross-referencing the findings of their inspections with the inspection reports previously produced by local inspectors.
- Stephen noted the importance of impartiality, which lies at the heart of an independent inspections program. Lary questioned the impartiality of TUV-SUD as the pilot program may translate into being contracted for a larger project. Rob noted that TUV-SUD informed the Accord that it does not have the capacity to accept a longer term, larger scale boiler safety inspection program b/c they do not have an adequate number of international (European) engineers that are willing and/or can be freed up for assignments in Bangladesh.
- Stephen noted that the international firm is a good start to set a benchmark for boiler safety inspections and train staff engineers, which will ultimately lead to having safer factories.
- Lary noted his support for the proposal presented by the Accord.

Ted noted the \$150,500 estimated cost for the pilot, implying an estimated cost of \$3,000 for each factory inspected in the pilot. He asked what the bulk estimated cost is.

- Rob noted that TUV-SUD does not conduct inspections at such a large scale as needed to inspect all Accord-covered factories. He furthered that the way forward would imply training staff engineers to conduct boiler inspections and monitor boiler remediation. He also noted that international firms conducting such large projects may have different fees than TUV-SUD. The bulk of the cost for the pilot boiler safety inspections is the daily rate of the TUV-SUD European engineers.

The SC approved the Accord's proposal on the boiler safety pilot program.

Fire safety - Update on number of negative suction non-compliances

Stephen presented an update on negative suction non-compliances, highlighting the following:

- What is negative suction. When the water level in the water tank is below the pump centreline, the pump is said to be installed under negative suction head. The pump has to create a pressure below atmospheric so that atmospheric pressure can force the water to the pump.
- What is positive suction. Pumps are said to be installed under positive head when the water level in the pump is above the pump centreline. Fire pumps are installed under positive head to have an assured supply of water after starting the pump or to prevent the need of priming in case of an emergency in order to ensure that the firefighting system has water provided at the required pressure.
- Number of Accord-covered factories in non-compliance by using negative suction.
 - 268 Factories identified in negative suction;
 - Accord conducted 214 negative suction special inspections and finalized reporting;
 - 139 of the reports have already been sent to factories; a remaining 75 reports are under review;
 - 102 Corrective Action Plans/ Final Action Plans received
- The Accord CSI, Fire Safety Department Acting Lead Engineer and Deputy Director for Implementation are working together to identify all negative suction non-compliances and completing the process of reporting, integrating the issues into the CAP as a new finding, and monitoring remediation
- Factors leading to current number of negative suction non-compliances.
 - Inaccurate initial reporting;
 - Incorrect submissions and designs submitted to Accord for review and approval;
 - Incorrect installation, maintenance and breakdown;
 - FUI's and T&CVI's later identify system defect;
 - Third party notification (BGMEA/Brands)

Ted noted that factories and BGMEA raised with company signatories that the Accord is finding negative suction non-compliances while the Accord engineers approved non-compliant fire system designs, resulting into the acquisition and installation of the system.

- Rob commented that the letters that the Accord sent to factories reviewing their fire designs state that the installation of the fire detection and fire protection systems must comply with NFPA20.
- Stephen commented that it is a legal requirement for engineers, architects, designers and such to state the industry standards that signed-off designs must comply with and these standards entail the ultimate requirements for the installation of systems.
- Ted raised that a solution must be found in order to mitigate this issue. Joris reminded the SC that at the previous SC meeting two solutions were discussed and approved: i) negative suction non-compliances are listed as 'new findings' in the factory's CAP and ii) in future design review documentation, the Accord will specifically describe the NFPA standard.

- Solutions to negative suction non-compliance.
 - Installation of vertical turbine pump. Installation of a horizontal pump beside the water tank and at the lowest level and below water line at the bottom of the tank (restrictive due to flood risk);
 - Installation of the water tank at a level above the fire pump.

- Moving forward.
 - Review of reports and integrating the negative suction into the CAP as a new finding
 - Continued engagement with factories/brands/BGMEA;
 - Possible reinstatement of negative suction special inspections;
 - Review of remedial options;
 - Establish clear timelines to avoid slippage and excessive timescales for rectification;
 - Review of inspection protocols, competencies, follow-up inspection and final action plans;
 - Establish accurate data and keep updated through continual review.

Action: Secretariat to investigate how many factories had the fire system design resulting into the installation of negative suction pumps approved by Accord fire safety engineers.

3.3 Workplace Programs

Update on training program & complaints mechanism

Michael outlined the reduced Training Program which was in effect for Ramadan, both for staff welfare reasons and due to the reduced office hours.

Michael noted that 5 factories were escalated for refusal to cooperate with or otherwise obstruct the Safety Committee and Safety Training Program. All of them were subsequently de-escalated for complying with the training program's requirements.

Michael outlined how the month of Ramadan also impacted on the Complaints Mechanism on Safety and Health. The combination of production pressure before the Holy Festival of Eid (during which time Bangladeshi factories close for approximately ten days) and the shorter working hours meant that of the 20 safety and health related complaints received during Ramadan, 6 were related to involuntary or excessive overtime, and 5 of these were in the final two weeks before Eid. Where the Escalation Protocol was applied in these cases, the factories were escalated as a result of attempts to coerce workers into providing false information to the Accord, and not in regard to the overtime issue itself.

4. COMMUNICATIONS & STAKEHOLDER ENGAGEMENT

4.1 Review last meeting agreed actions:

No outstanding actions

4.2 External Communications

2018 Accord Communications Overview (paper 6)

Joris noted that paper 6 presents the Accord's communications plans for short- and mid- term and that it was shared with the SC in February 2018 in the broader context of the transition plan presented by the Secretariat.

The SC agreed to inform the Secretariat through email should they have comments or questions about the communications overview.

5. Management Reporting Part 2

5.1 Review last meeting agreed actions:

No outstanding actions

5.2 Signatory Management

Signatory status issues (paper 7)

Rob presented paper 7, informing the SC of the following:

- i) Determining the number of factories for annual fee calculation

Two signatories have recently asked the Secretariat how to determine the number of factories which should be used to calculate the annual fee owed. There are 2 scenarios where there are multiple factory listings in the FFC database, whereas the factories are in the same building or compound.

Scenario 1: Building extension

If a factory is listed in FFC and then at a later date builds an extension, the building extension will be listed as a separate factory in FFC (i.e. it has a different FFC name and ID). The Accord will conduct an initial inspection in the building extension but the follow-up inspections of the original building and extension will be done together.

Scenario 2: In several factories there are two or more different factory licenses operating at the same building. However, the factories are under the same ownership and management. There are no other factories located in the building with different ownership and management. Two FFC numbers were assigned

because of the two business licenses. The Accord will conduct the initial inspection and follow-up inspections for these different factories together and the CAP will apply to the whole building.

The Secretariat is seeking advice from the SC as to which factors to consider when determining the factory number for the annual fee calculation:

- a) according to the number of factory listings in FFC per company signatory; or
- b) excluding factory extensions; and/or
- c) excluding multiple factories inspected as one in a single building, provided that the only factories in the building share the same ownership and management.

The SC discussed and agreed with the following considerations brought forward by the Secretariat:

- Building extensions are listed as separate factory listings in FFC because it is not possible to store 2 initial inspections for one factory. It therefore seems reasonable that this not be counted in the factory number for the purposes of determining annual fees owed.
- Building extensions are identifiable in FFC as they have the same factory name with '(Extension)', it is therefore feasible to exclude this from the count of factories per company signatory.

Rob noted that it is more difficult to identify factories which are under same ownership and management in the same building, as this is not distinguishable from a shared building with multiple factories under different ownership.

- Ted asked whether this implies additional costs for the Accord. Rob answered that it does not; the only impact that it has is that it requires a larger inspection. Extensions are not considered a separate factory. On the other hand, if 3 different factories have the same owner, then each of those factories is registered in FFC as an individual factory.

Action: SC brands to review the Secretariat's paper and to take a decision on which factors (a and/or b and/or c) are to be considered when determining the factory numbers for the annual fee calculation.

6. AOB

- Dates of next Dhaka meeting: 30 – 31 October 2018
- Date of Bangladesh stakeholder engagement meeting: 1 November 2018

Action: Secretariat to circulate proposed dates for the first SC meeting of 2019.

The SC and the Secretariat expressed thanks to the Chair for facilitating the meeting and for his ongoing support to the Accord.

Close of Meeting