

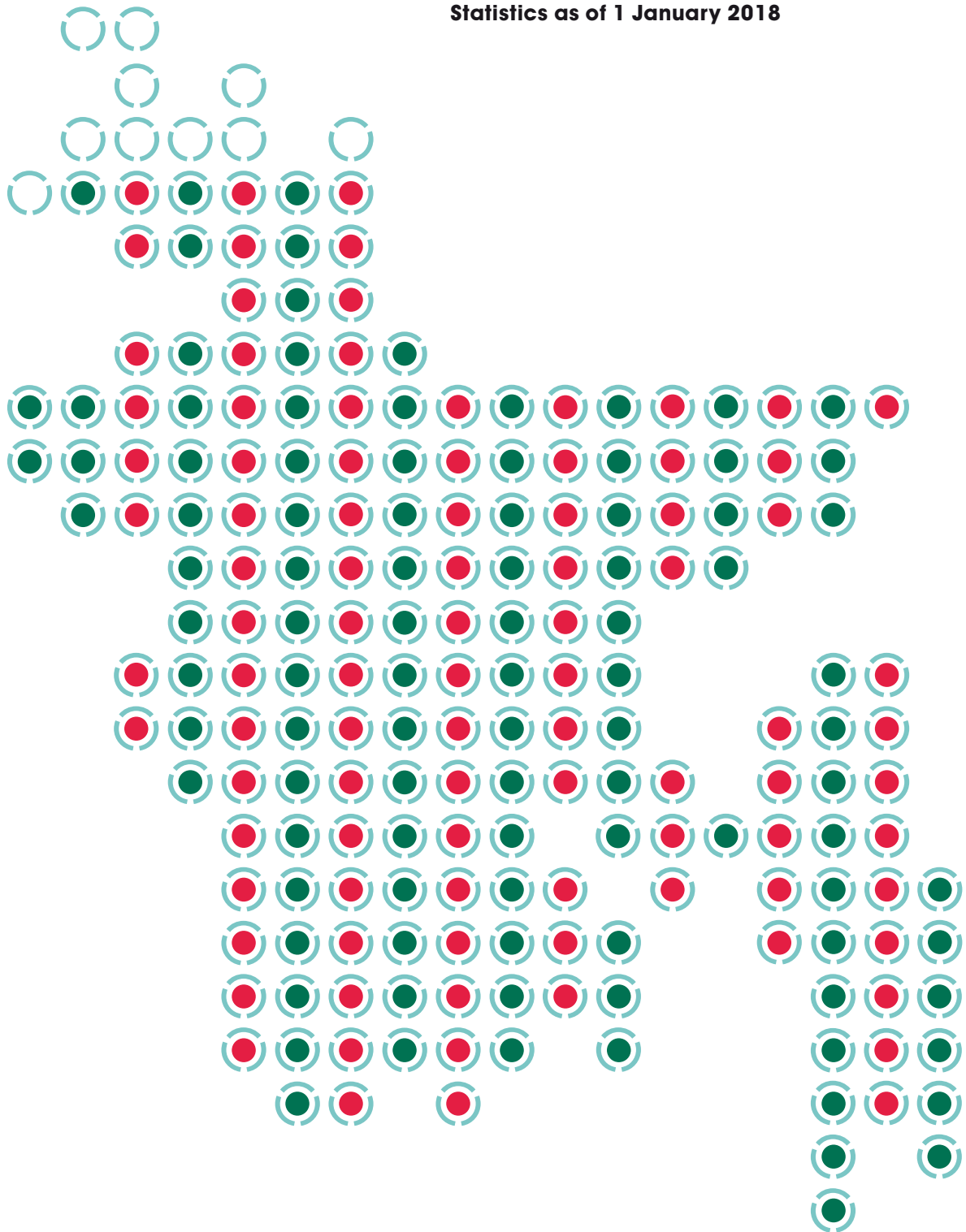
QUARTERLY AGGREGATE REPORT

1 2 3 4

24 January 2018

on remediation progress at RMG
factories covered by the Accord

Statistics as of 1 January 2018



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SUMMARY

1
Accord Article 19c

The Accord on Fire and Building Safety in Bangladesh publishes Quarterly Aggregate Reports as part of its commitment to transparency and accountability.¹ This report provides an overview of implementation of the Accord program and remediation progress at the Ready-Made Garment (RMG) factories covered by the Accord.

The overall remediation progress rate of safety issues identified in initial inspections reported or verified as fixed has reached 83 percent. Remediation is close to completion at 699 Accord factories which have completed more than 90 percent of the remediation. 127 factories have completed all remediation from initial inspections, out of which 25 factories have remediated all the issues, including the new findings.

While marking this significant progress, major life-threatening safety concerns remain outstanding in too many factories and need to be fixed urgently. These include: inadequately protected fire exits, inadequate fire alarm and fire protection systems, and outstanding structural retrofitting work.

The Accord monitors completion of remediation at the 1600+ factories with more than 100 engineers on staff who conduct up to 500 follow-up inspections each month. Each factory covered by the Accord is inspected approximately once every three to four months. The Accord secretariat further conducts targeted remediation review meetings with individual signatory companies to identify high priority factories where remediation must be accelerated.

The notice and warning procedure under Article 21 has led to escalation measures at 612 Accord covered suppliers. When factories reach stage 2 of escalation, the Accord holds meetings with the Factory Management and the responsible Accord signatory companies to discuss the inadequate remediation; the immediate measures that must be taken, corresponding timelines, and necessary support to make remediation financially feasible. At 96 suppliers, Accord signatory companies were required to terminate business with this supplier's factories for continuing to inadequately participate in the Accord program.

The Accord has commenced the Safety Committee and Safety Training Program at 846 Accord factories. At these factories, the Accord has held 882 "All Employee Sessions" – generating more than 1.9 million worker contacts – to present the Safety Committee; to inform workers how to identify and address safety hazards; and how to safely evacuate the factory in case of a fire. The Accord Training Team has conducted 2,213 Safety Committee Training Sessions at factories where the program has commenced. The full 7 session training curriculum has been completed at 181 factories.

The Accord Safety and Health Complaints Mechanism has resolved 183 complaints raised by workers or their representatives at Accord factories. 497 complaints have been filed with the Accord, out of which 366 were determined to fall under the health and safety remit. Currently, 96 of these complaints are under investigation.

INSPECTIONS UPDATE



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<http://bangladeshaccord.org/factories/list-factories/>. Key information on each factory on the disclosure list includes: factory name and address, the number of stories of each structure, whether a building includes multiple apparel factories, whether it houses other types of businesses, the number of workers in the factory, and the number of Accord signatories with production at each factory.

Under the terms of the Accord, company signatories disclose all their supplier factories in Bangladesh. This information is consolidated into an aggregated list, including information pertinent to assessing building safety. The Accord updates the publicly available factory list on a monthly basis.²

Accord signatory companies update their factory data on an ongoing basis submitting it directly to the Fair Factories Clearinghouse (FFC), a secure external platform for sharing and analysing factory information.

All factories covered by the Accord are subject to initial inspections and periodic follow-up inspections to monitor and verify remedial measures. The Accord completed initial fire, electrical and structural inspections of 1,100 factories in September 2014. Since then, the Accord has inspected an additional batch of 300 newly listed factories in 2015. Since April 2016, initial inspections at newly listed factories are conducted on an ongoing basis.

DIAGRAM 1: **FACTORIES INSPECTED OR SCHEDULED FOR INSPECTION UNDER ACCORD PROGRAM**

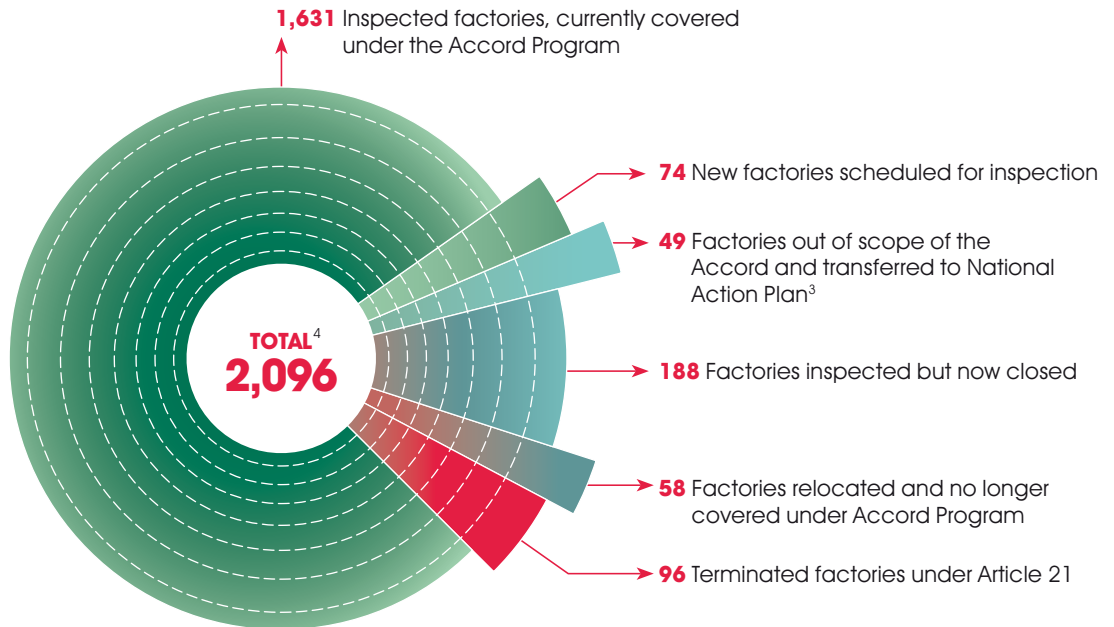


3

<http://bangladeshaccord.org/factories-transferred-to-government-inspection-program/>

4

This number is higher than the total number of factories listed on the Accord public factory list, because it includes factories that have been closed, and factories transferred to inspection program under the Government of Bangladesh National Tripartite Action Plan for Fire and Building Safety.



INSPECTION REPORTS & CORRECTIVE ACTION PLANS

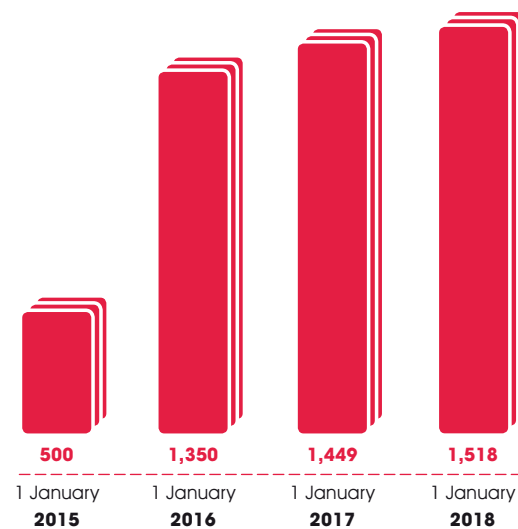


After each factory has been inspected for fire, electrical and structural safety, the inspection reports are shared with factory owners, the related Accord signatory companies and worker representatives.

The factory owner and the company signatories are tasked to develop a Corrective Action Plan (CAP) that details what remedial actions will be taken with a clear timeline and a financial plan. The Accord has a team of case handlers that provide support in the CAP development and implementation and work closely with the Accord engineers to provide any necessary technical guidance.

Once a CAP is finalised by the factory owners and the signatory companies, it is submitted to the Accord for review and approval by the Chief Safety Inspector. After approval, all three inspection reports and the CAP are uploaded to the Accord database and website. CAPs are regularly updated after the Accord case handlers receive information from the factories reporting that issues have been fixed and after the Accord engineers have conducted follow-up inspections.

DIAGRAM 2: **PUBLISHED INSPECTION REPORTS AND CAPs** ⁵



⁵ This figure is the number of publically available inspection reports and CAPs on the Accord website. It does not include factories that are closed, transferred to the National Action Plan or terminated. Details on terminated factories can be found here: <http://bangladeshaccord.org/terminated-suppliers/>

REVIEW OF FINDINGS

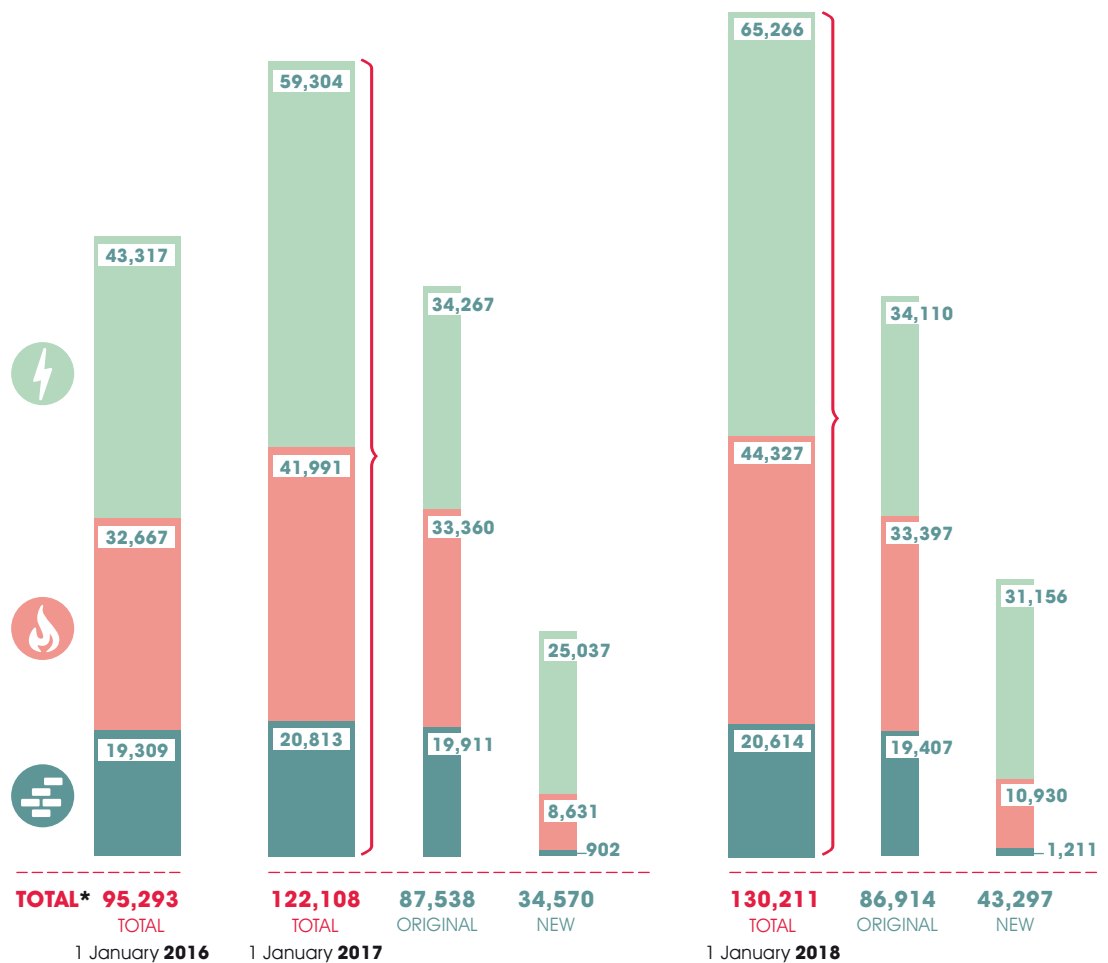
The fire, electrical and structural findings from inspections form the basis of the CAP. Once the CAP is published, the Accord tracks the total number of findings and their status. The numbers presented here therefore represent all reported findings in the published CAPs.

The total number of findings increase for two reasons:

1. New factories continue to be listed by Accord signatories. The Accord conducts initial inspections at these factories and the findings from the initial inspections are added to the total findings as soon as the CAP is published and finalised.
2. Follow-up inspections often identify new findings. These are either new hazards that have arisen since initial inspection or hazards which were not checked in the initial inspection which was of limited time and scope due to the urgency to inspect all factories rapidly.

The diagrams below show the total original and new findings, as well as all the findings combined.

DIAGRAM 3: **TOTAL REPORTED FINDINGS** (PUBLISHED CAPs)



* Total issues based on published CAPs only

Please see the Accord's Glossary of Terms for an explanation of the terms used here: <http://bangladeshaccord.org/wp-content/uploads/Glossary-of-Terms.pdf>

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Overview of common findings⁶

Most of the findings that are reported in published CAPs are common to many factories. The Accord tracks the total number of findings by categories and sub-categories. The fire, electrical and structural categorization allows for further analysis of the most common safety hazards across all the factories inspected under the Accord Program.



Electrical Safety Hazards at Initial Inspections:

- Inadequate support and protection of cables was the most common electrical hazard identified.
- Deficient circuit breakers, unprotected openings and unsafe earthing (grounding) systems were found at more than 70% of factories.
- More than 60% of factories had dust and lint accumulated on electrical wiring, which can cause sparks and start a fire.



Fire Safety Hazards identified at Initial Inspections:

- 97% of Accord factories lacked safe means of egress. Lockable/collapsible gates, storage blocking exits and inadequate egress lighting were the most common hazards.
- Exit stair openings, the fire pump rooms, warehouses and storages were the most common areas identified in factories as lacking a proper fire separation.
- 91% of factories required an adequate fire detection & alarm system.



Structural Safety Hazards at Initial Inspections

No management load plan was in place, or the existing plan was being poorly implemented at almost 70% of factories. Using a management load plan prevents excess structural cracks and building collapses by avoiding weight in certain parts of the building.

Undocumented constructions and inconsistencies with the structural design drawings were found at more than 70% of factories. In just over 10% of the factories inspected, this resulted in an immediate requirement to reduce the loads in the building, such as storage or water tanks.

Lateral instability was identified at 62% of factories. Following the initial inspection, almost half of the factories had to conduct a design check against lateral load. This design check involves verifying that the building is adequately designed for potential wind load. For example, the maximum velocity of wind during a storm has to be considered as pressure on the building and the design check shows how the building will react to this.



Factories requiring Detailed Engineering Assessments (DEAs)

The initial structural inspection is not comprehensive and is limited to what can be observed during a 1-day visual inspection of the building. If the initial inspection indicates potential structural weakness, the building requires in-depth investigation and therefore many factories are required to undertake a structural Detailed Engineering Assessment (DEA) of all or part of the building.

DEAs are conducted by a qualified structural engineer hired by the factory. A complete DEA takes around 45 days to conduct⁷ and involves preparing as-built drawings, conducting engineering tests e.g. sampling and testing concrete strength, assessing actual loading, preparing load plans and developing retrofitting drawings. The factory then submits the DEA to the Accord for review. After review,

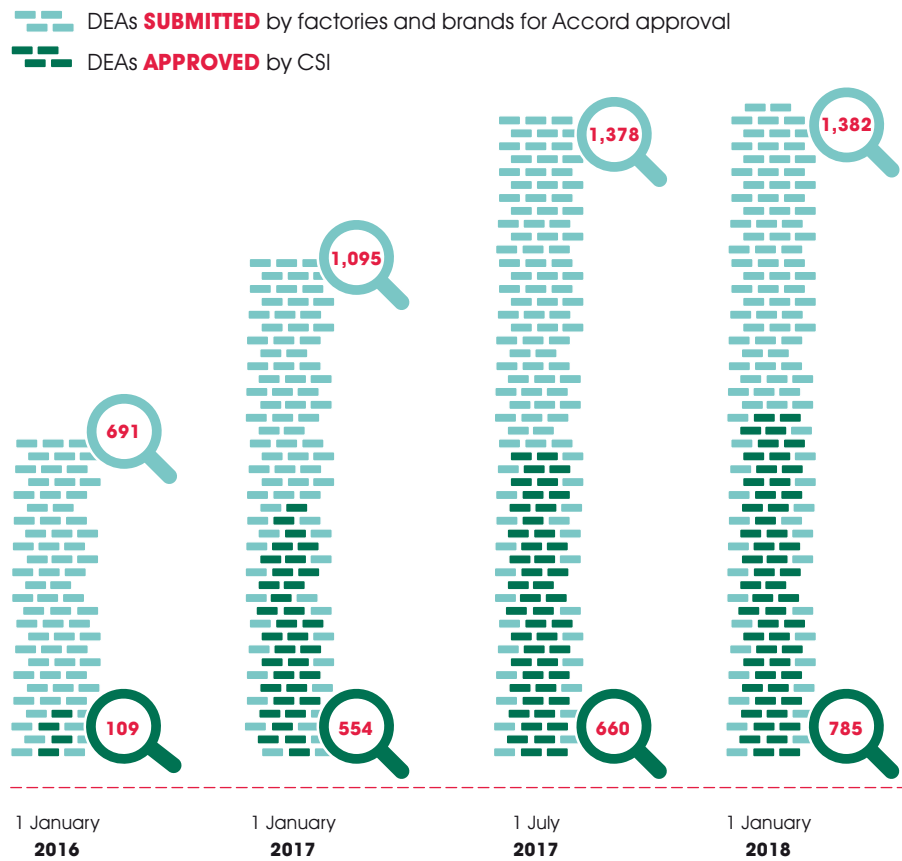
⁷ In many cases, the DEA requirement from the initial structural inspection is not for a complete DEA but rather involves further assessment on a finite number of specific items of concern. In such cases, the time for performing the DEA should be accordingly less.

the Accord will advise if further analysis is required for the DEA to be considered. Once the documentation is satisfactorily submitted, the Accord arranges a presentation meeting for the factory's structural engineer to present the findings. In most cases, the presentation generates further questions and the Accord will specify any further requirements for completing the DEA. The process is therefore iterative and usually needs 4 to 6 reviews and presentations before the DEA can be approved for the factory to begin retrofitting work.

A challenge at the beginning of this process was for factories to find structural engineers with the necessary experience to conduct DEAs. The Accord prioritises DEA reviews and presentations for factories identified as having serious structural safety risks.

The Accord is observing improvement in the quality of DEA submissions and re-submissions as the factories and engineers are gaining knowledge and experience in this complex technical discipline. However, the number of re-submissions needed before the Accord can approve the DEA is concerning and causing unnecessary delays in the commencement of retrofitting. The diagram below shows the progress made in DEA submissions and DEA approvals:

DIAGRAM 4: **DEA STATUS**





Factories requiring Fire Design & Drawing

The Accord fire safety inspections may result in the requirement of the factory to install fire protection systems such as automatic fire alarm systems, automatic sprinkler systems and hydrant systems. The design drawings for these systems must be submitted to the Accord for review and acceptance prior to installation of the system to ensure they meet the required standard.

DIAGRAM 5: FIRE DESIGN & DRAWINGS REQUIRING APPROVAL



Factories requiring temporary evacuation

In 41 building structure inspections, the Accord found that the structural integrity of the building fell below the acceptable level of safety and that there was a severe and imminent risk of structural failure. This led the Accord to submit its inspection results to the Government of Bangladesh' Review Panel. The Review Panel was established for inspections which lead to determinations that a building evacuation or suspension to operations is required. In order to overturn the initial evacuation recommendation of the inspection, a unanimous decision of the team of 4 Review Panel engineers (1 Accord, 1 Alliance, 2 Government of Bangladesh/Bangladesh University for Engineering Technology) must be reached.

The Accord has developed a separate webpage on its website that provides more details on the factories submitted to the Review Panel, such as a summary of reasons for submission, information about the current operational status of the factory, and information about the status of employment of the affected workers.⁸

The Accord is working with owners, brands, and labour in these cases in the three critical areas of: expediting remediation, ensuring wages are paid, and verifying employment is maintained. This is very challenging, but the Accord is working to obtain credible and verified information from brands, labour, owners, and through our own efforts to ensure the provisions of the Accord are being upheld.

8
<http://bangladeshaccord.org/factories/review-panel-cases>

REMEDIATION PROGRESS

Diagram 6 provides an overview of the status of inspection findings that are reported in the published CAPs.

- **IN PROGRESS:** This is the default status for an inspection finding. It means that remediation of the inspection finding is underway.
- **PENDING VERIFICATION:** The Accord has been informed that the finding has been corrected but the Accord is yet to verify this.
- **CORRECTED:** The finding has been verified as corrected by the Accord engineers through their follow-up verification visits.

The total findings in published CAPs include original findings and new findings.

- **ORIGINAL FINDINGS:** Findings from the Accord **initial inspections**.
- **NEW FINDINGS:** Findings from Accord **follow-up inspections**.

The Accord experience with remediation verification thus far, indicates that around 23 percent of issues pending verification will be reclassified as ‘in progress’ after a follow-up inspection. This is attributed to discovering during an Accord follow-up inspection that the issue was either not corrected or inadequately corrected.

The Accord uses an average progress rate metric to monitor remediation progress fairly across all factories. The metric is the percentage of original issues reported and verified as fixed out of the total number of original issues. The Accord average initial CAP progress rate (percentage of issues pending verification and corrected) stands at 83%.

TABLE 1: **STATUS OF TOTAL ORIGINAL FINDINGS** (IN PUBLISHED CAPs)

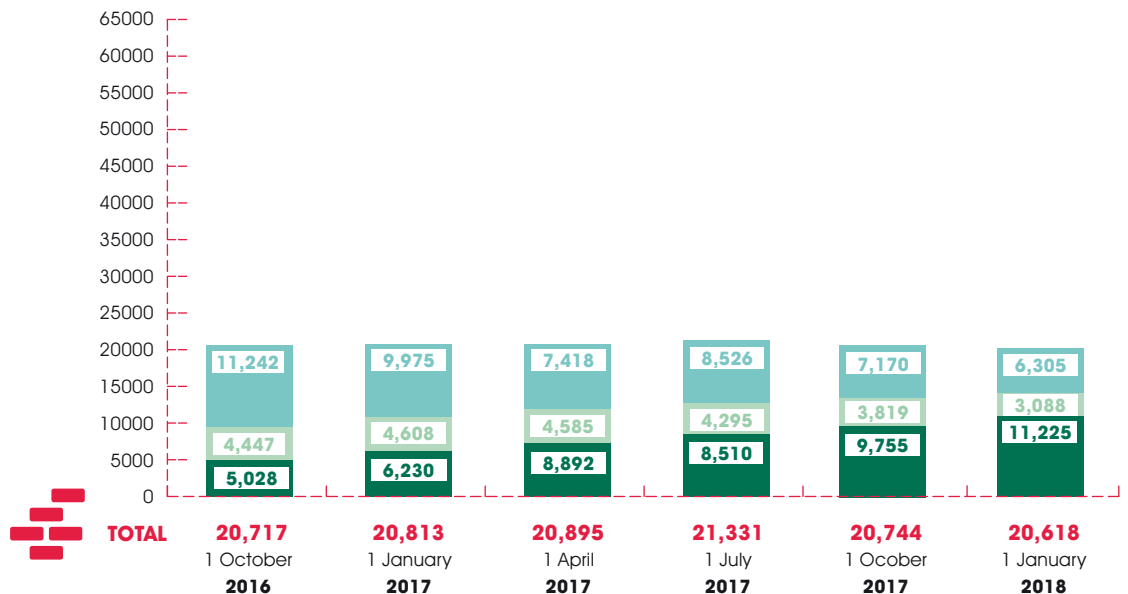
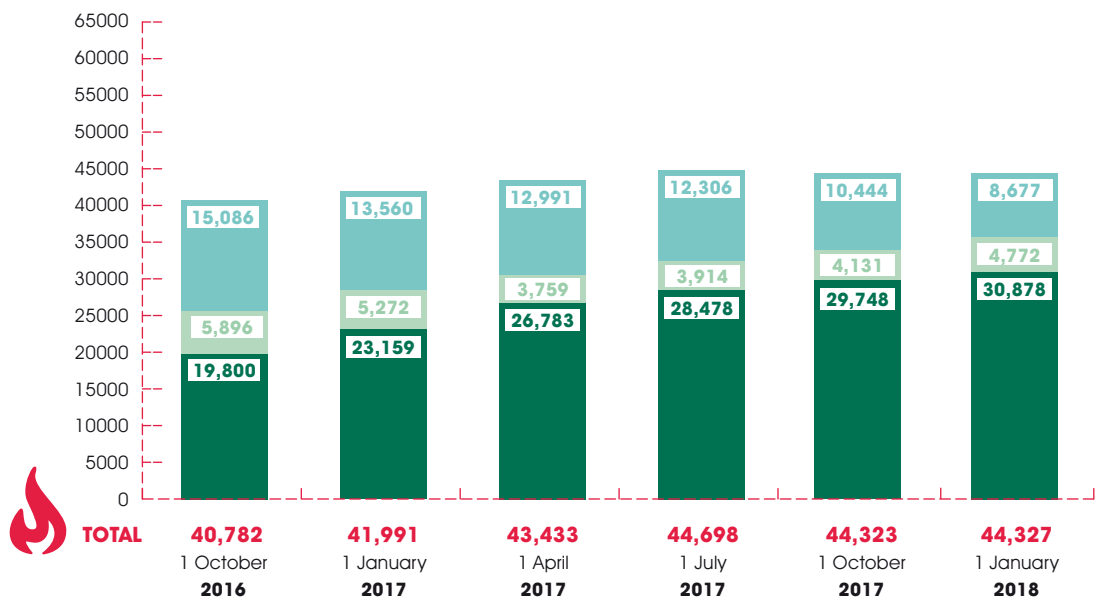
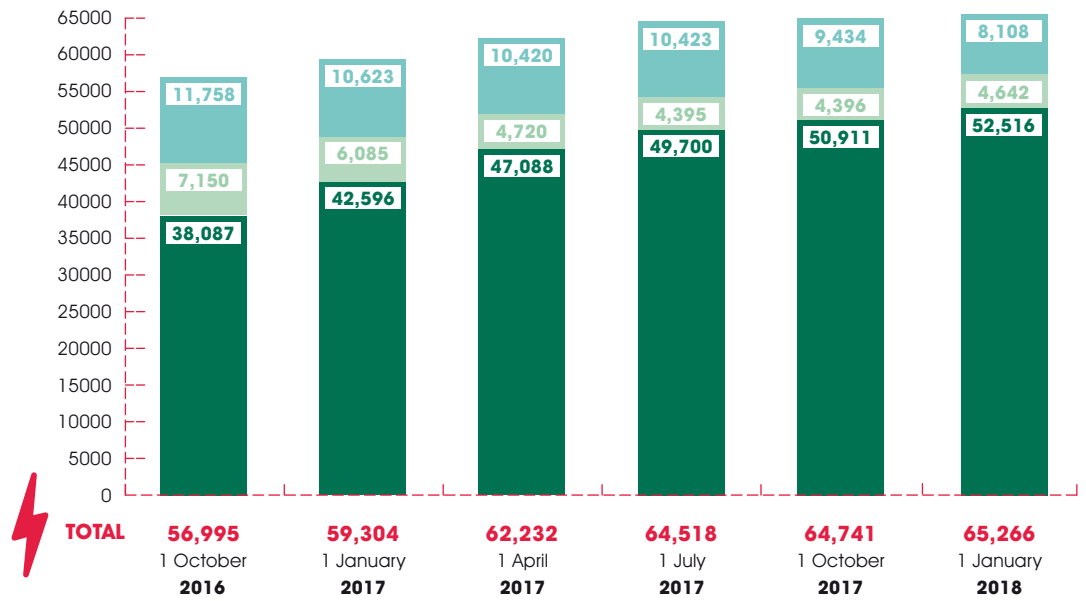
| | ORIGINAL ISSUES IN PROGRESS | ORIGINAL ISSUES PENDING VERIFICATION | ORIGINAL ISSUES CORRECTED | TOTAL ORIGINAL | PROGRESS RATE |
|---------------|--------------------------------|--|------------------------------|---------------------------|--------------------------|
| ELECTRICAL ⚡ | 2,501 | 1,554 | 30,055 | 34,110 | 92.7% |
| FIRE 🔥 | 5,942 | 3,204 | 24,251 | 33,397 | 82.2% |
| STRUCTURAL 🏗️ | 5,712 | 2,892 | 10,803 | 19,407 | 70.6% |
| TOTAL | 14,155 | 7,650 | 65,109 | 86,914 | |

TABLE 2: **STATUS OF TOTAL NEW FINDINGS** (IN PUBLISHED CAPs)

| | NEW ISSUES IN PROGRESS | NEW ISSUES PENDING VERIFICATION | NEW ISSUES CORRECTED | TOTAL NEW | PROGRESS RATE |
|---------------|---------------------------|---------------------------------------|-------------------------|----------------------|--------------------------|
| ELECTRICAL ⚡ | 5,607 | 3,088 | 22,461 | 31,156 | 82.0% |
| FIRE 🔥 | 2,735 | 1,568 | 6,627 | 10,930 | 75.0% |
| STRUCTURAL 🏗️ | 593 | 196 | 422 | 1,211 | 51.0% |
| TOTAL | 8,935 | 4,852 | 29,510 | 43,297 | |

DIAGRAM 6: STATUS OF TOTAL ORIGINAL AND NEW FIRE, ELECTRICAL AND STRUCTURAL FINDINGS COMBINED

IN PROGRESS
PENDING VERIFICATION
CORRECTED



The data presented in the following 3 tables is calculated based on the current number of Accord covered factories; this number does not include the factories that are terminated under Article 21, the factories out of scope of the Accord and transferred to the National Action Plan, the factories inspected but now closed, nor those relocated and no longer covered under Accord Program. For more information, see Diagram 1.

TABLE 3: **STATUS OF MOST COMMON ELECTRICAL FINDINGS AT ACCORD COVERED FACTORIES**


| FINDING  | NO. OF FACTORIES WHERE THE FINDING WAS IDENTIFIED | NO. OF FACTORIES WHERE THE FINDING IS STILL OUTSTANDING | REMEDIATION PROGRESS RATE ACROSS ALL FACTORIES |
|---|---|---|--|
| • Lack of cable support and protection | 1,094 | 180 | 83.5% |
| • Lack of Lightning Protection System (LPS) | 1,035 | 310 | 70.0% |
| • No Single Line Diagram (SLD) | 1,033 | 342 | 66.9% |
| • Inadequate circuit breakers | 969 | 178 | 81.6% |
| • Hazardous accumulation of dust and lint on electrical equipment | 909 | 41 | 95.5% |
| • Unsafe earthing equipment | 886 | 41 | 95.4% |

TABLE 4: **STATUS OF MOST COMMON FIRE FINDINGS AT ACCORD COVERED FACTORIES⁹**



| FINDING  | NO. OF FACTORIES WHERE THE FINDING WAS IDENTIFIED | NO. OF FACTORIES WHERE THE FINDING IS STILL OUTSTANDING | REMEDIATION PROGRESS RATE ACROSS ALL FACTORIES |
|--|---|---|--|
| • Lockable/collapsible gates | 1,366 | 57 | 95.8% |
| • Inadequate fire detection & alarm system | 1,354 | 795 | 41.3% |
| • Inadequate egress lighting | 1,308 | 168 | 87.2% |
| • Lack of fire separation in hazardous areas | 1,302 | 378 | 71.0% |
| • Blocked/inaccessible exit stair openings | 1,286 | 541 | 57.9% |
| • Storage in means of egress | 1,179 | 146 | 87.6% |

TABLE 5: **STATUS OF MOST COMMON STRUCTURAL FINDINGS AT ACCORD COVERED FACTORIES**

| FINDING  | NO. OF FACTORIES WHERE THE FINDING WAS IDENTIFIED | NO. OF FACTORIES WHERE THE FINDING IS STILL OUTSTANDING | REMEDIATION PROGRESS RATE ACROSS ALL FACTORIES |
|---|---|---|--|
| • Lack of management load plan | 994 | 342 | 65.6% |
| • Inconsistency with building plan and drawings | 972 | 380 | 60.9% |
| • Incorrect implementation of existing load management plan | 914 | 310 | 66.1% |
| • Lack of design check against lateral load | 703 | 307 | 56.3% |



Follow-up inspections




The Accord engineers are monitoring progress and verifying implementation of CAPs. Accord engineers are conducting follow-up inspections to verify that corrective actions have been completed correctly.

In addition to the teams undertaking follow-up fire, electrical and structural inspections to verify CAP implementation, one team of structural engineers inspects factories with major structural concerns which required immediate attention. The reasons for the structural follow-up inspections are to verify whether or not required immediate actions were taken, to verify if the information provided in the DEA is correct, and to verify retrofitting works. The Accord has also conducted over 350 special inspections in response to safety complaints, Safety Committee factory walk-throughs, and fire incident investigations.

In late 2015 and early 2016, the Accord increased the number of staff engineers to be able to conduct a target of 500 follow-up inspections per month. This means each factory covered by the Accord will be inspected approximately once every three months.

After the Accord engineers have undertaken a follow-up inspection, they generate a detailed report and update the CAPs. The detailed report is sent to the factory, related company signatories and union signatories. This report includes an explanation of any new findings and pictorial evidence of remediation. The updated CAP is published on the Accord website and shows the progress status of each finding and includes any new findings.

TABLE 6: **ACCORD FOLLOW-UP INSPECTIONS** AS OF 1 JANUARY 2018

| FOLLOW-UP INSPECTIONS |  |  |  | TOTAL |
|-----------------------|---|---|---|--------|
| | 9,786 | 9,659 | 4,099 | 23,544 |

Escalations due to failure to implement workplace safety measures

Suppliers failing to participate in the Accord program will go through an escalation procedure under Article 21 implemented by the Accord and signatory companies. This procedure consists of three stages: (1) A notification of non-compliance from the Accord; (2) Notice and warning from signatory companies and (3) Termination of business by signatory companies.

The Accord Article 21 Escalation Protocol applies to all RMG companies controlled by the same group owner. The criteria the Accord will consider when deciding if a company is part of an RMG company group include the following:

1. Companies are presented as a group in their own marketing materials (e.g websites, brochures, or business cards).
2. Companies are presented as being under the same management (e.g. having the same director(s) or same corporate email domain).
3. Registration document(s) of the Bangladesh Office of Registrar of Joint Stock Companies and firms.
4. Companies are listed in BGMEA or BKMEA registration books with the same owner.
5. Company ownership documents show group structures (e.g. Company registration, shareholder information, or annual reports).
6. A supplier has informed Accord or signatories that they own other companies or factory management has informed that they are part of a company group.
7. A company signatory has informed Accord that one of their suppliers is part of a group.
8. Other representations where a company has been presented as part of a group or as a “holding” (e.g. entries in trade association description of the company or group, biographies of owners, presentations of the company at industry conferences).

suppliers. If no action is taken following the first warning or the Accord does not see adequate progress, the supplier will be escalated to stage 2 of escalation and the signatory companies in the factory will be required to issue a warning letter to the supplier. At this stage, the Accord holds meetings with the Factory Management and the responsible Accord signatory companies to discuss the inadequate remediation; the immediate measures that must be taken, their corresponding timelines, and the necessary support to make remediation financially feasible.

If the factory meets all the requirements within the specific timelines of the non-compliance notifications, the factory will be de-escalated. At 96 suppliers, Accord signatory companies were required to terminate business with all of this supplier's factories for continuing to inadequately participate in the Accord program. Suppliers whose business with Accord signatory companies has been terminated for reasons of workplace safety are listed on the Accord website.¹⁰

TABLE 7: **ARTICLE 21 ESCALATIONS**

| | | | |
|------------------------|------------|----------------------------------|------------|
| • Factories in stage 1 | 219 | • Factories terminated (stage 3) | 96 |
| • Factories in stage 2 | 83 | • Factories de-escalated | 179 |
| • TOTAL | | | 577 |

Factory remediation status

The Accord evaluates the status of each CAP to allow for factory by factory monitoring. The table below shows the totals for each factory status of all factories covered by the Accord. The Accord engineers have verified the successful completion of all remediation requirements stemming from the initial inspections at 127 Accord listed factories, out of which 25 have completed all the remediation.

The factories that either have a status of 'CAP not finalised' or 'no CAP' include: factories with an incomplete CAP (i.e. missing one or more timelines for corrective actions); newly listed factories that have not yet been inspected; factories inspected by the Alliance of which the inspection reports have only been shared recently; and uncooperative factories yet to submit a CAP to the Accord.

TABLE 8: **CAP STATUS**

| FACTORY STATUS | NUMBER OF FACTORIES | EXPLANATION |
|------------------------------|---------------------|--|
| • CAP completed | 25 | All issues identified in the Accord CAP (original and new findings) have been resolved and verified by the Accord engineering team. |
| • Initial CAP completed | 102 | All issues identified in the Accord initial CAP have been resolved and verified by the Accord engineering team. |
| • CAP on track | 144 | The CAP is in implementation and all timelines have so far been met. |
| • CAP behind schedule | 1,247 | The CAP is in implementation but some timelines have not been met. |
| • CAP not implemented | 79 | The factory does not agree to implement the CAP and as a result Accord signatories have terminated business with the factory following a notice and warning process. |
| • CAP not finalised / no CAP | 113 | The CAP is either incomplete, absent or not yet approved by the Accord. |



FACTORIES BEHIND SCHEDULE

The vast majority of factories behind schedule is a cause for concern to the Accord. It must be noted that a CAP is marked behind schedule if just one item has passed the agreed final timeline. Being behind schedule therefore does not necessarily mean that no progress has been made at all. The table below shows the level of progress that factories who are behind schedule have made.

TABLE 9: **PROGRESS LEVELS OF FACTORIES BEHIND SCHEDULE**

| • % of issues fixed (reported and verified combined) | > 75% | 50-75% | 25-50% | < 25% |
|--|------------|------------|-----------|-----------|
| • No of factories | 846 | 300 | 74 | 27 |
| • % of factories | 68% | 24% | 6% | 2% |

These figures show that factories are progressing in their remediation, despite being behind schedule. Some factories are further delayed than others. The extent of remediation delays since the initial inspections is broken down in the table below.

TABLE 10: **NUMBER OF FACTORIES BEHIND SCHEDULE VS TIME SINCE INITIAL INSPECTION**

| TIME SINCE INITIAL INSPECTION | NUMBER OF FACTORIES BEHIND SCHEDULE |
|--|-------------------------------------|
| • More than 2 years ago | 1,090 |
| • Between 2 years and 1 year ago | 81 |
| • Less than 1 year ago | 76 |
| • Total factories behind schedule | 1,247 |

The Accord remains vigilant in accelerating the pace and level of remediation at the large number of Accord inspected factories where execution of the remediation is inadequate or too far behind schedule.

Ensuring remediation is financially feasible

As part of every Corrective Action Plan, the Accord requires signatory companies and their suppliers to confirm that a remediation finance plan is agreed for each factory and to confirm which type of finance plan. The Accord obtains confirmation of agreed finance plans from all signatories and factories. As of 1 January 2018, 1,475 finance plans were reported to be confirmed. In November 2015, the Accord introduced a column to the website page¹¹ with the inspection reports and CAP for each factory to indicate whether a finance plan has been confirmed or not.

As both the staff of the Accord and the members of the Steering Committee recognise, the information that has been reported is sometimes inaccurate or incomplete. In some cases, signatory brands and factories are reporting that the factory is “self-financing,” even though the factory is receiving some form of financial assistance (such as guaranteed order volumes for longer periods, higher volumes, pre-payments to improve cash-flows, price increases or direct cash assistance). Signatories have officially reported that assistance is being provided by brands in 66 cases.

11 <http://accord.fairfactories.org/ffcweb/Web/ManageSuppliers/InspectionReportsEnglish.aspx>

12
An inactive factory is one which is listed with the Accord, inspected, but no longer has any Accord signatories as customers.

The Accord acknowledges there may be under-reporting of financial support from signatory companies and as a result it is unclear to the Accord how many suppliers are actually receiving assistance and what forms of assistance are being received. Both labour and brand representatives on the Steering Committee agree that more assistance is likely being provided than is reflected in the official reporting. The question of whether and to what extent factories need financial assistance but are not receiving it, and whether that is a major cause for delays in remediation, is assessed differently by the labour and company side in the SC.

The Accord Secretariat continues its efforts to obtain more accurate data on financing remediation on an aggregated level for public purposes and provide public updates concerning these efforts.

Inactive Factory Remediation Fund

To support Accord covered inactive¹² factories, where the remediation progress is slower, the Accord Steering Committee agreed to develop an inactive factory remediation fund. The fund was announced in February 2017 and conditionally provides financial remediation support to Accord covered, inactive factories that have made legitimate efforts to complete safety remediation and that need access to funds to complete remediation.

TABLE 11: **OVERVIEW APPLICATIONS INACTIVE FACTORY REMEDIATION FUND**

| | |
|------------------------------------|-----------|
| • Applications received | 17 |
| • Successful applications | 3 |
| • Rejected applications | 3 |
| • Applications under consideration | 11 |

SAFETY COMMITTEE AND SAFETY TRAINING PROGRAM



The Accord trains and supports joint labour-management Safety Committees at factories producing for Accord signatory companies. Functioning Safety Committees are key to making sure the aims of the Accord continue to be realised after the five-year agreement and for the long term.

Safety Committees:

- Conduct factory inspections to identify safety hazards;
- Respond to employee complaints and suggestions about safety and health;
- Review company accident reports to learn how such accidents can be prevented;
- Communicate regularly about safety and health issues to workers;
- Safety Committees meet regularly, at least once every three months.

With 40 trainers and 15 Safety Training Program Assistants, the Accord's training efforts are focused on building these committees, making them effective in addressing and monitoring safety and health issues on a day-to-day basis and integrating their responsibilities into the functions of the Accord.

The Accord Safety Committee and Safety Training Program consists of the following key components:

Initial Meeting with Factory Management and signatories. The aim of this meeting is to introduce the Safety Training Program and to agree on all the All Employee Meetings' dates.

All Employee Meetings. During these meetings, all workers in the factory are introduced to the members of the Safety Committee. The Accord further provides information on how to identify and reduce common safety hazards, how to safely evacuate the factory in case of fire or other

emergencies, and how to use the Accord's Complaints Procedure. At the end of each meeting, the workers receive a booklet reiterating the information presented.

7 Session Safety Committee Training Curriculum including the Safety Committee's role in remediation, complaints handling, joint problem solving, hazard identification and safety monitoring systems. The full 7 Session Safety Committee Training Curriculum has been delivered at 181 factories.

Ongoing support for effective functioning of Safety Committees, including the facilitation of the first meetings of the Safety Committees and the involvement of the Safety Committees in follow-up inspections.

From August 2015 to May 2016, the Accord ran a Safety Committee and Safety Training Pilot Program at 65 factories where there is a registered trade union. Building on the experience of the pilot, the Accord commenced Safety Committee and Safety Training Program in June 2016 at factories where there is no trade union.

When the Accord purposely revisited the Pilot Program factories to assess progress, it discovered that in the vast majority of cases the Safety Committees were non-functioning, and in some cases they had disintegrated.

The Accord instigated a re-engagement initiative at Pilot Program factories whereby a Safety Committee meeting was arranged, usually in conjunction with an Accord follow-up inspection at the factory. The Safety Committee Co-Chairs would accompany the Accord Trainer and Engineer on the follow-up inspection and the outcome of the inspection would be a major agenda item during the Safety Committee meeting. The Accord used this initiative as a means to ensure that the Safety Committee at the factory is re-established and supported by the Factory Management.

As the universe of factories covered by the Accord Safety Committee and Safety Training Program grows, the Accord emphasises on the active involvement of the Safety Committee Co-Chairs in Accord follow-up inspections. The rationale for this approach is to enable the Safety Committee Co-Chairs to benefit from a skills transfer of sorts and to underscore the importance of the Safety Committee in all aspects of factory safety. Wherever possible, the Safety Committee is fully involved in the monitoring of the implementation of Accord requirements that may emerge from any factory inspection.

TABLE 12: SUMMARY SAFETY COMMITTEE AND SAFETY TRAINING PROGRAM

| PROGRESS UP TO 1 JANUARY 2018 | TOTAL |
|--|------------------|
| • Factories participating in the Safety Committee Training Program | 846 |
| • Initial Meetings with Factory Management | 806 |
| • All Employee Meetings 1 | 609 |
| • Worker contacts All Employee Meetings 1 | 1,236,063 |
| • All Employee Meetings 2 | 273 |
| • Worker contacts All Employee Meetings 2 | 699,883 |
| • Safety Committee Training Sessions | 2,213 |
| • Safety Committees completing full Safety Committee training curriculum | 181 |



SAFETY AND HEALTH COMPLAINTS MECHANISM



The Accord has a safety and health complaints mechanism to remedy safety concerns which are not being effectively addressed at the factory level. Workers and employees at Accord signatory producing factories can raise concerns about health and safety risks safely, and if they choose so, confidentially, with the Accord.

During the course of investigating matters referred to the Accord Complaints Mechanism, the Accord in determining remediation requirements in regard to Occupational Safety and Health, can work with Complainants and Factory Management to ensure that the Accord requirements are fully but smoothly implemented. If the Factory Management does not comply, the Accord signatories will implement a notice and warning process leading to termination of the business relationship if no progress is being made.

Under the Accord, workers have the following rights:

- The right to participate in the work of the Safety Committee of the factory;
- The right to refuse unsafe work;
- The right to file a complaint when they see a safety problem at the workplace;
- Protection against reprisal for reporting safety-related matters.

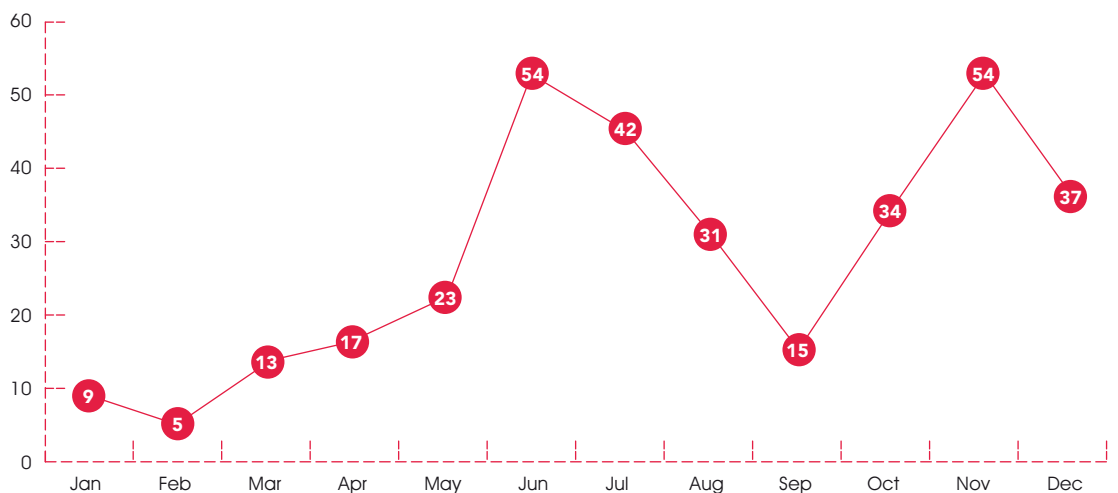


The complaint mechanism ensures that safety and health concerns at the factories are properly addressed and remediated, and that the right to refuse unsafe work is upheld where necessary.

TABLE 13: **STATUS OF COMPLAINTS RECEIVED UNDER THE ACCORD COMPLAINTS MECHANISM**

| | |
|---|------------|
| • Initial assessment | 2 |
| • Under investigation | 96 |
| • Resolved | 183 |
| • Non-OSH (outside Accord scope) | 131 |
| • Unresolved (factory closure, ongoing labour dispute) | 56 |
| • Withdrawn/resolved outside Accord mechanism | 20 |
| • Total complaints received under Accord mechanism | 497 |

DIAGRAM 7: **NUMBER OF COMPLAINTS RECEIVED UNDER THE ACCORD COMPLAINTS MECHANISM IN THE PERIOD 1 JANUARY 2017 – 1 JANUARY 2018**



● **COLOPHON**

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ACCORD



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