



Steering Committee Monthly Conference Call

Thursday 5th June, 2014, 8am EST, 1pm GMT, 2pm CET, 6pm Dhaka

Friday 6th June, 2014, 7am EST, 1pm GMT, 2pm CET, 6pm Dhaka

Friday 20th June, 2014, 8am EST, 1pm GMT, 2pm CET, 6pm Dhaka

Attendees:

Chair: **Dan Rees**

Witness Signatories: **Scott Nova**

Labour: **Christy Hoffman, Alke Boessiger, Jenny Holdcroft, Monika Kemperle**

Brands: **Melanie Steiner, Aleix Gonzalez, Andy York, Philip Chamberlain**

Executive Team: **Alan Roberts, Rob Wayss, Brad Loewen**

Accord staff: **Tatiana Delany**

Apologies:

Lisa Fairclough, Jenny Fagerlin

Invited Participant:

IFC representative – Olaf Schmidt; for agenda Item 1

Item	Agenda Items & Actions	Who	Completion date
1.	<p>IFC Loan Instrument to Fund Safety Remediation</p> <ol style="list-style-type: none"> 1. Update and context to loan instrument ('guarantee product'): <ul style="list-style-type: none"> - How suppliers may access funds for fire safety/remedial upgrades following Accord/Alliance inspection - American buyer has initiated the program deploying 10 million USD to selected suppliers so they can pay for remediation - IFC fund & manage disbursement of the loan (1-3 years, but flexible) - The product is a guarantee from strong buyers so IFC can provide very competitive loan pricing - Funds can be deployed quickly, the assessment of the buyer as guarantor can be done quickly without deep investigation of the credit risk of every supplier 2. Explanation of the product in more detail: <ul style="list-style-type: none"> - Bank will act as agent between IFC & supplier - Buyer has significant say in which (qualified) supplier will benefit from loan provisions through the agent bank - Time plan also will be agreed with buyer reflecting remediation/action plan of upgrades - Loan is re-paid to IFC through the agent bank - IFC confident in correct disbursement of funds by supplier - Three legal documents involved: <ul style="list-style-type: none"> - Guarantee agreement between IFC & buyer - Loan agreement between IFC, agent bank and supplier (very standardized agreement/light and short as possible in order for supplier to easily sign on) - Agreement between IFC and agent bank to ensure that payments are made to the correct supplier and repayments done on time etc. - No maximum amount available; Limit per buyer is based on credit worthiness of the buyer - Interest rate reflects the buyer's risk (ball park figure approximately 2-3% above base + small fee currently being negotiated with agent bank), buyer agrees on maturity of loan - Buyer can increase loan potential and number of suppliers with access over time 	Rob Wayss Olaf Schmidt	18/6/14

	<p>Key Action:</p> <ul style="list-style-type: none"> - Accord to send communication to all signatory brands sharing the two-page IFC proposal & offering to facilitate meetings with interested brands and the IFC - IFC finalizing the standard contracts in the next few weeks, these will be shared with SC and then with interested brands 		
2.	<p>Review Panel (RP)</p> <p>Update:</p> <ul style="list-style-type: none"> - 6 weeks with no RP convening, but received confirmation 5/6/14 that RP is active again - Proposed new change of TOR's to RP by government: <ul style="list-style-type: none"> - Engineer determines a factory needs to be temporarily closed - Engineer informs the Inspector General - The RP is called without taking any action against building (as opposed to immediate evacuation as previously) - RP must meet within 72 hours (no longer 48 hours) and give recommendation to the Inspector General - Inspector General makes independent decision on how to proceed - If Inspector General decides to not evacuate the factory, the Accord is left to proceed with whatever leverage it has as a private initiative to ensure the safety of workers in the building - Expectation that change of RP TOR's will be an agenda item at the next Tripartite Committee meeting and Accord expects to continue to use old TOR's until further confirmation - 4 factories that have been proposed to the RP for temporary closure - Accord will take unilateral action to try to get workers out of the factories - Today (5/6/14) RP called to review 4 factories on June 15th and June 17th <p>Update on decision regarding concrete strengths:</p> <ul style="list-style-type: none"> - Meeting ILO/BUET/Accord/Alliance 4/6/14 to discuss - BUET proposed concrete strength numbers that Accord & Alliance had not previously agreed to. Alliance are now in agreement, Accord asking for evidence for the numbers and is working through the data. <p>Continues 6/6/14: Currently 2 factories where Accord production has halted, but production in the factory still ongoing. Action plan below agreed by SC for the above 2 cases and any possible future cases:</p>	Brad Loewen	Immediate

	<ul style="list-style-type: none"> - Share evidence with factory and give option to close immediately, or Accord has no option but to go public. - Inform Unions and Accord staff about the findings and jointly inform workers. - Inform lead brands & all brands in each factory in each case to ensure their involvement; inform them of process & ask for support on the ground if possible - Inform government/BGMEA of situation and Accord intention to go public - Inform all parties in situation of multi-use building/also talk to building owner; Rob/Brad speak with owners where possible - In event of continued production publish statement and inspection report on Accord website. - If the owner refuses to close the factory the Signatory brands will immediately implement a notice and warning process leading to the termination of the business relationship. <p>Key Actions:</p> <ul style="list-style-type: none"> - Draft statement for website concerning above 2 factories - Develop clear protocol of above process 		
3.	<p>Budget 2014/2015 sign off & update on VAT status of Accord Foundation</p> <ul style="list-style-type: none"> - Year-end May 31st 2014 has been shared - Seeking approval for 2014-2015 budget - Operations to continue pending further discussion after July 10th meeting. 	Alan Roberts	10/7/14
4.	<p>Update on analysis of brands delisting from factories</p> <ul style="list-style-type: none"> - Revised document circulated to SC following management committee call - Document tailored to ensure that the work is specifically to target cynical avoidance by a brand under Article 23 <p>Key Actions:</p> <ul style="list-style-type: none"> - Re-word heading of document to state 'Standard Operating Procedure' and/or Process to reflect that this document is not a protocol, but a process to operationalize Article 23 - The SC noted the document with the above amendment and acknowledge that the staff will Implement the process accordingly. 	Alan Roberts	Ongoing
5.	<p>Year 2 Membership renewal challenge</p>	Alan Roberts	-

	<ul style="list-style-type: none"> - SC agreed increase in fees by 70% for Year 2 in April face to face meeting to cover high cash flow issue around inspections. - So far three brands categorically refusing to pay 70% uplift, on basis they feel it is unjustified or inadequately communicated. - 60 brands have paid Year 2 subscriptions into the Accord. - SC brand representatives see the uplift in fees as being linked to the operational efficiency of the Accord, and other issues critical to the brand caucus which require clarification including the equivalence process and the acceptance of Alliance inspection reports. <p>Key Action:</p> <ul style="list-style-type: none"> - ED – IO to advise those brands refusing to pay the uplift that this decision was taken on their behalf by their SC representatives. ED-IO to deal with each case individually and if needs be bring individual case back to the SC 		
6.	<p>SC/Staff/Witness Signatories Code of Conduct</p> <ul style="list-style-type: none"> - Document is not a legally binding agreement, it should be seen as a rules of engagement or behaviour code of practice. - Trade Union SC representatives & Witness Signatories see this document as against the spirit of cooperative relationship in the SC <p>Key Action:</p> <ul style="list-style-type: none"> - Trade Union SC members to review document in light of discussions and come back to SC with observations and suggestions 	TU caucus.	10/7/14
7.	<p>Update on Deep-dive proposal/Detailed Engineering Assessment (DEA)</p> <ul style="list-style-type: none"> - SC tasked CSI and ED-IO to investigate the possibility of Accord taking on deep-dive inspections within inspection remit - Budget implications: to do the deep dive would cost 60% of 5 year Accord budget - Since then CSI requested Arup & WSP to submit proposals on deep-dive inspections - WSP/Arup proposals very similar; Accord proceeding with WSP based on cost <p>Proposal/Contract would include:</p> <ul style="list-style-type: none"> - Developing guidance documents and clarify what is required in a DEA - DEA protocols that an engineering firm would follow to give the results needed to proceed with remediation 	Brad Loewen	

	<ul style="list-style-type: none"> - Proposal to pilot those protocols <ul style="list-style-type: none"> - Hire three engineering firms in Dhaka for pilot DEA's - WSP would then monitor those firms & would have engineers on site to do the DEA's alongside the three firms to test above protocols - Modify those protocols based on these pilot DEA's accordingly; test-driven protocols - Another call for interest & screening process to establish a list of local firms that are considered capable of carrying out DEA's and become "preferred suppliers". <p>Next steps:</p> <ul style="list-style-type: none"> - CSI & ED – IO meeting in Dhaka 23.6.14 with WSP to go through their proposal in detail and to finalise contract - Include equivalence process with previous brand-led DEA's in mandate of contract to avoid unnecessary duplication and cost. 		
8.	<p>Alliance equivalency on electrical and fire:</p> <ul style="list-style-type: none"> - Tremendous political pressure on staff and particularly on the CSI to not duplicate inspections and for the Accord to recognize Alliance inspection reports. - Alliance standard identical to Accord and inspection protocols are acceptable. - CSI expressed concerns over engineers process in Alliance inspections ('tick box' inspection, Alliance engineers do not exercise independent engineering judgement.) <p>Proposal from CSI:</p> <ul style="list-style-type: none"> - Accord accepts fire and electrical inspection reports from Alliance - CAP developed following Accord procedure and protocols - Accord inspectors follow up to verify remediation & at this stage pick up on any other issues that were initially overlooked in the inspection or that may be non-compliant - The CSI noted lesser quality of Alliance inspections but has concluded that if the Accord devotes more 'follow-up' resources to remediation and verification we will have safe factories. <p>Key Action:</p> <ul style="list-style-type: none"> - CSI to finalise equivalency exercise on Alliance structural inspections - CSI and ED-IO to develop a firm proposal for decision (including structural equivalency) for the next SC meeting on 10th July. 	Brad Loewen Alan Roberts	10/7/14

9.	<p>Sumon Fashions Ltd.</p> <p>Key Action:</p> <ul style="list-style-type: none"> - ED-IO to write to Nazma Akhter to advise Accord position as outlined in paper submitted to SC on 28.5.14 	Alan Roberts	20/6/14
10.	<p>Update on Liberty Fashions</p> <ul style="list-style-type: none"> - ED-IO has communicated with all brands involved except Hema - Neither of the Liberty factories are operating; the second factory closed in March - Tesco has been issued with legal summons which they are challenging - ED-IO met with Impactt to discuss their work in identifying worker wages/severance; work in progress <p>Key Action:</p> <ul style="list-style-type: none"> - ED-IO to submit update report to SC 	Alan Roberts	20/6/14
11.	<p>Updating website with completed inspection reports + CAP's</p> <ul style="list-style-type: none"> - 34 CAPs received & approved from factories ready for publication (19.6.14) - Expecting 50 CAP's ready to publish w/c 23.6.14 - Final development & technology to facilitate inspection report publication to be complete 23.6.14 	Andy York	