

STEERING COMMITTEE QUARTERLY FACE TO FACE MEETING - MINUTES

Date: Wednesday 24th June & Thursday 25th June, 2015

Time: 9.00am – 5pm & 9.00am – 13:00pm

VENUE:

AJ Heights Building, 12th Floor

Cha – 72/1/ D, Progati Sarani, North Badda, Dhaka - 1212

ATTENDEES:

Chair: Tuomo Poutiainen (Wednesday 24th), Jenny Holdcroft (Thursday 25th)

Company signatories: Santiago Martinez-Lage Sobredo, Roger Hubert, Jochen Overmeyer, Philip Chamberlain, Uwe Hilker

Trade Union signatories: Christy Hoffman, Jenny Holdcroft, Alke Boessiger, Monika Kemperle, Roy Ramesh, Amirul Haque Amin

Witness signatories: Scott Nova

Accord Executive Team: Rob Wayss, Brad Loewen

Accord staff: Tatiana Delany, Joris Oldenzel

Apologies: Melanie Steiner, Dan Rees

ITEM	AGENDA ITEMS	WHO	COMPLETION DATE
1	Introductions - The Accord Executive Director (ED) welcomes the SC to the Accord office and introduces Tuomo Poutiainen, head of the ILO RMG project in Bangladesh who is welcomed as chair. The Chairman welcomed those members present.	Chair	
1.1	Agree meeting agenda: Agenda agreed with following comments and changes; - Company SC representatives request that agenda item 2.2: ‘Advisory Board update’ include a discussion of a possible change in Advisory Board structure. - The SC agree to postpone agenda item 4.4 i. on the quarterly budget and refer it to the Audit Committee.	Chair	-
2	Governance		

2.1	<p>Review last meeting agreed actions:</p> <p>The SC discuss outstanding actions from the previous meeting:</p> <ul style="list-style-type: none"> - Articles of Association; change to language in Article 5.2a has not been formalized by the Dutch lawyers. In order to proceed, the lawyers require original signatures from all 6 board members. Secretariat were to arrange conference call with Board Members to agree changes and organize signatures. - Joris Oldenziel notes that at 4pm all board members will be present, Melanie Steiner will be joining by conference call. <p>Action:</p> <ul style="list-style-type: none"> - Joris Oldenziel to arrange board member signatures agreeing to the amendments in the Articles of Association. 	Joris Oldenziel	1/7/15
2.2	<p>Advisory Board (AB) Update:</p> <p>The Executive Director (ED) provides a brief update on the current status of the AB. The next meeting is scheduled for early July. The ED outlines the current composition of the AB and proposes that the SC consider amendments to this structure.</p> <ul style="list-style-type: none"> - The SC agree that consultation with BGMEA and the government should be on a bi-lateral basis. - The SC agree to two face-to-face SC meetings in Dhaka a year at which they will also meet with the AB. <p>Action:</p> <ul style="list-style-type: none"> - Secretariat to draft a proposal to change the structure of the AB for SC approval 	Rob Wayss	13/10/15
2.3	<p>Dispute Resolution Procedure:</p> <p>ED introduces agenda item: the global unions and the relevant brands and factories did not reach bi-lateral agreements on violation of review panel closure obligations in two cases. IndustriAll and UNI Global therefore initiated the dispute resolution procedure and on 29th May sent an initial letter to the SC and copied in the companies involved. Christy Hoffman and Melanie Steiner volunteered to serve as the company and labour representative from the Steering Committee to carry out the initial investigation of the complaint.</p> <p>Christy Hoffman notes that they did not agree to be a standing committee to investigate all cases and that in this case the intention was to complete the investigation within 21 days. However, this deadline has not been met. Christy Hoffman requests SC agreement of an extension to the timeline of the investigation (3-4 weeks) in order to bring a joint recommendation to the SC and agree on a settlement of the complaints.</p> <p>The SC agree that an extension of the deadline in this case would not set a precedent for future cases and every case will be decided on its own merits.</p> <p>The SC note that all parties reserve the right to take this further.</p> <p>Actions:</p> <ul style="list-style-type: none"> - ED to reach out to all parties on behalf of the SC to provide an explanatory status update to the companies involved in each charge. - ED to write to all parties to request an extension to the timeline until 7th August 2015 in order to complete the investigation and provide a recommendation to the SC to settle the cases. (The SC agree to 	Rob Wayss Christy Hoffman Melanie Steiner	

	the draft text of the email to the companies requesting this timeline extension.)		
3	Management Reporting (Executive Office pt. 1)		
3.1	<p>Review last meeting agreed actions:</p> <ul style="list-style-type: none"> - No outstanding agenda items 	Secretariat	24/6/15
3.2	<p>Inspection Program:</p> <p><u>New Factory Projections (Monthly report; New Factory Analysis)</u></p> <p>The Chief Safety Inspector (CSI) explains that in January 2015 the SC requested analysis on the number of new factories being added to the Accord factory list: firstly for budget purposes in order to monitor the number of new factories requiring initial inspections; and secondly to better understand which companies are adding and delisting factories in large numbers.</p> <p>The CSI explains the data provided in the two monthly reports on new factory analysis and confirms that these numbers are therefore in line with what was budgeted for the initial inspections.</p> <p>The CSI notes that a considerable amount of relocation is starting to take place and that this may therefore affect the average numbers of new factories being added if Accord signatories list them. The Accord has some capacity in-house to carry out initial inspections so this increase could be absorbed into the existing budget.</p> <p>The Secretariat clarify that if a company delists a factory following an Accord inspection or within 30 days of the first inspection then the company is obligated to continue to ensure remediation takes place and, where applicable, continue with the role of lead brand. In these cases companies are treated the same as other active companies listed in the factory.</p>	-	-
3.3	<p>Remediation:</p> <p><u>i. Financing remediation update (Monthly Report; Factory CAP status)</u></p> <p>ED refers to the monthly report 'Factory CAP status' to update the SC on the financing data received thus far. This data is based on information received following 543 CAP and remediation meetings.</p> <p>The scheduling of the meetings has stopped because the Accord is due to revise the process as agreed by the SC in April 2015. The new process will be to request confirmation of a finance plan between the companies and the factories over email. The ED notes that the Secretariat are awaiting approval by the MC of the text which will be used to email factories and brands requesting confirmation of a finance plan.</p> <p><u>ii. Proposal from Company SC reps on how financing data can be accurately gathered for purposes of public reporting</u></p> <p>Jochen Overmeyer summarises a survey conducted by the company SC reps to the brands caucus requesting specific information</p>	iii: Secretariat	31/7/15

about remediation financing. Noting that in April the SC recognised that financing data provided to the Accord is factually inaccurate and the term 'self-financing' is unclear, this survey was intended to shed some light on the true status of remediation financing and the implementation of Article 22 of the Accord, where appropriate. 61 companies responded to the survey (out of 205).

iii. Reasons for remediation delays & proposal on how to address delays

CSI explains the results of a study conducted in June with 30 factories (5 meetings one-on-one and 3 group meetings with 8 factories in each), following a request from the SC that the Secretariat investigate the reasons for remediation delays and bring a proposal forward for how to address these delays.

- Factories did not commence remediation for at least 3 months following the inspections.
- Bottleneck in the availability of resources to carry out DEAs.
- Challenges due to limited number of suppliers of fire protection equipment & importing materials
- Hesitancy in choosing suppliers and consultants & concerns around fraudulent suppliers
- Major delays in shared buildings due to lack of cooperation from other factories and building owners
- Some factories are not commencing fire and electrical remediation as they wait for their DEA results and potential decision to relocate

Some Accord staff were interviewed and the following reasons for delays were raised:

- Lack of finances available for remediation
- Case handlers struggle to receive CAPs because many require final approval by someone not in the factory and in some case out of the country.
- Factories not checking emails or responding to calls

CSI proposes that one approach to address remediation delays would be to select 20-25 factories demonstrating the least progress and inspect these factories on a weekly basis. This would serve three purposes: firstly to give these factories close attention to drive remediation forwards; secondly, escalate any non-cooperative factories to Article 21 if they are unwilling to resolve safety risks even with this close attention; and thirdly to better understand the real reasons for remediation delays in these cases.

The SC discuss that in tandem with the existing escalation procedure and increased follow up inspections, there should be a concerted effort to incentivise factories to complete their CAPs.

Actions:

- **Secretariat to outline current mechanisms to address remediation delays and provide a proposal on how to further address delays.**
- **Company SC reps to share Scott Nova's analysis on remediation delays with the company caucus on 1st July 2015 and include remediation delays on the agenda.**

iv. Assessing feasibility of remediation progress by issue (Paper 1)

CSI sums up the Secretariat's analysis of the feasibility of assessing remediation progress by issue. The SC agree that this is not

	<p>feasible.</p> <p><u>v. Update on proposal from company SC reps/working group on effective remediation</u></p> <p>Nothing to present from the company SC reps. The SC agree instead to await the Secretariat proposal on how to deal with remediation delays.</p> <p><u>vi. Amendments to proposed guidance on terminating business (Art 21)</u></p> <p>At the April SC meeting, the Secretariat produced a guidance document for brands on how to implement Article 21. The SC discuss further legal research required on the implementation of Article 21.</p> <p>Actions:</p> <ul style="list-style-type: none"> - ED to seek a formal legal opinion under EU and US law. - Santiago Martinez-Lage Sobredo will provide references for 3 recommended EU firms and ED will request quotes. 		
3.4	<p>Worker Participation and Training:</p> <p>The ED updated the SC on the worker participation program:</p> <p><u>OHSCs implementation update: pilot</u> ED explains the accompanying paper which outlines the materials under preparation for the pilot of OSH committees. The Accord is preparing materials and incorporating amendments to materials based on the latest version of the BLA rules, including verbal updates.</p> <ul style="list-style-type: none"> - Basic materials for establishing an OSH committee. These have been vetted by the working group for worker participation and are now ready for sign-off by the management committee - Election process materials; drafts are being finalised and are awaiting BLA rules for final amendments. - Materials for OSH committees training modules – the first internal drafts have been shared with the working group on worker participation - General worker participation materials e.g. explaining rights under the Accord <p>The Accord training team is receiving extensive training from Federal Mediation & Conciliation Service (FMCS) and external OSH expert Jim Mangan who have both been in Dhaka recently.</p> <p>61 factories have been nominated by factories and brands to participate in the pilot. The Accord is prepared to start the pilot initially in unionised factories, including 3 unionised factories nominated by brands.</p> <p>In light of the recent announcement of the Government of Bangladesh to publish the rules in July, it is agreed to hold off on continuing with the pilot until the end of July, but to continue with the preparations in the meantime.</p> <p>On August 1st, the default position is that the Accord will proceed with the pilot, starting with the establishment of OSH Committees in unionised factories where there is a decent relationship between the employers and employees, unless agreed otherwise.</p>	Secretariat	Ongoing preparation & 1/8/15

3.5	<p>Roadmap towards 2018 and beyond; capacity building and handover:</p> <p>Philip Chamberlain sums up the discussion at the previous SC meeting which was that a working group made up of Roger Hubert, Phil Chamberlain, Christy Hoffman and Jenny Holdcroft would agree on the terms of reference of the working group and provide a first draft of discussions to the SC. The working group has not yet met and Philip requests to postpone this to the next SC meeting.</p> <p>Actions:</p> <ul style="list-style-type: none"> - The Management Committee are to agree to a schedule of meetings/calls of the working group prior to the next SC meeting in order to bring a proposal and TORs to the SC in October 	<p>Roger Hubert Philip Chamberlain Christy Hoffman Jenny Holdcroft</p>	<p>13/10/15</p>
	<p>Board Resolution on amendment of articles</p> <ul style="list-style-type: none"> - Amendment to the articles of Association are agreed with the full Board presence (Melanie Steiner by telephone) 	<p>Joris Oldenziel</p>	<p>1/7/15</p>
4	<p>Management Reporting (Executive Office pt. 2)</p>		
4.1	<p>Review Last Meeting Agreed Actions</p> <p>The SC discuss outstanding actions from the last SC meeting:</p> <ul style="list-style-type: none"> - “Secretariat to review existing confidentiality arrangement for SC members and consult Melanie Steiner on whether the Governance regulations are sufficient to ensure confidentiality obligations are in place for SC.” The advice from PVH is that SC members are not covered under the confidentiality clause in the governance regulations and that they must sign a further confidentiality agreement. A draft of the agreement is with PVH lawyers and will be shared with the MC as soon as possible. - ED to ensure that all staff sign an extra confidentiality agreement separate to contracts: this is being arranged and all staff will be signing a confidentiality agreement. <p>Action:</p> <ul style="list-style-type: none"> - Share SC confidentiality agreement with MC - All staff to sign a confidentiality agreement 	<p>Secretariat</p>	<p>17/7/15</p>
4.2	<p>Signatory Management:</p> <p>i. <u>Signatory companies closing</u></p> <p>The ED updates SC on status of three companies who have requested to terminate their contract with the Accord. The SC agree that they do not accept requests to terminate Accord contracts and require payment of 3rd year invoices as per the terms of the Accord.</p> <p>Actions:</p> <ul style="list-style-type: none"> - The Secretariat will issue letters explaining that the SC does not accept requests to terminate Accord contracts (noting that exiting factories is not without consequence). <p>ii. <u>Escalation of any remaining outstanding membership fees (2014)</u></p>	<p>Secretariat Uwe Hilker Scott Nova</p>	<p>i. 10/7/15 ii. 13/10/15</p>

	<ul style="list-style-type: none"> - There are 3 companies with outstanding fees, their company names are stated in the SC public minutes and are noted as 'not in good standing' on the signatories page of the website. These companies are Switcher, Mosgen Limited (Peakstone Group) and Topline. <p>Actions:</p> <ul style="list-style-type: none"> - Uwe Hilker to address non-payment with Switcher & Scott Nova to address non-payment with Topline. 		
4.3	<p>Human Resource Management</p> <p><u>Update on staffing & field office issues</u> ED updates the SC on recent new hires including a labour liaison officer & assistant data coordinator. The hiring of the training coordinator is pending further discussion with the Management Committee and the Accord has also identified a suitable assistant training coordinator. All documents required for submission of formal registration application for opening the Chittagong office are ready and have been submitted to the Board of Investment.</p> <p>CSI informs the SC that a further 15 engineers have been hired since the last SC meeting to increase the number of follow-up inspections and also to carry out some initial inspections. The total number of engineers is now 51 and the CSI is recruiting for 60.</p> <p>Actions:</p> <ul style="list-style-type: none"> - MC to meet before end of the week to discuss appointment of TC and agree next steps. 	Management Committee	3/7/15
	<p>SC thank Tuomo Poutiainen for his role as chair and the meeting ends to reconvene on the 25th.</p>		
4.4	<p>Budget and Accounting</p> <p>i. <u>Quarterly Budget (budget vs. actual)</u></p> <p>Action: ED to arrange audit committee call in July to present the quarterly budget</p> <p>ii. <u>Mtg. Committee proposal on reporting exceptions to the budget</u></p> <p>No proposal from Management Committee discussed. To be included on the agenda at the next MC meeting.</p> <p>Action: MC to send proposal by email to SC for approval</p> <p>iii. <u>Proposal from company representatives on appointment of Chief Financial Officer</u></p> <p>The Company SC representatives explain their rationale for a proposal to hire a Business Controller to support the ED with the budget, financial control and the overall management of the Accord operations.</p> <p>Actions:</p>	<p>i. Rob Wayss</p> <p>ii. Rob Wayss</p> <p>iii. Company SC reps</p> <p>iv. Secretariat</p>	<p>i. 31/7/15</p> <p>ii. 13/10/15</p> <p>iii. 13/10/15</p> <p>iv. 13/10/15</p>

	<ul style="list-style-type: none"> - Company SC representatives to share internal job descriptions with ED for the business controller role & provide proposal on role of business controller for MC to review - Secretariat to continue providing monthly reports as per the current process, but to also provide further detailed analysis of the data for quarterly meetings <p>iv. <u>Update from ING meeting regarding interest accounts</u></p> <p>Joris Oldenziel and Danny Van Opmeer met with ING to discuss the possibility of opening an interest based account in EUROS in the Netherlands. Joris Oldenziel sums up the conclusions from this meeting.</p> <ul style="list-style-type: none"> - ING also strongly recommended that the Accord takes out Director's Liability Insurance (only Board members) and the SC agree that the Executive Directors (ED & CSI) should also be included in Director's Liability Insurance. Santiago Martinez-Lage Sobredo agrees to replace Andy York as an official board member representative signatory to the ING account pending confirmation on the Director's Liability Insurance. <p>The SC discuss how the Accord currently manages payment authorizations and agree that there should be a staggered payment authorization process, with limits before payment can be authorized by two signatories.</p> <p>Actions:</p> <ul style="list-style-type: none"> - Danny Van Opmeer and ED to provide MC with conservative proposals on variance scenarios (interest vs. penalties) and FX swap estimates - Secretariat to agree limit and division of payment authorizations - ED & CSI to provide copies of their contracts to the MC for reference - CSI to be included as a mandated representative to the ING account, with all payment authorization permissions. - Secretariat to investigate proposals for director's liability insurance for MC review. 		
5	Communications		
5.1	<p>Review Last Meeting Agreed Actions</p> <ul style="list-style-type: none"> - no outstanding items for discussion 	-	-
5.2	<p>External Communications</p> <p><u>Report on Accord 2 year anniversary</u> The ED updated the SC on the events of the Accord 2 year anniversary:</p> <ul style="list-style-type: none"> - Group of journalists taken to four different factories and provided with video stills, local press conference. - International Press conference - Accord has produced a 2 year anniversary video which is ready for distribution. - Press statement included mention of the first two factories to complete all findings from initial inspections. 	<p>Secretariat</p> <p>Company SC reps</p>	<p>31/7/15</p> <p>3/7/15</p>

	<p><u>Quarterly Aggregate Report (QAR) (Paper 2)</u> The SC discuss the data in the latest draft QAR. The CSI notes that this QAR includes an update on the post-earthquake inspections.</p> <ul style="list-style-type: none"> - Low number of issues corrected is because of hartals in March and the earthquake. - Accord is aiming to be able to inspect 300 factories a month with increasing engineering capacity. <p>The SC agree to include a statement on remediation financing data in the QAR.</p> <p>The SC agree on a draft public statement to be issued following the SC meetings in Dhaka.</p> <p>Actions:</p> <ul style="list-style-type: none"> - Secretariat to incorporate narrative edits in the QAR - ED & Joris Oldenziel to put together talking points to be prepared accompanying the release of the QAR. Secretariat to investigate possibility of assessing how many CAP issues go back from ‘pending verification’ to ‘in progress’ - Company SC reps will take to the brand caucus an explanation for the need for accurate remediation financing data and explain the pressure that is being exerted on the Accord. The caucus will explore what options the Accord has to gather accurate information. SC company reps to provide report to the SC on Friday 3rd July on outcome of discussions at brand caucus meeting. 		
5-3	<p>Stakeholder Engagement</p> <p><u>Accord/Alliance</u> CSI & ED provide update to the SC on bilateral engagement & regular communication at the technical level with the Alliance.</p> <ul style="list-style-type: none"> - All reports received from initial analysis of shared factories. More will be required as new shared factories are listed. - Discussing edits to the building standard on some minor issues for clarity <p><u>BGMEA/BKMEA</u> The SC agree to more regular twice monthly bi-lateral meetings with BGMEA. It is agreed that the meetings will be divided into a technical meeting e.g. remediation and training and a more general political meeting allowing for variance of participants involving one or more SC members.</p> <p>Actions</p> <ul style="list-style-type: none"> - ED & CSI to meet with BGMEA to discuss arranging twice monthly bi-lateral meetings & structured agenda <p><u>IFC</u> ED summarises status of IFC loan instrument: Accord has been working for 6 months with IFC representatives in Washington DC on a remediation funding instrument where the IFC would put up \$50million in partnership with 5 local banks. This fund would be available to factories to support remediation, low interest USD based loans.</p> <p><u>ILO</u> The CSI updates the SC on recent ILO engagement specifically cooperation on a technical level. The Accord is supporting the training of labour inspectors, providing support for MoLE staff training in case management and follow-up. The ILO, Alliance and</p>	Rob Wayss	23/6/15

	<p>Accord hold a monthly technical meeting and the Accord participates in the ILO facilitated quarterly coordination meetings.</p> <p><u>Governments</u> ED updates the SC on recent engagement with Government delegations in Bangladesh. The CSI notes to the SC that the Inspector General of Factories in Bangladesh is not responding to requests from the Accord asking the Bangladesh government to ensure that red and red/amber factories meet the agreed requirements of review panel decisions allowing them to continue in production without evacuation.</p>		
6	AOB		
6.1	<p>Review Last Meeting Agreed Actions:</p> <ul style="list-style-type: none"> - No outstanding actions 		
6.2	<p>AOB:</p> <p>The SC approve the text requesting an extension of the investigation timeline of the dispute resolution procedure until 7th August 2015. See agenda item and actions under 2.3</p> <p>Board Resolution: SC board members sign documents for field office registration</p> <p>SC request that all quarterly meeting documents are available in one location and no longer sent over email.</p> <p>Action:</p> <ul style="list-style-type: none"> - Secretariat to set up dropbox folder for all quarterly meeting reports - Secretariat to publish inspection reports from 28 factories with no active/responsible companies 	Secretariat	Immediate
6.3	<p>Confirm next SC meeting dates and location:</p> <ul style="list-style-type: none"> - SC confirm the next quarterly meeting in New York on 13th and 14th October 2015, venue tbc. <p>Actions:</p> <ul style="list-style-type: none"> - Secretariat to put forward proposal for stakeholder engagement meetings in New York - Secretariat to arrange conference call in late July to discuss next steps of the dispute resolution. 	Secretariat	31/7/15
	The Chair officially closes the meeting and thanks all present		