

QUARTERLY AGGREGATE REPORT

on remediation progress and status of workplace programs at RMG factories covered by the Accord on Fire and Building Safety in Bangladesh / RMG Sustainability Council

Statistics as of **1 May 2021**

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EXTENSION OF ACCORD COMMITMENTS BEYOND 1ST JUNE 2021

Ahead of the expiration of the 2018 Accord on 31st May 2021, UNI Global Union, IndustriALL Global Union, and a negotiating committee representing 2018 Accord signatory companies reached an interim agreement to extend the current commitments of the 2018 Accord for three months. This extension allows negotiations on a successor agreement to continue. The interim agreement must be signed by the individual brands.

The data showcased in this Aggregate Report is as of 1st May 2021.

KEY MILESTONES

Inspection & Remediation Programs

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INSPECTIONS

1,692 FACTORIES COVERED BY ACCORD /
RMG SUSTAINABILITY COUNCIL (RSC)



1,632
factories
inspected



60 factories recently
listed and scheduled
for initial inspections

>38,000

total initial and follow-up
safety inspections at
covered factories

>2,800

targeted
inspections

**605 FACTORIES NO LONGER COVERED BY ACCORD /
RMG SUSTAINABILITY COUNCIL (RSC)**



190
made ineligible
for business with
Accord brands



173
closed



170
relocated



72
out of scope

>2,280

FACTORIES INSPECTED OR
SCHEDULED FOR INSPECTION

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REMEDIATION



REMEDIATION PROGRESS

93%

INITIAL REMEDIATION PROGRESS
ACROSS COVERED FACTORIES

361

FACTORIES COMPLETED THE
INITIAL REMEDIATION

>90%

INITIAL REMEDIATION AT
1,272 FACTORIES

1,242

FACTORIES YET TO HAVE THEIR FIRE ALARM AND DETECTION
SYSTEM VERIFIED AS INSTALLED TO STANDARD

1,056

FACTORIES YET TO HAVE THEIR FIRE SUPPRESSION SYSTEM
VERIFIED AS FULLY FUNCTIONAL AND INSTALLED TO STANDARD

913

FACTORIES YET TO HAVE ALL SAFE EGRESS MEASURES
IMPLEMENTED AND VERIFIED TO STANDARD

377

FACTORIES YET TO COMPLETE THE STRUCTURAL REMEDIATION
BASED ON AN ENGINEERING ASSESSMENT



OUTSTANDING REMEDIATION

KEY MILESTONES

Workplace Programs

3

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SAFETY COMMITTEE & SAFETY TRAINING



1,022

SAFETY COMMITTEES
COMPLETED THE SAFETY
TRAINING

76

SAFETY COMMITTEES
YET TO COMPLETE THE
2018 ACCORD TRAINING
ELEMENT ON HEALTH
HAZARDS & THE RIGHT
TO A SAFE WORKPLACE

230

SAFETY COMMITTEES AT
AN EARLIER STAGE IN THE
TRAINING PROGRAM

> 1,8 MILLION

WORKERS INFORMED ABOUT WORKPLACE SAFETY



SAFETY & HEALTH COMPLAINTS MECHANISM

SEE PAGE
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COMMONLY ALLEGED SAFETY & HEALTH HAZARDS INCLUDE:

- Fire/Structural/Electrical Hazards
- Workplace Violence
- Forced Overtime
- Denial of Maternity Rights
- Sexual Harassment

ACCORD REPORTING AND TRANSPARENCY

As part of its commitment to transparency and accountability¹, the Accord publishes Quarterly Aggregate Reports and makes public on its website the following information:

- **The list of of RMG and textile factories²** producing for Accord company signatories and their safety remediation progress, together with the status of the safety training program.
- **The list of ineligible suppliers**, for business with Accord signatory companies³, for failure to implement workplace safety measures.
- **The list** of factories handed over to the Government of Bangladesh.
- **The complaints** raised by workers and their representatives through the Accord Signatories' health & safety complaints mechanism.

The 2018 Transition Accord, which entered into effect on 1st June 2018, covers as of 1st May 2021 1,692 factories, of which:

- **1,373** factories are 'active', meaning that at least one company signatory is actively sourcing from there;
- **91** factories are 'inactive responsible', meaning that at least one company signatory was sourcing from there within the last 18 months.
- **84** factories are 'no-brand', meaning that they were covered under the 2013 Accord but had not completed the initial remediation until 1 June 2018, and have not been listed as 'active' by signatories to the 2018 Transition Accord. The Accord continues to monitor and support remediation at these factories until remediation has been completed.
- **144** factories are 'pending closure', meaning that they are undergoing the closure procedure. This procedure is initiated when a factory has / is going to be temporarily closed, permanently closed, or relocated.

2018 TRANSITION ACCORD KEY FEATURES:

- Legally-binding agreement between brands & trade unions
- Independent safety inspections & remediation program
- Brand commitment to ensure safety remediation is completed & financially feasible
- Disclosure of inspection reports & corrective action plans
- Safety Committee and Safety Training Program
- Safety and Health Complaints Mechanism
- Protection of right to refuse unsafe work
- Ongoing promotion of right to Freedom of Association to advance safety
- Optional listing of home textiles and fabric & knit accessory suppliers
- Transition of Accord functions to a national safety entity

1. 2018 Accord Article 14.

2. Under the 2018 Accord, signatory companies can voluntarily list their suppliers in any of the following categories: i) home textiles; ii) fabric and knit accessories. If a signatory so chooses, it must list all its suppliers in the respective category.

3. www.bangladeshaccord.org/factories. Apply filter 'Remediation status: ineligible'.

TRANSITION OF THE BANGLADESH-BASED ACCORD FUNCTIONS TO THE RMG SUSTAINABILITY COUNCIL (RSC)

On 1st June 2020 the functions of the Accord Office in Bangladesh transitioned to a newly established labour-brands-industry company called RMG Sustainability Council (RSC). The RSC inherited all operations, staff, infrastructure, and functions of the Accord Office in Bangladesh; and will continue with factory inspections, remediation monitoring, and workplace programs.

The Accord Steering Committee, the Bangladesh Garment Manufacturers and Exporters Association (BGMEA) and the Bangladesh Knitwear Manufacturers and Exporters Association (BKMEA) agreed to establish the RSC in May 2019, with a view to ensure that the safety progress made by Accord-covered factories is maintained and potentially expanded.

About the RSC

The RSC has been established to continue the Accord company and union signatories' efforts to monitor and advance workplace safety in the RMG industry in Bangladesh. The RSC is intended to be the uniform platform through which brands, unions and manufacturers jointly address workplace safety in Bangladesh.

The Accord signatory companies' requirements related to workplace safety – as prescribed by the 2018 Transition Accord agreement - will continue to be applied and monitored in their RMG factories, based on the approved inspection and remediation standards and procedures, the existing Safety Committee and safety training program, and the existing Safety & Health Complaints Mechanism. The RSC is governed by a Board of Directors consisting of an equal number of representatives from industry, brands and trade unions; and will closely co-operate with and support the regulatory functions of the Government of Bangladesh.

Through their support and participation in the RSC, the Accord signatories are committed to implement the legally binding obligations of the 2018 Transition Accord agreement between global brands, retailers and trade unions.

To ensure the provisions of the 2018 Transition Accord on remediation, inspections, training, and complaints programs continue to be adequately implemented, the Accord Steering Committee and BGMEA⁴ agreed that:

- Documented decisions, policies and protocols developed by the Accord are carried over to the RSC.
- All existing transparency features of the Accord are maintained by the RSC, including full public disclosure of inspection results and remediation activities.
- All Accord-covered factories are carried over to the RSC retaining their remediation status and any outstanding remediation requirements as per the factory's Corrective Action Plan.
- The RSC will appoint a Chief Safety Officer, retaining the same independence,

autonomy, authorities, and reporting requirements practiced by the Accord.

- The Safety and Health complaints mechanism established under the Accord will continue to operate independently and autonomously.
- Boiler safety will be integrated in the RSC's inspection and remediation programs, in addition to fire, electrical and structural safety.

The Accord Steering Committee is committed to ensuring that the RSC maintains key characteristics of the Accord program; including that workers, through their local and global representatives, play an active role in advancing workplace safety; and brands and retailers negotiate commercial terms to make remediation financially feasible.

The Accord and the RSC have agreed to collaborate in order to honour their common goal of achieving a safe and sustainable RMG industry in Bangladesh, and to ensure a smooth relationship between the two autonomous organizations so that they can both fulfil their tasks. The Accord union and brand signatories have expressed an intention to continue negotiations over a successor to the current 2018 Accord, which is in effect until the end of May 2021.

Background to the transition

The agreement to establish the RSC, signed by the Accord and the BGMEA through a Memorandum of Understanding in May 2019, resolves a court case with the Bangladesh High Court, with the High Court's Appellate Court accepting the MoU signed by the Accord and the BGMEA, and allowing the Accord to continue operations until 31st May 2020 and transition its functions to the RSC on 1st June 2020.

Accord Reporting

As of 1st June 2020, the Accord signatories' obligations with respect to inspections, remediation and workplace programs at their supplier factories will be implemented through the RSC. To ensure that the signatories' obligations are upheld, the Accord Foundation's Secretariat will continue to monitor, verify and report on the implementation of the 2018 Transition Accord agreement through the RSC.

RSC engineers, remediation case handlers, trainers and complaints case handlers are responsible for implementing the safety programs, in accordance with the protocols and procedures developed by the Accord.

Starting with the July 2020 issue of the Quarterly Aggregate Report, the Accord is reporting on safety progress achieved by the Accord-covered factories based on the data and information provided by the RSC to the Accord Foundation in the Netherlands.

4. Through the signing of a Transition Agreement on 14th January 2020, <https://bangladeshaccord.org/updates/2020/01/15/joint-statement-accord-bgmea>

IMPACT OF THE COVID-19 PANDEMIC ON THE ACCORD / RSC OPERATIONS

Safety Inspections

In light of the pandemic, the on-site safety inspections were suspended between March – September 2020 and again between 4th April – 24th May 2021. To prevent the spread of the Covid-19 virus among its staff and at the inspected factories, the RSC has implemented several changes to the usual inspection procedures, including direct transport of the engineers to and from the factories, and the provision of personal protective equipment (PPE).

Given the large number of factories requiring inspections, the RSC is prioritizing inspections to verify the remediation progress at the factories meeting the following criteria:

- Factories with 100% initial findings progress rate requiring final verification of CAP items
- Factories requiring a (pre-) testing & commissioning inspection to verify that the fire detection & alarm system and/or fire suppression system are functional and installed to standard
- Factories with outstanding life-threatening safety hazards / major remediation delays
- Factories requiring on-site verification of their (Detailed) Engineering Assessment / structural remediation
- Factories that had recently been listed by signatory companies and require initial inspections

Inspections are scheduled at the covered factories meeting these criteria only if the factories have provided adequate documentary and pictorial evidence that adequate safety measures to contain the spread of the Covid-19 virus are in place and maintained at the factory.

Following an Accord Steering Committee decision (27th April 2020), the Accord Secretariat has requested all Lead Brands⁵ to provide their assigned factories with guidelines and examples based on the opinions and recommendations of global and Bangladeshi public health, OSH, and disease prevention experts. Included in this communication are accepted measures to keep workers safe and prevent further spread of the virus. In order to confirm that the Covid-19 measures are implemented, factories are asked to provide their Lead Brands with video or pictorial evidence, and to communicate the date of completing each measure.

Recommended measures include but are not limited to:

- Providing protective nose and mouth face masks
- Disinfection of hands and shoes at entry
- Introduction of measures to maintain social distancing
- Establishing and maintaining natural airflow / ventilation
- Conveying important information on spread prevention throughout the factory.

Workplace programs

Since March 2020, where factories resumed production, remote Safety Committee trainings and Safety Committee meetings have been conducted via teleconference. Through these remote sessions, the trainers distribute to factories informational materials on Covid-19 prepared by the WHO and the Government of Bangladesh. As of 1st May 2021, All Employee Meetings (AEMs) to inform all workers in a factory about health and safety remain suspended. The RSC has informed the Accord that a plan is currently being developed for the potential resumption of the AEMs whereby the presentations would be made in the work areas of the factory rather than separately congregating workers in one location. This plan will fully consider whether it is adequately safe for the factory's workers and the RSC employees.

Workers at covered factories have filed through the Accord signatories' Complaints Mechanism, approximately 270 complaints related to Covid-19.

5. For every factory, the Accord assigns a lead brand to liaise with the factory on behalf of all the Accord companies responsible for remediation in that factory. This approach has allowed each company to focus their time and efforts on driving remediation in a subset of their factories.

IMPACT OF THE COVID-19 PANDEMIC ON THE ACCORD / RSC OPERATIONS

These complaints largely fall into the following categories:

- Non-payment of severance entitlements
- Retrenchment / forced resignation / termination of workers
- Non-payment/under-payment of wages
- Lack of adequate protective measures in the factories to prevent the spread of Covid-19 (particularly during the first months of the crisis)
- Non-payment of maternity benefits and forced resignation/termination of pregnant workers.

All complaints related to the Covid-19 health crisis will be investigated; the outcome of the complaints will be published on the Accord's website.

If a complaint alleges a critical or life-threatening safety hazard, an emergency inspection will be arranged.

INSPECTIONS

Under the terms of the Accord, company signatories disclose all their RMG supplier factories and, on a voluntarily basis, their home textiles and fabric & knit accessory suppliers in Bangladesh. All factories listed by Accord signatory companies receive initial inspections and periodic follow-up inspections to monitor and verify remedial measures.

Starting 1st June 2020, all safety inspections at covered factories are being conducted by the RSC, following Covid-19 precautionary measures implemented specifically for the inspection process (see section Impact of the Covid-19 pandemic on the Accord / RSC operations).

Initial inspections at covered factories

– **TABLE 1 – Factories supplying to signatories, inspected or scheduled for inspection**

FACTORIES	
Covered factories	
Inspected	1,632
Recently listed and scheduled for initial inspections	60
Total covered factories	1,692
Factories no longer covered	
Closed	173
Relocated	170
Made ineligible for business with Accord company signatories	190
Out of the Accord's scope	72
Total factories no longer covered	605
Total factories inspected or scheduled for initial inspections	2,280⁶

After each factory has been inspected for fire, electrical and structural safety, the inspection reports are shared with factory owners, the responsible 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 RSC team of case handlers provide support in the CAP development and implementation, and work closely with the RSC engineers to provide any necessary technical guidance.

Once a CAP is finalised by the factory owner and the signatory companies, it is submitted for review and approval. Prior to 1st June 2020, the Accord Chief Safety Inspector was responsible for the review and approval of the CAPs; starting 1st June 2020, this process has become the responsibility of the RSC.

After approval, all three inspection reports and the CAP are uploaded to the database jointly shared by the Accord and the RSC and are made publicly available on both the Accord and RSC websites⁷.

6. This number does not match the total number of Accord-covered and no longer covered factories, as some factories that are now closed, relocated, ineligible for business with Accord company signatories or out of the Accord's scope had not received an initial inspection before their status was changed.

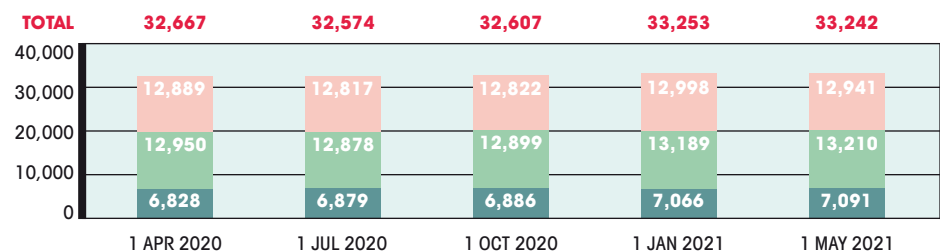
7. The RSC website is currently under development.

INSPECTIONS

Follow-up and targeted inspections at covered factories

– DIAGRAM 1 – Follow-up inspections at covered factories

Total Follow-up inspections to date: **33,242**



– TABLE 2 – Targeted inspections

Testing & commissioning verification inspections (T&CVIs)	1,583
Pre-T&CVI visits	576
T&CVI Final verification inspections	14
Negative suction non-compliance-related inspections	332
Boiler safety inspections	74
Inspections in response to safety complaints, immediate fire/structural/electrical/boiler safety concern, and factory walk-throughs	232
TOTAL	2,811

The RSC engineers are monitoring progress and verifying implementation of CAPs. Follow-up inspections are conducted (Diagram 1) to verify that corrective actions have been completed correctly.

After the engineers have undertaken a follow-up inspection, they generate a detailed report and update the CAPs. The detailed report is sent to the factory, the responsible company signatories and the union signatories. This report includes an explanation of any new findings and pictorial evidence of remediation. The updated CAP is published on both the Accord and RSC websites⁸ and shows the progress status of each finding and includes any new findings.

In addition to regular follow-up inspections, RSC engineers are conducting targeted inspections (see Table 2), including the following:

- **Testing & commissioning verification inspections (T&C VIs)** to verify that the installation of the fire detection and alarm system has been completed, as indicated by factories in their CAP.

Between 2017 - 2020, the Accord engaged with international engineering firm Jensen-Hughes to provide theoretical and practical T&C training to Accord (currently RSC) engineers. Prior to 1st June 2020, Jensen-Hughes, accompanied by Accord engineers, conducted T&C VIs at approximately 437 Accord factories and developed a series of checklists to be utilised during these inspections to assess whether the air sampling system, fire alarm, fire pump, fire sprinklers, and the standpipe system have been installed correctly. As part of the Accord's commitment to help build local engineering capacity, Remediation Coordination Cell (RCC) and National Action Plan (NAP) engineers were invited to 'shadow' the T&C VIs conducted by Jensen-Hughes and Accord fire engineers, and the Accord shared with them the T&C VIs checklists.

In an effort to increase the number of factories that 'pass' the T&CVI - meaning that the fire systems are found to be adequately installed to standard and fully functional, the Accord introduced in May 2019 pre-T&CVI on-site documentation

8. Idem

INSPECTIONS

and equipment reviews at factories. The goal of such a pre-T&CVI on-site review is for Accord (current RSC) engineers to determine whether the factory is ready for a full functional T&CVI.

- **Negative suction non-compliance-related inspections.** T&C VIs conducted in early 2018 revealed that approximately a third of Accord-covered factories had installed the pump of the fire protection / hydrant / sprinkler systems using negative suction, which is non-compliant with the Accord inspection standard (NFPA).

Inspections have since been conducted at Accord factories to identify solutions to resolve the negative suction situation, such as installing a vertical turbine fire pump or changing the position of the water reservoir vis a vis the fire pump.

- **Boiler safety inspections.** Between 2018-2020 the Accord ran a Pilot Boiler Safety Program at Accord-covered factories.

Initial boiler safety inspections conducted at 20 Accord-covered factories revealed significant boiler safety hazards (see Annex 3), including non-compliant or missing boiler components/parts and a lack of certification. The boiler safety findings have been included in the factories' CAPs.

Boiler safety is being integrated in the RSC's inspection and remediation programs, which means that all factories listed by Accord signatory companies will receive boiler safety inspections.

Factories requiring Detailed Engineering Assessments (DEAs)

– TABLE 3 – DEA Status

Factories where conducting a (D)EA is required	1,605
Pending submission by factory	162
Pending review	19
Accepted, pending on-site verification	77
Fully accepted i.e. on-site verification revealed alignment between (D)EA documentation and the physical building(s)	1,228
Partly accepted, partly pending submission by factory/review	119

If the initial inspection indicates potential structural weakness, factories are required to undertake a structural (Detailed) Engineering Assessment (D/EA), including as-built drawings, engineering tests, preparing load plans, and developing retrofitting drawings. (D)EAs are conducted by structural engineers hired by factories and submitted to the RSC for review.

Once the (D)EAs are accepted, the factories are required to complete the structural remediation and retrofitting work.

Table 3. shows the number of covered factories at different stages in the (D)EA development, review and approval process. Prior to 1st June 2020, the Accord Chief Safety Inspector was responsible for the review and approval of the (D)EAs; starting 1st June 2020, this process has become the responsibility of the RSC Chief Safety Officer.

- **(D)EA pending submission by factory** - Based on the findings of the initial structural safety inspection, the factory is required to undertake a structural (Detailed) Engineering Assessment.
- **(D)EA pending review** - The factory has submitted their (D)EA and the RSC is in the process of reviewing it.

INSPECTIONS

- **(D)EA accepted, pending on-site verification** - The RSC has reviewed and accepted the (D)EA based solely on the documentation submitted as part of the (D)EA. The RSC is yet to conduct an on-site verification of the information submitted in the (D)EA i.e. to verify that the documents align with the physical building(s).
- **(D)EA fully accepted** - All required (D)EA documentation has been accepted and also verified by the RSC to be in alignment with the physical building(s). Structural retrofitting can commence.
- **(D)EA partly accepted, partly pending submission by factory/review** - The RSC reviewed the (D)EA and accepted part(s) of it e.g. the (D)EA of one building part of a compound with several buildings. The remaining part(s) of the (D)EA must be (re-)submitted and reviewed. Structural retrofitting based on the accepted part of the (D)EA can commence.

The following may also apply: all parts of the (D)EA had been previously accepted and verified as being in alignment with the physical building(s); but a subsequent follow-up inspection revealed discrepancies e.g. physical building no longer aligned with the design or the factory made a change in Load Plan. In this case, structural retrofitting based on the accepted part of the (D)EA relating to the discrepancies found during the follow-up inspection must be ceased until the updated documents are re-submitted by the factory and reviewed by the RSC.

A challenge at the beginning of this process was for factories to find structural engineers with the necessary experience to conduct (D)EAs. In response to this, the Accord invested in efforts to improve the quality of (D)EA submissions and re-submissions by factories and increase the former Accord, current RSC engineers' capacity and experience.

Between 2017-2020, the Accord engaged with WSP international structural engineering company to review a sample of (D)EAs submitted to the Accord. WSP provided comments to former Accord, current RSC engineers and to the engineers working for the factories to support them in the review process and analysis. The revised (D)EA submissions from engineering firms contracted by factories which met with WSP engineers have shown improvement.

Factories requiring Fire Design and drawings

– TABLE 4 – Fire design & drawings requiring approval

	Fire Alarm and Detection system (FADS)	Fire Suppression system (SUPS)
Factories where FADS/SUPS is required	1,618	1,336
Factories with FADS/SUPS design accepted	1,495	1,223
Factories with FADS/SUPS design pending review	28	24
Factories with FADS/SUPS design pending submission	95	89

The fire safety inspections at covered factories may result in the requirement of the factory to install a fire alarm & detection system and a fire suppression system. The design drawings for these systems must be submitted for review and acceptance prior to installation of the system to ensure they meet the required standard. Prior to 1st June 2020, the Accord Chief Safety Inspector was responsible for the review and approval of the fire systems' design and drawings; starting 1st June 2020, this process has become the responsibility of the RSC Chief Safety Officer.

Table 8 shows the progress made by factories towards completion of the installation of their fire detection and protection systems.

Factories requiring temporary evacuation

Based on the Accord signatories' requirements, 73 factory buildings were required to (temporarily) evacuate, as the initial or follow-up inspections revealed a severe and imminent risk of structural failure or severe electrical and fire hazards.

Findings indicating that the structural integrity of the building falls below the acceptable level of safety include (see Annex 2):

- Highly overstressed columns;
- Cracks in beams and floor slabs;
- Discrepancies between design information and building structure;
- Inadequate additional construction onto cantilevers.

In these cases, the Accord Chief Safety Inspector (CSI) required the responsible Accord company signatories to ensure the factory owner evacuates the building and stops Accord company production until it is determined the building is safe for re-occupancy. When necessary, the CSI and starting 14th September 2020, the RSC Acting Chief Safety Officer (CSO), submitted the inspection results to the Government of Bangladesh' Review Panel⁹.

In over 200 factories, immediate load reduction measures were required such as removal of storage or emptying of water tanks to prevent the risk of a building collapse and continue (partial) production.

The Accord and the RSC are 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.

9. The Review Panel has been established through the National Plan of Action to convene when National Effort or Accord (now RSC), or Alliance inspections result in a recommendation to suspend production or evacuate a factory building. The engineers on the Panel [BUET (2), RSC (1)] must unanimously decide to permit partial or full production to resume. If there is no unanimous decision, the production must remain suspended until required remediation / corrective action is taken to ensure safe re-occupation.

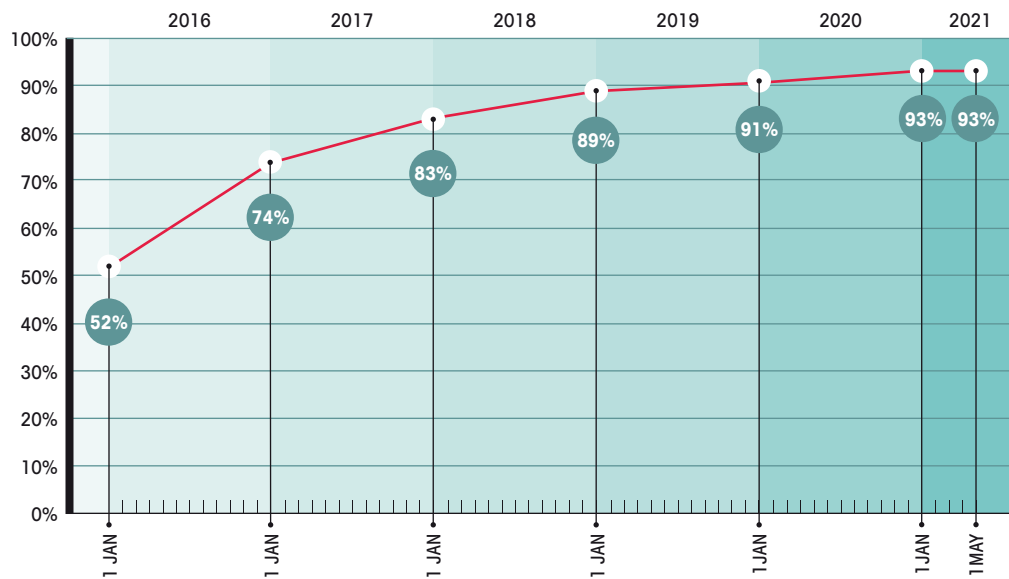
REMEDiation

The completion of safety remediation at the 1,600+ factories supplying to Accord company signatories is monitored through approximately 400 follow-up inspections each month. Each factory is inspected approximately once every four months.

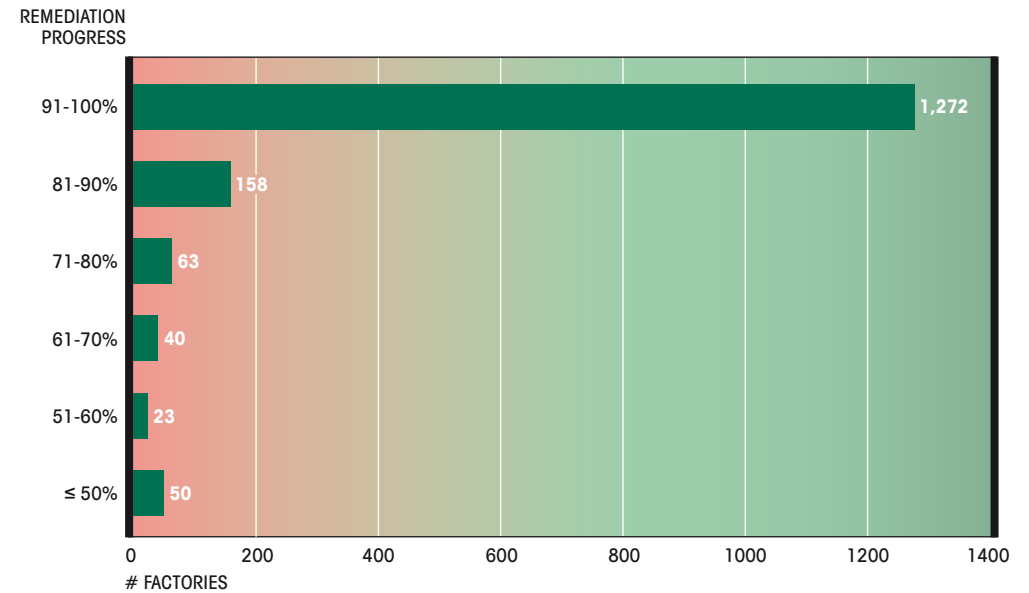
Starting 1st June 2020, all safety inspections at covered factories are being conducted by the RSC, following Covid-19 precautionary measures implemented specifically for the inspection process (see section Impact of the Covid-19 pandemic on the Accord / RSC operations).

The Accord Secretariat further conducts targeted remediation review meetings with individual signatory companies to identify high priority factories where remediation must be accelerated.

– **DIAGRAM 2** – Remediation progress of safety issues identified during initial inspections



– **DIAGRAM 3** – Current status of initial remediation at covered factories (with an approved CAP)



REMEDIATION

Factory remediation status

– TABLE 5 – CAP status vs. year of initial inspection

Year of initial inspection	Total factories with initial inspection conducted that year*	CAP behind schedule The CAP is in implementation but one or more timelines have not been met.	CAP on track The CAP is in implementation and all timelines have so far been met.	Initial CAP completed All issues identified in the initial inspections have been verified as corrected.	CAP not implemented The factory does not agree to implement the CAP and as a result the supplier is ineligible for business with Accord signatory companies (see Section 8. Non-compliant suppliers)	CAP not finalised/no CAP The CAP is either incomplete, absent or not yet approved.
2013	134	61	11	33	4	0
2014	1322	538	96	244	125	2**
2015	277	111	32	52	33	0
2016	99	55	11	18	10	0
2017	120	67	29	10	11	0
2018	97	73	16	3	3	0
2019	93	74	9	1	3	2
2020	40	38	2	0	0	0
2021	38	20	2	0	0	15

* This number includes factories that have in the interim closed down or become out of the Accord's scope and, as such, does not always match the totals listed under the different CAP status categories described in this table.

** Factories listed by Accord signatory companies in 2020. The initial safety inspections were conducted by the Alliance for Bangladesh Worker Safety in 2014; the responsible parties are in the process of developing a CAP based on the initial inspection reports developed by the Alliance.

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

REMEDIATION

Remediation progress of safety findings

– **DIAGRAM 4** – Remediation status of original & new safety findings (in published CAPs)

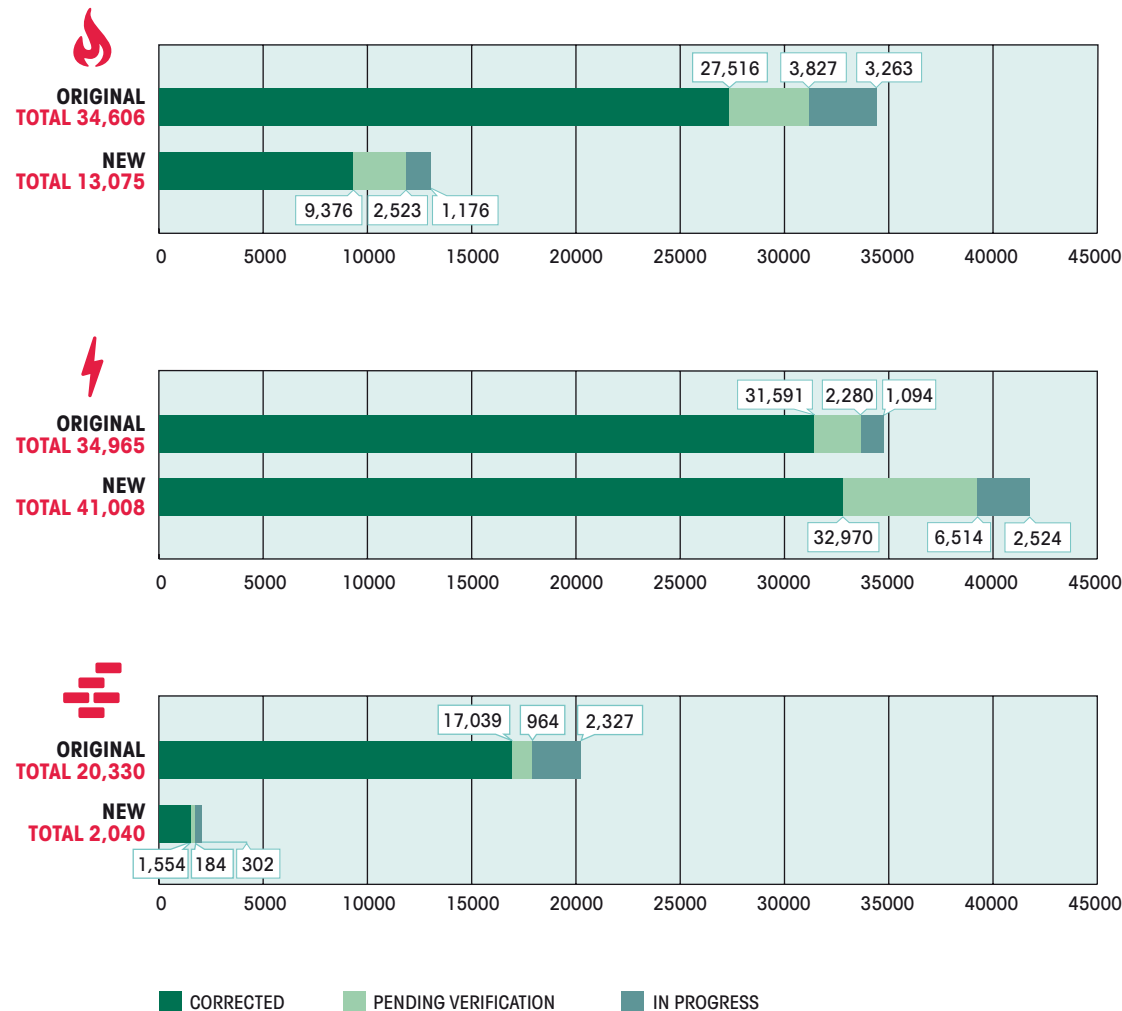


Diagram 4 provides an overview of the status of inspection findings that are reported in the published CAPs.

- **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 / RSC has been informed that the finding has been corrected but the RSC is yet to verify this.
- **Corrected:** The finding has been verified as corrected by the former Accord, current RSC engineers through their follow-up verification visits.

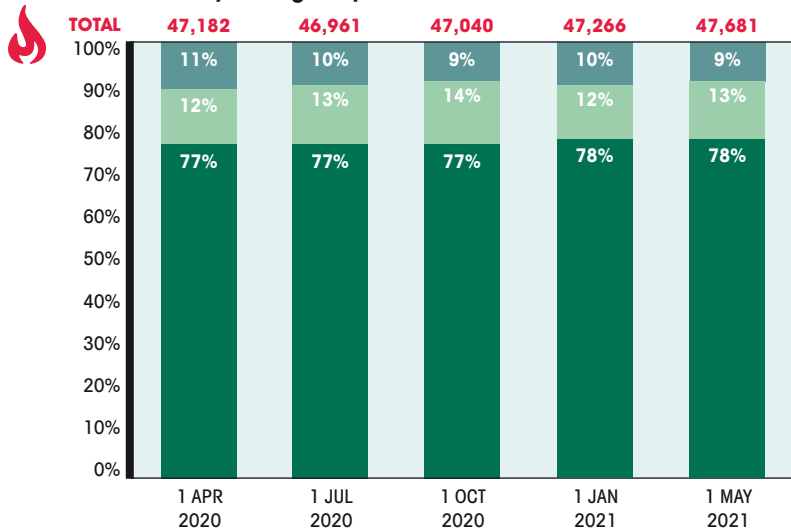
The total findings in published CAPs include original findings and new findings.

- **Original findings:** Findings from the **Initial inspections**.
- **New findings:** Findings from **follow-up inspections**.

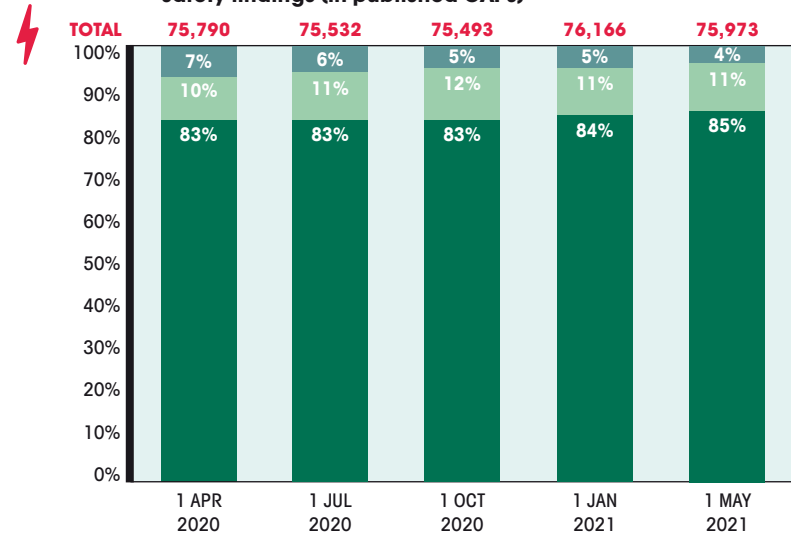
The Accord experience with remediation verification thus far, indicates that around 23 percent of issues pending verification will be reclassified as 'in progress' after a follow-up inspection. This is attributed to discovering during a follow-up inspection that the issue was either not corrected or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

REMEDIATION

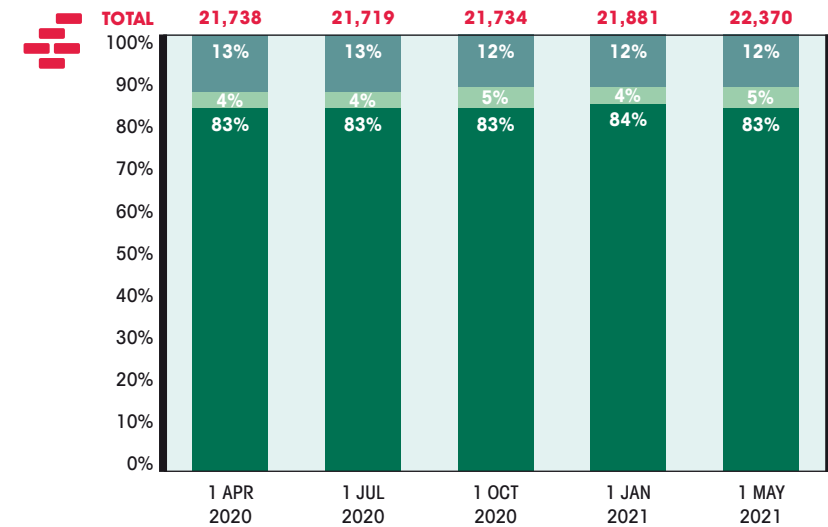
– **DIAGRAM 5** – Remediation progress of total original & new **FIRE** safety findings (in published CAPs)



– **DIAGRAM 6** – Remediation progress of total original & new **ELECTRICAL** safety findings (in published CAPs)



– **DIAGRAM 7** – Remediation progress of total original & new **STRUCTURAL** safety findings (in published CAPs)



■ % CORRECTED ■ % PENDING VERIFICATION ■ % IN PROGRESS


REMEDATION

Progress and completion rates of common remediation items

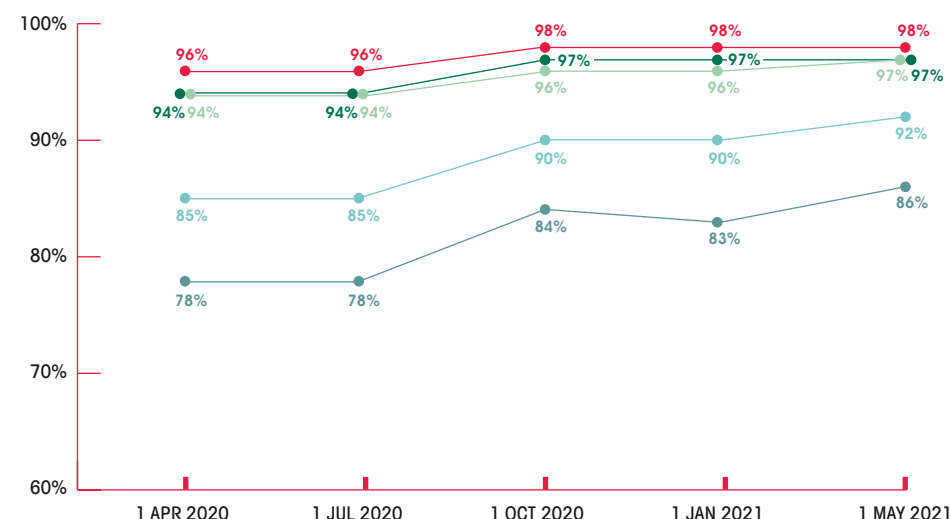
Most of the findings that are reported in published CAPs are common to many factories (see Annex 1). The Accord and the RSC track the total number of findings by categories and subcategories.

The fire, electrical and structural categorization allows for further analysis of the most common safety hazards across all the factories inspected under the Accord prescribed Safety Program.

– TABLE 6 – Status of most common FIRE findings at covered factories

Finding 	No. of factories where the finding was identified	No. of factories where the finding is still outstanding
● Lockable/collapsible gates	1,346	21
● Inadequate egress lighting	1,378	42
● Lack of fire separation in hazardous areas	1,291	107
● Non-compliant exit stair openings	1,373	191
● Storage in means of egress	1,247	34

– DIAGRAM 8 – Remediation progress of most common FIRE findings at covered factories



– TABLE 7 – Status of safe egress at covered factories

Status safe egress	No. of factories
All safe egress measures verified as corrected	619
At least one finding related to safe egress pending verification and no finding outstanding	631
At least one finding related to safe egress outstanding	282
Total number of factories with at least one finding related to safe egress	1,532

Measures that covered factories are requested to take in order to ensure a safe evacuation of the building in case of fire include removal of lockable/collapsible gates, removal of storage in means of egress, installation of exit lighting and signs in compliance with the standard, and providing a fire-protected pathway to the exterior of the building.

REMEDIATION

Installation of Fire Detection and Suppression Systems at covered Factories

Once the fire systems' design has been accepted, covered factories are required to follow the steps described below:

1. Commence the installation of the fire system(s). Components of the fire detection and protection systems can be installed using local components/materials, which are available immediately, where supporting evidence is provided that confirms that they are compliant with relevant standards and tested and certified accordingly by a 3rd party accredited independent testing laboratory. For example, compliant cabling, the conduits, the pipes and fittings of a sprinkler system can be purchased locally and installed whilst waiting for the imported components to arrive. For fire system components that need to be imported, the factories need to open a letter of credit (LC).
2. Undergo a pre-Testing & Commissioning Verification Inspection (pre-T&CVI) on-site documentation and equipment review. The goal of such a pre-T&CVI on-site review is for the engineers to determine whether the factory is ready for a fully functional T&CVI. Pre-T&CVI reviews were introduced by the Accord in May 2019 in an effort to increase the number of factories that 'pass' the T&CVI - meaning that the fire systems are found to be adequately installed to standard and fully functional.
3. Undergo a full T&CVI. The goal of this inspection is to ensure that the systems are fully functional and installed to standard. Where possible, the engineers conduct the T&CVI of both the fire detection and alarm system and the fire sprinkler system during the same inspection at the factory.

– TABLE 8 – Status installation of fire detection and suppression systems


	Fire Alarm and Detection System (FADS)	Fire Suppression System (SUPS)
Factories where the fire system has been verified as adequately installed to standard and fully functional	303	197
Factories pending a Final Verification Inspection ¹⁰	26	17
Factories pending Testing & Commissioning Verification Inspection (T&CVI)	208	144
Factories at the stage of pre-T&CVI on-site documentation & equipment review	407	303
Factories where the installation of the system is ongoing	544	526
Factories where the installation is yet to commence	57	66

10. Factories pending a final verification inspection have 'failed' the T&CVI with only minor issues; to ensure these issues have been corrected and the fire detection and protection systems are fully functional, a final verification is required.

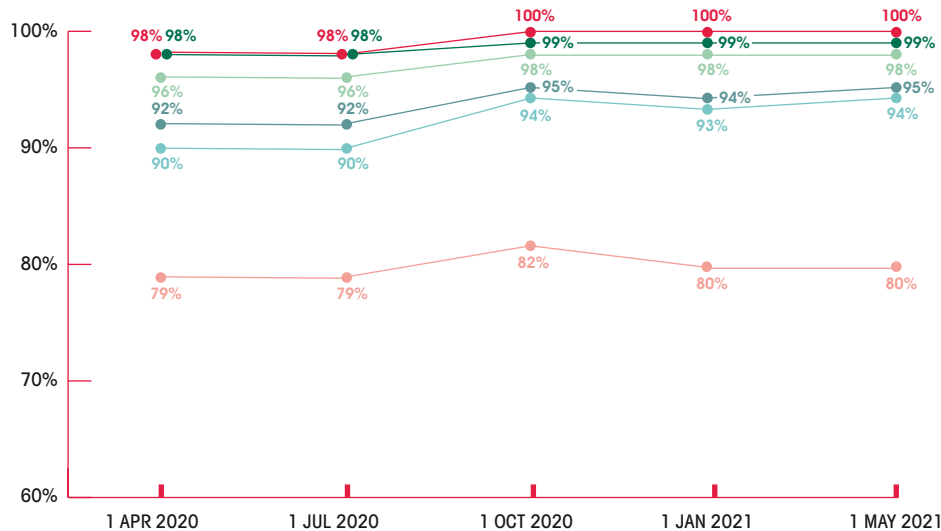
REMEDATION

The data analysis showcased in Table 10 and Diagram 10 in the previous Quarterly Aggregate Reports is based on the initial structural safety hazards found at 96% of the Accord-covered factories, which had been recorded and tracked in aggregate format. These factories received initial safety inspections between 2013-2018. Improvements in the Accord/RSC's categorisation of structural safety findings made in 2021 ensure that the initial structural safety hazards found at all Accord-covered factories are being included in the data analysis.


– TABLE 9 – Status of most common ELECTRICAL findings at covered factories

Finding 	No. of factories where the finding was identified	No. of factories where the finding is still outstanding
● Lack of cable support and protection	923	17
● Lack of Lightning Protection system (LPS)	879	53
● No Single Line Diagram (SLD)	872	174
● Inadequate circuit breakers	809	41
● Hazardous accumulation of dust and lint on electrical equipment	782	3
● Unsafe earthing equipment	736	4

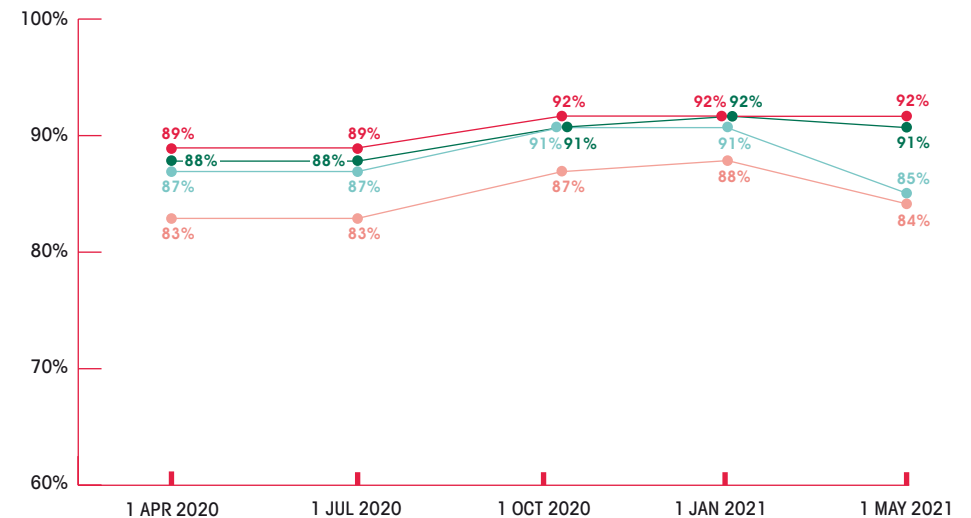
– DIAGRAM 9 – Remediation progress of most common ELECTRICAL findings at covered factories



– TABLE 10 – Status of most common STRUCTURAL findings at covered factories

Finding 	No. of factories where the finding was identified	No. of factories where the finding is still outstanding
● Lack of management load plan	991	92
● Inconsistency with building plan and drawings	1,076	158
● Incorrect implementation of existing load management plan	894	73
● Lack of design check against lateral load	750	117

– DIAGRAM 10 – Remediation progress of most common STRUCTURAL findings at covered factories



Ensuring remediation is financially feasible

Article 17 of the 2018 Transition Accord requires signatory companies to negotiate commercial terms with their suppliers which ensure that it is financially feasible for factories to maintain safe workplaces and comply with the remediation requirements instituted by the Accord's Chief Safety Inspector. Starting 1st June 2020, the remediation requirements at the covered factories are instituted by the RSC Chief Safety Officer, who leads the Inspections and Remediation programs under the RSC.

Finance plan approved

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 the type of finance plan agreed¹¹. The Accord obtains confirmation of agreed finance plans from all signatories and factories. To date, 1,362 finance plans have been reported as confirmed in the Accord factory database.

Finance requests

When a factory expresses the need for financial support to cover remediation costs, the Accord will hold a meeting with the factory owner and all responsible brands. The meeting is scheduled with a minimum of 30 days' notice to give the supplier time to submit the required information for the brands' review - as outlined in the Finance Guide. Such information will typically include the list of materials/works required to complete the CAP items for which financial support is being requested, written quotations from service providers, as well as financial documentation for the

previous three years. If the documentation is incomplete at the meeting, the factory will be given an additional 2 weeks to fulfil the request for information.

The factory must demonstrate the need for financial support and the costs of outstanding remediation. The brands must evaluate the factory's request and inform the Accord of their decision within 2 weeks of having received the information from the factory. The signatory companies should negotiate amongst themselves in order to determine how the economic and financial responsibility might be apportioned in order to ensure that it is sufficient for the factory to cover the remediation costs. If the factory provides all relevant documents but the brands do not respond or the process does not result in a mutually acceptable agreement that ensures completion of remediation, the Accord will refer the finance request to the Steering Committee, who will decide whether the brand is in breach of its Accord obligations under Article 17.

If the factory does not properly follow-up or cooperate during the finance request process, then the request will be dismissed. To date, 165 remediation finance requests from factories have been recorded under 2018 Accord Article 17 (Table 11), of which 70 have been resolved.

11. The Accord Secretariat and members of the Steering Committee have observed that, in some cases, signatory brands and factories have reported that a factory is "self-financing" even though the factory is receiving some form of financial assistance from the brands.

The Accord acknowledges there may be under-reporting of financial support from signatory companies. It is therefore unclear to the Accord how many suppliers have been receiving assistance and the type of assistance received. Both labour and brand representatives on the Steering Committee agree that more assistance is likely being provided than is reflected in 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 Steering Committee. The Accord Secretariat is pursuing its efforts to obtain more accurate data on financing remediation on an aggregated level and make such data publicly available.

REMEDIATION

– **TABLE 11 – Status of Finance requests as of 1st May 2021**
(active and inactive responsible factories)

Requests	Pending	9
	Resolved	70
	Referred to the Steering Committee	0
	Dismissed	45
Factories	Closed while the finance request was being processed	14
	Made ineligible for business with Accord brands	26
	Relocated to a new building; the request to finance remediation became moot	1
TOTAL		165

– **TABLE 12 – Overview applications Factory Remediation Fund as of 31st May 2020**

Applications approved	20
Applications rejected	28
Applications closed due to closing of the Factory Remediation Fund (1 of them is currently processed as a general finance request under 2018 Accord Article 17)	23
Factories whose operations closed while the application was being processed	3
Factory informed the Accord, during the application process, that it will self-finance the remediation	1
Factory Remediation Fund agreement terminated	1
Total applications received	76

Factory Remediation Fund

To support covered factories that no longer have any Accord signatory companies as customers, the Accord Steering Committee developed in 2017 a Factory Remediation Fund. In July 2019, the Fund became available to all Accord-covered factories meeting certain criteria, including those that produce for Accord company signatories.

42 applications (55% of the total) were submitted by factories producing for Accord signatories. To be deemed eligible to receive financial remediation support, these factories must have completed at least 75% of the initial remediation. Eligible factories are required to contribute a minimum of 25% of the remediation costs, while up to 75% will be covered through the Factory Remediation Fund.

34 applications (45% of the total) were submitted by factories that no longer had business with Accord signatories. These factories are required to contribute 50% of the remediation costs, in order for the remaining 50% to be covered through the Factory Remediation Fund. Eligibility to receive financial remediation support is not contingent on a minimum initial remediation progress rate. However, these factories were required to provide evidence they are financially solvent before receiving funding through the Fund.

The funds made available through the Remediation Fund are distributed in several instalments, subject to factory cooperation, proof of payment towards remediation works and verified completion of the remediation commensurate with each preceding instalment.

The Factory Remediation Fund closed on 31st May 2020. The funding applications that were under consideration as of 31st May 2020 have therefore been formally closed. Those factories were invited to raise finance requests directly with the responsible Accord companies, under Article 17 of the 2018 Accord.

The Accord International Secretariat will monitor the Factory Remediation Fund expenditure and coordinate the disbursements of the remaining instalments, subject to the conditions noted above.

REMEDIATION

– TABLE 13 – Status of Factory Remediation Fund (FRF) as of 1st May 2021

FRF COVERED FACTORIES	
Factories receiving financial remediation support through the FRF	16
Factories with FRF agreement terminated after 31 st May 2020	4
FUNDING	
Total funding committed	\$1,405,796
Percentage of total funding disbursed	64% (\$895,409)
REMEDIATION PROGRESS MADE BY COVERED FACTORIES	
Status FRF agreement execution by covered factories	
100% agreement execution	3 factories
51-99% agreement execution	9 factories
< 50% agreement execution	4 factories
Remediation progress of the safety issues covered by the FRF agreements	
Remediation issues to be financed ¹²	43
Including: <ul style="list-style-type: none"> ● Fire safety: the installation of Fire Suppression Systems (water tanks, standpipe systems, sprinklers), Fire Pumps, and Fire Alarms; and the completion of Fire Separation (incl. the installation of fire doors) ● Electrical safety: the installation of Lightning Protection Systems, adequate cabling and Earthing Systems, and the development and utilisation of Single Line Diagrams ● Structural safety: the completion of structural remediation, incl. the strengthening of columns, beams, foundations, slabs 	
Remediation issues verified as corrected	19
Remediation issues pending verification	9
Remediation issues in progress	15

12. A 'remediation issue' may cover more than one CAP item.

SAFETY COMMITTEE & SAFETY TRAINING

Joint labour-management Safety Committees at covered factories are trained to address and monitor workplace safety and all the workers in the factory are informed about essential workplace safety. Functioning Safety Committees and an informed workforce are key to ensuring that factories become and remain safe workplaces.

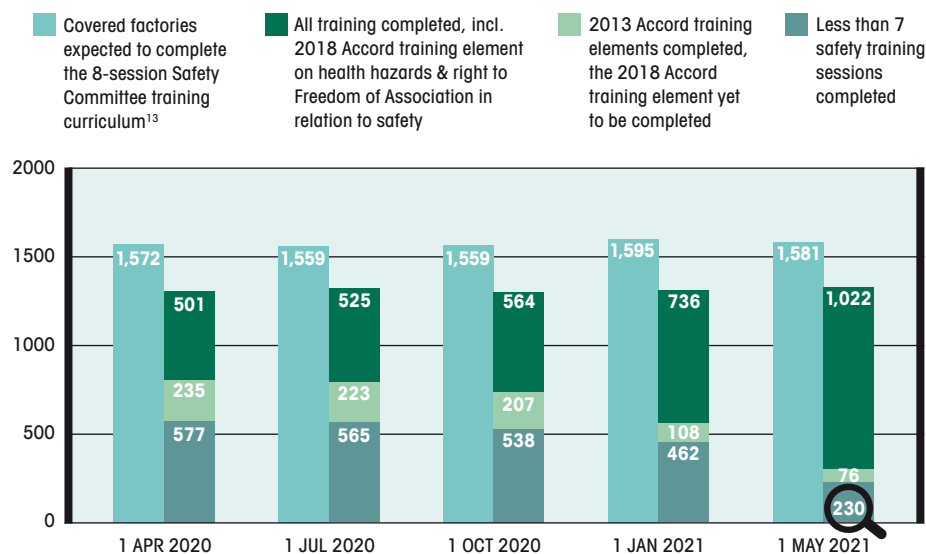
Starting 1st June 2020, the Safety Committee and Safety Training Program is being implemented by the RSC.

The roles of Safety Committees include:

- Conducting safety checks (walk-throughs) at the factory to identify safety hazards;
- Responding to employee complaints and suggestions about safety and health;
- Reviewing company accident reports to learn how such accidents can be prevented;
- Communicating about safety and health issues to workers;
- Meeting regularly, at least once every three months.

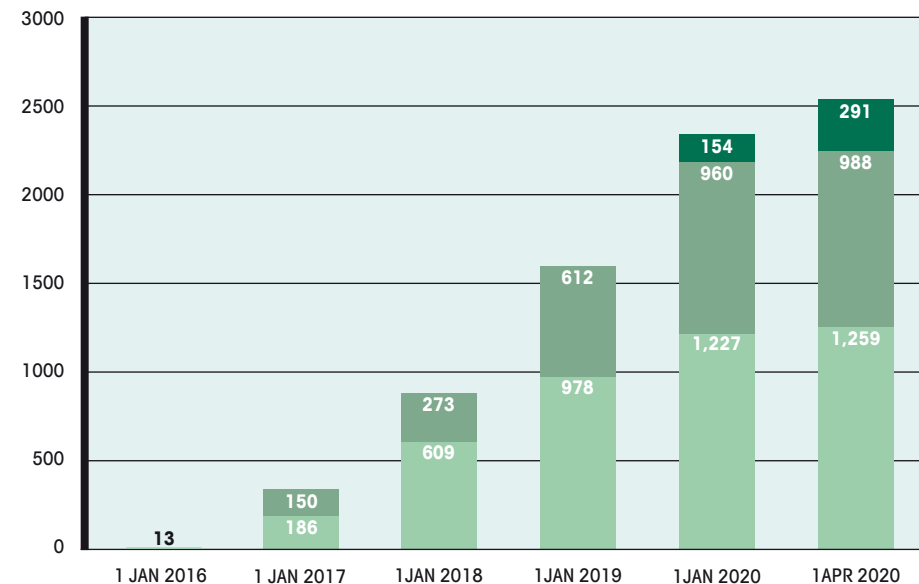
With over 50 staff members in the Training department, the training efforts are focused on building these committees, making them effective in addressing and monitoring safety and health issues on a day-to-day basis, and integrating their responsibilities into the functions of the RSC.

– **DIAGRAM 11 – Status of Safety Committee training at covered factories (8-session Safety Committee training curriculum)**



- At **125** the training program is progressing as expected.
- At **105** factories, the training program has been put on hold for various reasons including that the factory is undergoing the closure/relocation procedure, labour disputes, or ongoing legal proceedings.

– **DIAGRAM 12 – Advancement of All Employee Meetings to inform workers of workplace safety**



All Employee Meetings 1. On safe evacuation and safety hazards in RMG factories
Total Participants AEMs 1: 1,887,260 workers

All Employee Meetings 2. On workers' rights and responsibilities with respect to a safe workplace
Total Participants AEMs 2: 1,601,298 workers

All Employee Meetings 3. On health hazards and the right to Freedom of Association in relation to health & safety / Number of covered factories that completed the Safety Committee and Safety Training Program
Total Participants AEMs 3: 649,571 workers

13. The Safety Committee and Safety Training program is expected to be completed at all Accord-covered factories that are active and inactive responsible, and at those no-brand factories that commenced the training program under the 2013 Accord and informed the Accord they wish to continue participating in the program.

SAFETY COMMITTEE & SAFETY TRAINING

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

- 1. 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.
 - 2. 8 Session Safety Committee Training Curriculum** including the Safety Committee's role in remediation, complaints handling, joint problem solving, hazard identification and safety monitoring systems. To date, the former Accord, current RSC trainers conducted 9,254 Safety Committee training sessions at covered factories. Due to the Covid-19 pandemic, since March 2020, remote Safety Committee trainings and Safety Committee meetings have been conducted via teleconference.
- 2018 Transition Accord training elements on Health Hazards and the Right to a Safe Workplace**
- In accordance with Art. 12b of the 2018 Transition Accord, the Accord Steering Committee decided that the Safety Committee and Safety Training Program shall include an 8th training session and a 3rd All Employee Meeting with a focus on common health hazards and the workers' right to Freedom of Association in relation to health & safety. These training elements have been rolled-out at factories starting in September 2019.
- 3. All Employee safety informational meetings (AEMs).** During these meetings, all workers in the factory are introduced to the members of the Safety Committee. The trainers further provide 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 Safety and Health Complaints Mechanism available to workers at covered factories. At the end of each meeting, the workers receive a booklet reiterating the information presented. Due to the Covid-19 pandemic, AEMs were suspended in March 2020.

- 4. Factory walk-throughs.** After training sessions #4, #5, and #6 the factory Safety Committee together with the trainer conduct a walk-through of the factory to identify actual or potential safety hazards, that are then reported to the Factory Management. Most of the issues found during these factory walk-throughs relate to inadequate use of machines, improper maintenance of fire and electrical equipment, obstacles on the work floor, or poor ventilation and lighting. Once the Factory Management inform that these hazards have been fixed, the engineers will conduct a verification inspection. To date, 2,183 walk-throughs have been conducted at covered factories. Factory walk-throughs were suspended in March 2020, due to the Covid-19 pandemic. They were resumed remotely in January 2021, with the Safety Committee following RSC-developed guidelines on how to maintain Covid-19 protective measures during the walk-through and utilising a sample checklist developed by the RSC trainers.
- 5. Ongoing support for effective functioning of Safety Committees.** The trainers facilitate the first meetings of the Safety Committees and emphasise on the active involvement of the Safety Committee Co-Chairs in safety 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 signatories' safety requirements that may emerge from any factory inspection.

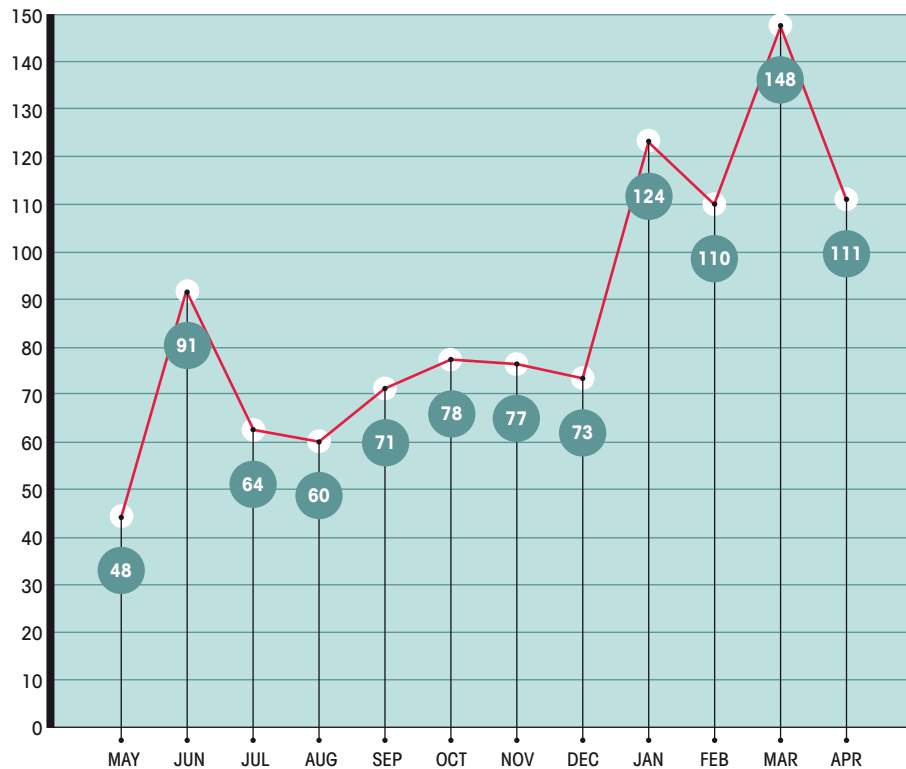
In September 2020 the RSC Training Department held remote boiler safety informational sessions to introduce boiler safety to the Safety Committees at 11 covered factories that received an initial boiler safety inspection through the Accord Boiler safety Pilot (see page 10). Through the informational session, the factory's boiler safety inspection report and CAP are presented to the Safety Committee, and the Committees are informed about common boiler safety hazards and boiler safety maintenance. All Safety Committees at the factories covered by the Boiler Safety Pilot will receive such a training session; and as boiler safety becomes integral to the RSC's inspection and remediation programs, information on boiler safety will be added to the regular Safety Committee and Safety Training Program.

SAFETY & HEALTH COMPLAINTS MECHANISM

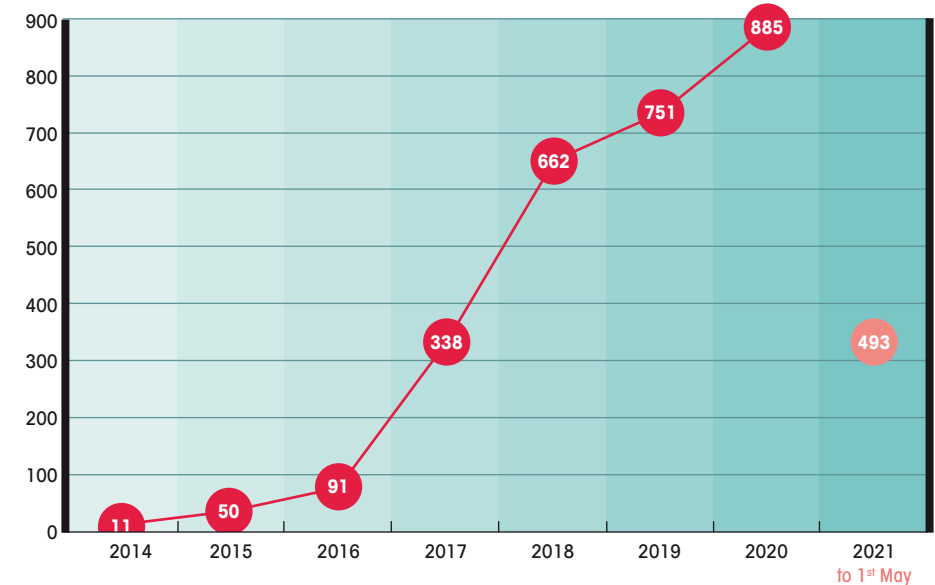
The Accord signatories provide workers and their representatives at the factories they supply from with a Safety and Health Complaints Mechanism to remedy safety concerns which are not being effectively addressed at the factory level. Workers and employees at covered factories can raise concerns about health and safety risks safely, and if they choose so, confidentially, through this Safety Complaints Mechanism.

Starting 1st June 2020, the Complaints Mechanism is being operated by the RSC. The Accord brand and union signatories are required to ensure that through the RSC, the Complaints Mechanism will continue to provide effective remedy to workers, independently and autonomously.

– **DIAGRAM 13** – Number of complaints received under the Accord signatories' Complaints Mechanism between 1 May 2020 – 1 May 2021



– **DIAGRAM 14** – Total number of complaints filed through the Accord signatories' Complaints Mechanism



Under the Accord, workers have the following rights:

- The right to refuse unsafe work
- The right to participate in the work of their factory Safety Committee
- The right to file a complaint when they see a safety problem in their factory
- The right to protection against reprisal for reporting safety-related matters
- The right to Freedom of Association in relation to protecting their own safety

The Accord signatories' Complaints Mechanism ensures that safety and health concerns at the covered factories are properly addressed and remediated, and that the right to refuse unsafe work is upheld where necessary.

Workers who utilize the Safety and Health Complaints Mechanism or who exercise the right to refuse unsafe work cannot face retaliation in doing so. In such cases, the Accord signatories require that such founded violations be remedied, failing which, the notice and warning provisions of Article 16 would apply.

SAFETY & HEALTH COMPLAINTS MECHANISM

– TABLE 14 – Total complaints received as of 1st May 2021: nature of the allegations

Occupational Safety & Health (OSH)	1,504 (46%)
Non-OSH	1,785 (54%)
Total complaints (unique)¹⁴	3,282

– TABLE 15 – Occupational Safety & Health (OSH) complaints received as of 1st May 2021: nature of the allegations

Engineering (structural/fire/electrical safety)	180
Working environment related (incl. Covid-19 related, unsafe drinking water supply, excessive heat, workplace violence, forced overtime, denial of maternity pay/leave rights, sexual harassment)	1,310
Reprisal for having filed a complaint	37
Total OSH complaints (unique)¹⁵	1,504

– TABLE 16 – Occupational Safety & Health (OSH) complaints received as of 1st May 2021: status¹⁶

In progress	163
Closed	1,341
Total OSH complaints (unique)	1,504

14. The total number of unique complaints is lower than the total number of complaints alleging OSH and Non-OSH concerns, as some complaints have both OSH and Non-OSH aspects. The Accord Signatories' complaints mechanism only processes the OSH aspects of such complaints.
15. The total number of unique OSH complaints is lower than the total number of complaints categorized by nature of the allegations, as some complaints include more than one allegation.
16. The Accord and RSC are re-categorizing all the complaints filed through the Signatories' Complaints Mechanism to provide an in-depth understanding of the main safety and health impacts affecting workers in covered factories, and the remedy provided through the Complaints Mechanism. When finalized, this analysis will be published on the Accord website and in the Accord Quarterly Aggregate Report(s).

All complaints are initially assessed to determine if they fall under the Accord and RSC's safety and health remit. Safety and health related concerns are investigated by qualified staff and their findings and remediation requirements are announced to all employees at the factory by the assigned case handler. The complaints falling outside the health and safety remit (i.e. Non-OSH complaints) are forwarded to Accord brand & labour signatories and the Factory Management.

During the course of investigating matters referred to the Accord signatories' Complaints Mechanism, the former Accord, current RSC case handlers will determine remediation requirements in regard to Safety and Health. The RSC can work with Complainants and Factory Management to ensure that the 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.

SAFETY & HEALTH COMPLAINTS MECHANISM

Covid-19 related complaints

Following an Accord Steering Committee decision on 28th April 2020, all complaints related to the Covid-19 health crisis will be processed. All Covid-19 related complaints are therefore included as complaints within the OSH complaints mechanism's scope in the statistics presented.

These complaints largely fall into the categories included in Table 17.

**– TABLE 17 – Covid-19 related complaints received as of 1st May 2021:
nature of the allegations**

Non-payment of separation from employment benefits	90
Non-payment of wages	54
Retrenchment	46
Termination of employment	43
Forced resignation	37
Risks to health	36
Non-payment of maternity benefits	29
Under-payment of wages	17
Lay-off	13
Worker unrest	9
Threats	5
Physical abuse	3
Unhygienic toilets	2
Denial of sick pay	1
Total unique Covid 19 complaints¹⁷	270

17. The total number of unique Covid-19 related complaints is lower than the total number of complaints categorized by nature of the allegations, as some complaints include more than one allegation.

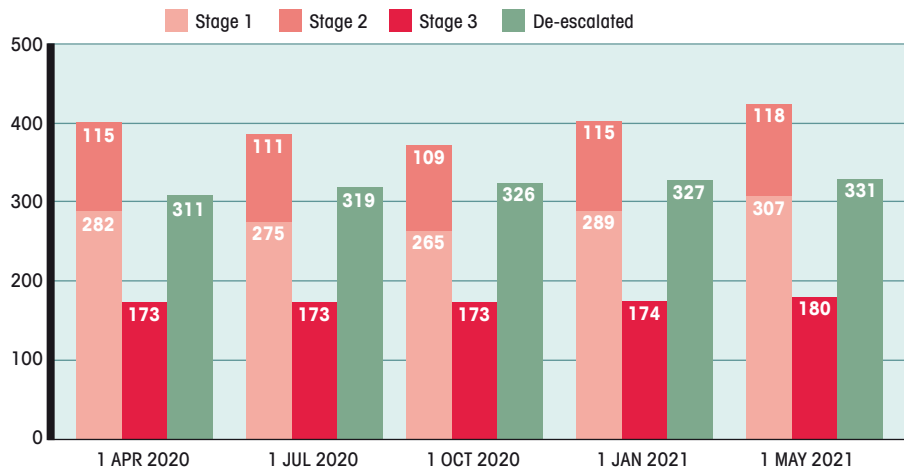
Supplier factories failing to participate in the safety programs prescribed by the legally binding 2018 Transition Accord agreement between global companies and unions, go through a notice and warning (escalation) procedure under Article 16¹⁸ of the 2018 Accord.

As part of the Accord's Bangladesh-based functions transitioning to the RSC on 1st June 2020, the implementation of the escalation protocol and procedures has become the responsibility of the RSC Chief Safety Officer.

The escalation procedure consists of three stages:

1. A notification of non-compliance;
2. A notice and warning letter; and
3. Termination of business relationship with signatory companies.

– **DIAGRAM 15 – Art. 16 factory escalations and de-escalations**



18. Under the 2013 Accord, the notice and warning process was implemented in accordance with Article 21.

Examples of factory non-compliance that trigger the implementation of the escalation procedure include:

- refusal to temporarily evacuate the factory;
- a lack of progress in finalizing corrective action plans or executing required safety renovations;
- refusal to resolve worker complaints on safety issues;
- a lack of cooperation with RSC trainers, case handlers and engineers.

If no action is taken following the first warning or the Accord signatories do not see adequate progress, the supplier factory 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, meetings are held with the Factory Management and the responsible Accord signatory companies to discuss the issue at hand. For example, if the factory made no progress in implementing its CAP, the parties will 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.

If the requirements are not met, the factory will be escalated to stage 3 and signatory companies will terminate their business relationship with this factory. In accordance with the Memorandum of Understanding (MoU) signed between the Accord Steering Committee and the Bangladesh Garment Manufacturers and Exporters Association (BGMEA) on 8th May 2019, stage 3 of the Accord Escalation Protocol has been complemented by the withdrawal / suspension of the Utilization Declaration (UD) - which is mandatory to export apparel from Bangladesh, of non-compliant factories by the BGMEA/BKMEA. In the event that the non-compliant factory is part of an RMG group, should the UD of the non-compliant factory not be withdrawn by BGMEA/BKMEA within four weeks of escalation to Stage 3, Accord signatory companies will be required to terminate their business relationship with all factories under the same ownership with the non-compliant factory. Prior to the signing of the MoU, the Escalation Protocol applied to all RMG companies controlled by the same group owner and was not contingent on UD withdrawal / suspension (failure thereof) at the non-compliant factory.

NON-COMPLIANT SUPPLIERS

The application of group ineligibility means that the number of supplier factories ineligible for business with Accord signatories is larger than the number of factories escalated to Stage 3. As of 1st May 2021, the total number of ineligible supplier factories is 190 (see Table 1). The list of ineligible suppliers is available on the Accord website¹⁹.

Ineligibility for Accord company production applies for a minimum period of 18 months and until the conditions for requalification have been met. The Accord will work with its labour and company signatories in an effort to ensure that any affected workers are offered employment with safe suppliers.

Factories made ineligible as per article 16 of the Accord are handed over to the Inspector General of the Government of Bangladesh's Department of Inspection for Factories and Establishments. The factories' inspection reports and Corrective Action Plans are handed over for the Inspector General's attention and authority to address the ongoing safety concerns at these factories.

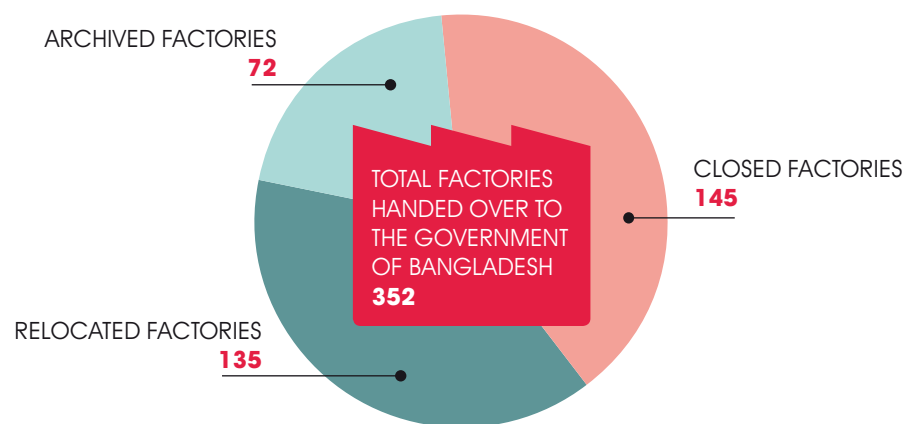
19. www.bangladeshaccord.org/factories. Apply filter 'Remediation status: ineligible'.

FACTORIES HANDED OVER TO THE GOVERNMENT OF BANGLADESH

When covered factories close down, relocate, or stop manufacturing garments, home textile, and fabric and knit accessories, they are marked as 'closed' or 'archived' in the jointly shared Accord-RSC factory database and the monitoring responsibility is handed over to the Government of Bangladesh. The list of factories handed over to the Government is published on the Accord's website²⁰.

Factories handed over to the Department of Inspection for Factories and Establishments (DIFE) and to the National Action Plan (NAP)

– **DIAGRAM 16 – Overview of factories handed over to the Government of Bangladesh**



20. www.bangladeshaccord.org/factories-handed-over-to-the-government-of-bangladesh.

Closed and relocated factories

Factory accounts are closed when the Accord (through the RSC) has verified that there is no production in the building. For factories that relocate and remain listed by Accord company signatories, a new factory ID is created and the Accord will conduct (through the RSC) an initial inspection at the new building.

Covered factories are required to notify the Accord / RSC of a closure or a relocation as soon as possible. Upon receipt of information of a factory closure or relocation, the closure verification procedure will be applied. This includes obtaining confirmation in writing from the factory management and the responsible brands, obtaining information on workers' severance payments and a closure verification visit.

When sufficient information to consider a covered factory closed or relocated has been received, the full electrical, structural and fire initial inspection reports & latest CAP (if available) will be transferred to the Department of Inspection for Factories and Establishments (DIFE)²¹.

Archived factories

The Accord agreement covers RMG, fabric & knit accessories, and at the option of signatory companies, home textile factories producing for Accord signatory companies, or where production took place at the time of scheduling the initial inspections.

Factories not meeting these criteria are considered "out-of-scope" of the Accord agreement, and the Accord signatories have no mandate to monitor remediation at these factories.

The inspection reports of those factories that are out-of-scope but have nonetheless received one or more initial inspections, are being transferred to the Government of Bangladesh and ILO led inspection program of the National Action Plan (NAP) to ensure that the safety hazards identified through the Accord Signatories' inspection program can be addressed through the appropriate authority.

21. The factory's documentation is not transferred in the following cases: i) the building is being utilised by another covered factory and the remediation continues to be monitored, or ii) the factory has been closed through a Review Panel decision.

ANNEX 1

Overview of common fire, electrical, and structural safety findings identified at covered factories

Most of the findings that are reported in published CAPs are common to many factories. The total number of findings are tracked by categories and sub-categories. The fire, electrical and structural categorization allows for further analysis²² of the most common safety hazards across all the factories inspected under the Accord prescribed Safety Program.

31

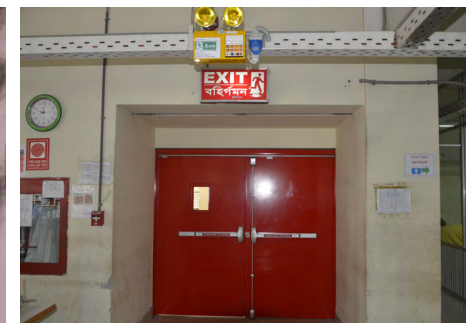


Fire Safety Hazards identified at Initial Inspections:

- 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.



Before remediation (left) – collapsible gate; After remediation (right) – fire door installed



Fire separation: before (left) and after remediation (right)



Installation of fire protection systems: hydrant system (left) and sprinkler system (right)



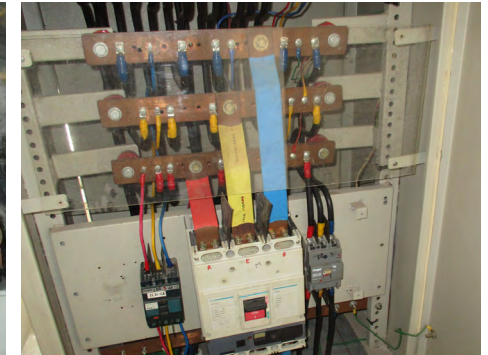
22. The percentages listed in this section reflect the number of factories with at least one finding in a given category as of 1 October 2017.

ANNEX 1



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.



Electrical cabling: before (left) and after remediation (right)



Before remediation (left) – unsupported and unsafe cables; After remediation (right) – cables are adequately supported; cable tray installed



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.



Using a management load plan prevents excess structural cracks and building collapses by avoiding weight in certain parts of the building.



In order to strengthen the lateral stability of the building, the installation of cross-bracing is required.

ANNEX 2

Structural findings leading to temporary evacuation at a covered factory & pictorial evidence of ongoing remediation

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Findings: excessive wall cracks and cracks in beams and ceiling slabs



Structural retrofitting ongoing. After the structural remediation had been verified as completed, the factory was determined safe for re-occupation and resumption of production.



ANNEX 3

Overview of common boiler safety findings identified at covered factories

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Corrosion of the boiler wall due to calcium build-up; this can reduce the efficiency of the boiler and lead to leakage of boiling water.



Left: Inadequate remediation of leakage from boiler shell by using clay;
Right: Leakage on input fuel line - constitutes risk of explosion



Left: Uninsulated steam valves and flanges - increases the scorching risk for operators; Right: Rusted weld joint & symptoms of unburnt fuel - reduces efficiency and causes risk of explosion



Left: Faulty electrical wiring - makes the boiler unsafe to operate & constitutes a fire hazard; Right: Rusted blow down pipe - can cause leakage, increasing the scorching risk for operators

COLOPHON

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TITLE

Quarterly Aggregate Report - on remediation progress and status of workplace programs at RMG factories covered by the Accord on Fire and Building Safety in Bangladesh / RMG Sustainability Council

DATE

1 June 2021

AUTHOR

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