

MINUTES

International Accord Steering Committee Quarterly Meeting

DATE: 18-19 November 2021

LOCATION: **UNI Global Union**, Ave Reverdil 8-10, 1260 Nyon

ATTENDEES:

Chair: Dan Rees

Company signatory representatives: Bernardo Cruza (ECI) (remote), Michael Bride (PVH) (remote), Felicity Tapsell (Bestseller), Jorge Alonso (Inditex, replacing Indalecio Perez), Jochen Overmeyer (Otto), Masarrat Quader (H&M)(remote)

Trade Union signatory representatives: Alke Boessiger (UNI Global), Anam Kamrul (Bangladesh Textile & Garment Workers League), Christina Hajagos-Clausen (IndustriALL), Mathias Bolton (UNI Global)

Witness signatories: Ineke Zeldenrust (CCC), Scott Nova (WRC)

Accord Secretariat: Joris Oldenziel, Véronique Camerer, Danny van Opmeer (Tunen)(remote)

Observers: Chris Grayer (Next), Ben Richards (UNI Global)

AGENDA ITEMS

1. INTRODUCTION

Decision: Meeting agenda agreed

2. GOVERNANCE (I)

- **Adoption of Board Resolution to Amend AoAs**

Paper 1a: Board Resolution

Paper 1b: DEED of Association

Joris: The Steering Committee (SC) reviewed the the AoAs in detail at the last SC meeting on 17-Sept-2021. We now need a Board resolution that confirms the amendments to the AoAs and the name change of the organization.

Jochen:

- In Amendment A, clarify official title of the 2018 Accord on Fire and Building Safety in Bangladesh.

- In Art. 3.1(b), support for trade unions means support for trade unions on the SC.

Decision: Board Resolution and Deed of Association adopted. Signatures will be collected electronically through DocuSign.

- **Amendments to Governance Regulations**
Paper 2: Amended Governance Regulations

Joris: The Accord has a protocol pack that includes all protocols and standard operating procedures. These were amended in 2020 for the RSC at the time of transition. These now need to be revised again for the International Accord. In line with these adjustments, the governance regulations, including the *Code of Conduct*, ought to be reviewed now and amended as necessary:

- References to the CSI, training coordinators, engineering inspectors have been removed as these functions are now under RSC operations.
- Confirm that Mathias Bolton is a member Management Committee.

Proposed changes to the Governance Regulations as follows (approved Friday 19th November)

- On *Terms of SC Membership*, SC membership shall be increased to a maximum period of two years (instead of one year) given the time commitment and challenges with attracting brands to become SC members. After two years, there will be SC brand elections for all seats.
- On *Company Signatory Caucus* and *Trade Union Signatory Caucus*, the reference to produce written reports after each brand/trade union caucus is deleted. The recommendation/feedback of company/trade unions signatories to SC members is maintained to retain accountability.
- An *All Signatory Caucus* provision has been added that stipulates a bi-annual all signatory caucus meeting at the request of the trade unions or brands.
- On *Duration*, the provision has been removed to allow for operational/closing flexibility should a subsequent Accord not be signed before the end of the term of the International Accord.
- On *Dispute Resolution*, the provision refers to Article 50, 51 and 52 of the International Accord, which includes references to both the procedural systems: UNCITRAL Arbitration Rules and the International Labor Arbitration and Conciliation Rules.
- In the *Management Committee Terms of Reference* as it relates to *Scope of Work*, reference to a monthly workplan from the Executive Director to the Management Committee is removed.
- While the interests and purpose of the RMG Sustainability Council's and International Accord's governing bodies are in principle aligned, the *Code of Conduct* specifies that conflicts of interests must be disclosed when they arise.
- Any references to the RSC shall be simplified and replaced with "Bangladesh".

Decision: the amendment to the Governance Rules are approved.

- **SC Brand Elections; SC Union Appointment**

Joris:

- It was agreed at the last SC meeting that elections would be suspended until the adoption of the AoAs. Now that these are approved, the Secretariat recommends organizing SC brand member elections as soon as possible.

- For the trade unions, Atle Hoie will replace former Secretary General of IndustriALL Valter Sanchez as the official Board member

Decision: SC Brand Elections to be organized as soon as possible after amendments to the AoAs are formalised.

3. MANAGEMENT REPORTING

- Update Accord Secretariat

Introductions were given by the new International Accord staff to the SC, and vice-versa.

- Update Signatories & Covered Factories

Christina: IndustriALL is reaching out to affiliates per country and they are engaging with potential signatories.

Scott: Met with senior staff at the request of the U.S. House Ways & Means Committee to introduce the International Accord. There is a lot of enthusiasm and interest in the current Biden administration, which included a significant outreach to large US-based retailers and brands. The initial primary reason brands gave to not sign the Accord was the existence of the Alliance for Bangladesh. With the disappearance of the Alliance and its replacement by Nirapon, which is operating from outside Bangladesh, there is no other plausible alternative to the RSC and the Accord. A capital strategies program regarding binding agreements and hesitancy to sign them is being organized to incentivize brands/retailers to sign binding agreements like the Accord.

Masarrat: A new EU Due Diligence law should also incentivize new brands to sign the International Accord.

Ineke: The CCC has an active social media campaign at the moment: Levis, IKEA, Gap, Auchan. A lot of companies (members of ETI, the Dutch Covenant) are taking the free rider approach, i.e. they do not need to sign because they are already sourcing from factories that are Accord covered. Regarding Nirapon, it is operational and some brands are opting to go with Nirapon instead of the Accord.

Jochen: US brands are including provisions in their supplier contracts that RSC audits are required to become an approved supplier. This is no doubt free-riding.

Chris: We are also overlooking the luxury sector. They have the leverage in perception that many of the suppliers seek to obtain by working with these brands. We are only referring to Bangladesh factories, and not about sourcing on international basis. We need to bring other countries into focus to capture these other brands.

Scott: Notes there is conflictual debate of whether the International Accord is as wonderful model as originally thought. Had negotiations gone more smoothly, we may have been in a better position to move things politically. This is something we will deal with but it is important to bear in mind.

Christina: Important point that we rectify that hesitancy and join forces on what needs to be done. I will call on brand colleagues on any kind of investor discussions and public due diligence forum. We need to jointly move this forward.

Joris: Notes 8 new brands have signed and 11 other new brands have expressed interest to join. Some of them 2018 sig that are waiting for BA AoA to be finalized. For these, FFC accounts have been kept live.

Felicity: How do we positively bring more brands on board? Even within the signatories we do have, few are actively engaged in the International Accord. We need to engage with and activate the brands that are part of this agreement.

Dan: To the extent the SC has the capacity to get into the detail of recruiting new members, it might be helpful to have an ad hoc working group to discuss this point and support the Accord Secretariat. It relates to how the International Accord finds its focus and expresses itself in this new agreement, how it addresses OHS issue and how it will become more appealing to other brands.

Follow-up action: Explore need for ad hoc working group focused on recruiting new signatories.

- **Update Finance Requests & Factory Remediation Fund**

Véronique: Article 31 Finance Requests include:

- 10 finance requests pending
 - 4 – in process of being resolved with brand support
 - 4 – negotiations in progress
 - 2 – finance meetings pending
- 4 finance requests with no brands under the International Accord

21 Factory Remediation Fund agreements have been signed:

- 4 completed FRF requirements
- 11 FRF agreements in progress
 - 4 – close to completion (+80% remediation of items covered)
 - 4 – continuous progress (+60% remediation of items covered)
 - 3 – problematic No Brand factories.
- 6 FRF agreements terminated (additional \$23,000 approx. available post-September 2021 budget)

4. FEASIBILITY STUDY ON EXPANSION (I)

- **Preliminary findings feasibility study & brand survey**

Paper 3: Country Fact Sheets Feasibility Study

Joris provided an overview of the preliminary feasibility study conducted thus far:

The International Accord provisions relevant to the Secretariat's feasibility work on expansion are Art. 35 through 40. In order to support the SC in having an informed discussion, the Secretariat conducted a broad survey to gauge company signatory interest and preliminary desk-based research on the 11 most important textile and garment producing countries with potential salient risks: Pakistan, India, China, Sri Lanka, Vietnam, Myanmar, Turkey, Cambodia, Morocco, Egypt, and Ethiopia.

66 brands responded (44% of brands) to the survey, which is a reasonable number given the limited time brands had to respond to the survey and given past brand participation at less than 50% at brand caucus meetings. The survey could be completed anonymously (approx. 20 brands did so).

The brand survey included queries regarding:

- FOB value per country based on the 2018 Accord fee band structure: note, the 2018 fee structure is based on production in Bangladesh which is the second largest producing country in the world, so the results based on the 2018 fee band structure do not necessarily mean that sourcing in these other countries is not significant.
- Ranking of country according to priority: the countries that scored highest in this category (in terms of number of times mentioned as first priority are Pakistan (1), China (2),¹ India (3) and Turkey (4). In terms of highest ranking on average, India was first.
- Participation in other safety programs: less than half the signatory brands are involved in other initiatives on workplace safety. Better Work was the other program most frequently mentioned.
- A great majority of brands surveyed (56 of 66) indicate that fire, electrical and structural safety is a key concern.
- Key OHS concerns most often mentioned are excessive working hours, workplace violence and sexual harassment.
- Boiler safety, tools, machine and equipment safety, hazardous substances were also considered salient safety risks.
- Maternity rights, transportation safety (to and from work), and ergonomic hazards are not generally considered key concerns for surveyed brands.

The Secretariat gathered preliminary research in the form of fact sheets, which include information on survey-based country ranking, number of factories, export value, number of workers, and the salient health and safety risks according to public sources.

The SC expressed their overall appreciation of the preliminary research conducted thus far.

- **Criteria for Expansion**

The SC discussed the following potential criteria for expansion to be further explored in the next phase of the feasibility study:

Leverage/contribution to local economy

- Percentage of brand/retailer FOB export value in each region, including FOB value with and without textile production (to be provided through a "clean room").
- Number of individual factories sourcing for International Accord brands/retailers (i.e., without overlap)

Impact

- Number of potentially affected workers

Risks

- Level of fire, electrical and structural safety risks (data on factory accidents)
- Salient OHS risks already covered under the International Accord's grievance mechanism (e.g. workplace violence and sexual harassment are key concerns)

¹ China was not initially included in the survey because the prospects for expansion to that country are low. It was subsequently added after initial brand results showed China as a top priority country.

- Other salient OHS risks not yet covered under the International Accord's grievance mechanism (the ILO has volunteered its expertise)
- Records of industrial accidents

Supply chain transparency

- Gap analysis of regulation mechanisms, including registered/non-registered employees, actual number of workers, supplier locations.
- Global indices on formal and informal value chains (e.g., World Bank, Transparency International, Human Rights Index)

Stakeholders

- Capacity of trade unions and civil society organisations and the conditions in which they operate
- Government health and safety structures
- Presence of industry associations
- Involvement/commitment of key brands per region

Context

- National legislation on labour and human rights, practice and enforcement
- Existence and enforcement of fire and building safety code
- Political acceptability/license to operate/likelihood of moving forward without political conflict
- Legal foundation for a local Accord initiative
- Importance and trends of textile and garment industry/GDP per country

Other considerations

- Establish an agreed goal/realistic achievements and resources needed to achieve those goals.
- Identify levers of influence the Accord currently has and can develop (GSP+, EBA, commercial partnership, government aid, etc.)

FEASIBILITY STUDY ON EXPANSION (II)

- Next steps Feasibility Study

Paper 4: Terms of Reference Feasibility Study

Joris: The feasibility study is a lot of work and cannot realistically be done for 10 countries. Preliminary desk-based research is where we are now.

The next phase includes:

- Gap analysis: Review existing/absence of mechanisms to regulate or improve workplace safety in a particular country where the Accord could contribute
- Identify relevant government entities/departments
- One on one meetings with key stakeholders/govt officials to build trust & relationships
- Engage with local stakeholders to map interest/garner support amongst NGOs / unions / industry / brands / governments, etc.
- Identify local consultants as country resource persons to support the feasibility studies
- Investigate potential number of covered factories by company signatories in a given country
- Examine company signatory supply chains (including further upstream such as textile mills, sub-contracting, home based workers)

- Analyse shipping /export records from key producing countries (through ILO, EU, Dutch Govt)
- Reviewing existing brands' fire, electrical and structural inspection programs/reports/qualification of engineers
- Identifying key risks in the area of fire and building safety and OSH
- Further explore existing programs/inspection regimes for potential alignment/partnership (Better Work, IHRB, etc.)

Discussion:

Felicity:

- The 6-month deadline in the International Accord is to establish the criteria, not to complete the feasibility study.
- Recommend keeping the selection of countries wide, more in-depth feasibility studies and more resources.
- Proposes having three baskets: 1) where we want to focus now, 2) where impact is large and critical but more complex (India, Turkey), 3) countries we do not want to take off the table. We can move some of the countries in the lower buckets upward overtime.

Jochen:

- Agreed – only have 1.5 year, better to lay the ground to continuing after that.
- The Secretariat should utilise the knowledge of brands' local buying offices.

Joris: Some brands are already offering to share experience, including brands that have Accord-like inspections in different countries using the Accord's CAP model.

Ineke: It is important to keep an open mind. We cannot assume that we will copy/paste the Accord. The information we can gather will inform the approach, e.g. industry associations/government reception will be very different in each country.

Dan: Does the SC now know enough to begin an in depth-search in certain countries? Are there countries we want to take off to narrow the scope?

Jochen:

- We agree that China should be off the list. It is not that it is not necessary but we cannot get into the country.
- If we explore India, we should do so regionally.
- Vietnam, I leave up to discussion.
- Morocco is a near-shoring option for Europe and may be a segue to other markets in Africa.

Christina:

- Myanmar is off the list. The trade unions have made a call for disinvestment.
- India, on the other hand, is important for the trade unions.
- Egypt is difficult because of the non-independence and persecution of the trade-union movement.
- In terms of smaller garment-producing countries, Morocco and Sri Lanka would be the trade unions' preferences.
- We also need to think about the capacity of the Secretariat.

Dan: In Egypt, Better Work has been making some progress.

Michael:

- While Morocco is a relatively smaller production country, they are very important for denim. Agrees that also interesting because of geographical location.
- Sri Lanka makes a lot of sense for PVH: they produce high quality products, suppliers are global sophisticated vendors (particularly in terms of underwear and intimates). Expanding to a smaller country and showing real progress can be a beacon for further expansion.
- Turkey is a key country: propensity for smaller suppliers and downstream sourcing, unsystematic inspection program, unreliable certifications.

Dan: South Asian context is closest to what the Accord has already done. In that sense, Sri Lanka is closest to what's already been done.

Jorge:

- Take China and Myanmar off the list.
- Gather more information on the remaining countries.

Musarrat: Ethiopia is in the same category as China because of the context.

Alke: As we scope beyond textile, other countries may become more interesting as well.

Chris:

- Turkey is critical, especially as it relates to structural safety: insufficient technical engineering skills to inspect building (e.g. loading issues) other than the obvious (cracks, electrical cabling), issues with shared buildings (e.g. welding workshops/gas cylinders with 2-3 factories in upper floors and 30-40 people in each of those units, and only one staircase).
- Agrees with Michael on Sri Lanka.
- We know from EU brands that production will come closer to home: Turkey and Morocco.

Agreement on next steps of feasibility studies:

The countries covered under the Accord's TOR on expansion will be divided into four categories:

1. In-depth feasibility studies (including engagement with local stakeholders/travel): Pakistan, Sri Lanka, Morocco and a region of India.
2. Countries high on the list of priorities in terms of risks and brand interest but challenging, so with mid- to long-term perspective: Other regions in India, Turkey and Cambodia.
3. Continuation of a baseline feasibility studies (desk-based): Vietnam and Egypt.
4. Excluded from feasibility studies: China, Myanmar, Ethiopia.

(Note: (1) no country other than countries in group 4 are ruled out, (2) no decision has been taken on which country to expand to yet and (3) Indonesia considered but not included in the Accord's feasibility study.)

Clarification to the Accord's TOR:

- While the criteria for expansion are to be established within six-months from September 1st 2021 as per Art. 37 of the International Accord, the in-depth feasibility studies outlined in the TOR can continue beyond that date.

Follow-up actions:

- Circulate a newsletter to company signatories on the SC's agreement for next phase of feasibility study.
- Organize a signatory/company caucus end of January 2022 (in person, if possible).

- **Letter from Pakistani Labour Groups – SC response**

Joris: Pakistani trade unions and civil society organizations wrote to the Secretariat about expansion of the Accord to Pakistan, specifically requesting a response from the SC, which is why this item is on the agenda.

Decision: Respond to the Pakistani trade unions and civil society after the Secretariat's newsletter to company signatories informing them about the SC's decision on next steps for the feasibility studies.

5. ACCORD IMPLEMENTATION IN BANGLADESH

- **Accord – RSC Cooperation**

Paper 5: Accord- RSC Cooperation RACI Chart

Joris:

- We had a cooperation agreement with the Bangladesh Accord-RSC in the RSC's first year (June 2020-May 2021).
- With the International Accord, we agreed to separate out the agreement on the transfer of funds from a cooperation agreement.
- We have been pursuing a coordination/cooperation document in the form of a RACI chart between the Accord and the RSC, and the Secretariat was hoping to have this signed off between the RSC MD, the Accord ED and the RSC Executive Committee but we were unable to get this done. However, the RSC MD is aware that an update would be provided to the SC on this matter.
- Based on our discussion so far, there are many areas of agreement as it relates to remediation operations, escalations, factory finance requests, inspections and factory disclosure. There is disagreement mostly as it relates to closures/relocations and communications.
- It is important to come to an agreement as procedures are being changed without us being informed or consulted as needed under the current draft of the RACI chart.

Jochen: Thank you for the paper. We will pick up the areas of disagreement highlighted in Paper 5 and establish a working paper on the respective responsibilities of the Accord and RSC.

- **No Brand factories – Accord Secretariat role**

Joris: This item is on the agenda to discuss how to handle factories with no responsible Accord signatory companies – No Brand factories:

- With the new International Accord, company signatories were given the opportunity to submit new factory lists to the Accord. This means factories that had Inactive Responsible Brands or factories that only had signatories that did not sign the new Accord became No Brand. As a result, there are currently 212 No Brand factories and 119 factories with Pending Closure status without brands, which represents an increase of 150+ factories since the end of the Bangladesh Accord.
- The Secretariat seeks clarity on whether the International Accord must be involved to ensure No Brand factories are following Accord standards and procedures.

Decision: Given the absence of leverage of Accord brands over No Brand factories, the role of the Secretariat is to provide information to the RSC as necessary, who will take charge of No Brand factories.

- **UD Suspension status**

Joris:

- As per the MOU signed with the BGMEA back in 2019, and the RSC's Article 24q of the Articles of Association, the BGMEA and the BKMEA are required to withhold the issuance of Utilization Declarations (UDs) of all factories that have been made ineligible.
- This is the RSC's compliance model to hold factories accountable, including No Brand factories.
- In a meeting with the RSC, the Secretariat was informed orally that the RSC suspended UD's for 6 factories and 7 factories were transferred to DIFE. Our understanding, however, is that these 7 factories still have their UD's as they are being given the opportunity to "close their CAP's", i.e., to complete remediation. This is inconsistent with the acting CSO's decision and the RSC's Escalation Protocol.

Jochen: This discussion has been taken to the RSC Board of Directors, with a request to produce supporting evidence of UD suspension. BKMEA is stating that they are not required to act on this. Without clarity, group escalation will be warranted where applicable.

Christina: Requests the Secretariat to prepare the list of factories where the suspension of UD's is pending, and associated groups.

Follow-up action: Prepare list of ineligible factories and associated group factories.

6. BUDGET & FINANCE

- **Quarterly Accounts June-Aug 2021**

Paper 6: Quarterly Accounts Jun-Aug 2021

Danny: Pointed to a number of items in the quarterly accounts:

- On *Variances*, the \$50,000 attributed "Other" relates to the discontinuing of the Accord, which is no longer necessary. The variance of \$324,981 relates to the FRF (not including the adjustment of approx. \$23,000 for the cancellation of an FRF agreement).
- On *Actuals*, a correction was made to only refer to the quarter.

Anam: Pointed to a discrepancy between closing and opening balance, which Danny corrected.

Decision: Quarterly accounts are approved.

- **Annual fee payments and 1st invoice update**

Joris:

- We have invoiced over \$3.794 million and received over \$2.2 million which represents 57% of what has been invoiced so far. There is approx. \$1.58 million outstanding.
- On the fee structure, query whether the SC wants to revisit the fee structure now or wait until February. A couple of brands are keen to already budget for all of year 2022.

Masarrat:

- We committed to sharing an updated contribution model before the issuing of the second invoice. People are putting in their budgets for next year. When we have the next caucus meeting, and present the Brand membership rules, it makes sense to have the revised contribution model ready.
- Expenditures for the Brands Association also need to be thought through.
- We also need to take into consideration the 20% BGMEA contribution.

Jochen: Inflation also needs to be taken into consideration.

Follow-up actions: Joris to organize a meeting with the Audit Committee to establish the revised fee structure and share with the SC.

- **Unpaid fees**

Véronique:

- **50** – 2018 Accord company signatories with unpaid fees, totalling \$416,191, of which approx. \$246,000 related to brands in bankruptcy proceedings.
- **17** – International Accord company signatories with unpaid fees, totalling \$127,145*
- **16** – company signatories received reminders of the unpaid dues
- **3** – company signatories have so far paid, totalling \$6,013

A number of signatories are starting to pay their unpaid fees.

Follow-up actions:

- Send second reminder to company signatories with unpaid fees.
- Provide update to Christina and Jochen on signatories with unpaid fees.

- **Fee Structure Proposal**

Paper 7: Accord fees for importers & agents

Joris: This proposal was requested by the company caucus to address a concern that the fees of agents/importers and brands/retailers are both currently calculated based on total FOB \$US export value which could be considered a duplication of fees where the intermediary is sourcing on behalf of the brand. This proposal therefore provides the SC with an alternative fee calculation method for company signatories with brand-intermediary trading relationships to address this concern of duplication of fees:

- The requirement to disclose and list the number of factories would not change.
- Importers/agents would be required to calculate the residual FOB \$US value of goods they source for non-Accord brands from Bangladesh (or any other Country Specific Safety Program in the future) and disclose their fee band accordingly.
- To estimate the potential financial impact of the proposed alternative brand/intermediary fee calculation, the Secretariat collected the names of 34 companies known to be intermediaries. The fees were then calculated based on the number of factories and Band 1 FOB value (or Band 0 if currently in Band 0). The Secretariat estimated that the potential worst case financials impact to be approximately \$200,000.

Jochen: Brands are directly responsible for taking care of their factories, and while some have been accepting double-charging, others are not and therefore do not require their intermediaries to sign. Query on how the Accord Secretariat verified the FOB export value reported by brands.

Joris: The disclosure by brands is based on a honour system, whereby we trust that the signatories will be truthful in their disclosures whether it be the number of factories or FOB value.

Jorge: Agrees with the alternative fee proposal.

Decision: Alternative fee proposal approved.

Véronique: The proposal for a revised fee calculation is based on the assumption that brands and intermediaries in the Accord cooperate effectively to ensure remediation in the overlapping factories. Since this is not always the case (examples provided), the Secretariat proposes the following cooperation and transparency measures to support effective implementation of the Accord:

- Disclosure to the Accord Secretariat of the list of overlapping factories between brands/retailers and agents/importers, including factories listed by agents/importers at the request of brands/retailers even though orders may not have yet been placed.
- With the alternative fee calculation making it more economical for intermediaries, the Steering Committee can urge company signatories to enjoin their intermediaries to sign the International Accord. With more intermediaries on board, the Secretariat will be better placed to ensure the Accord is being implemented through brands' value chains.

Decision: Additional cooperation and transparency measures approved.

Follow-up action: Prepare a communication from the SC to company signatories enjoining their intermediaries to sign the International Accord.

7. GOVERNANCE (II)

- Update Brands Association

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Update from Jochen:

- The Brands Association (BA) is necessary as one of the three members of the RSC, along with industry and the trade unions. We have the most members because each signatory of the Accord is required to become a member of the BA.
- Setting up the BA has been challenging and taking longer than expected e.g. complex compliance procedure in order to open a bank account. Because BOD member are corporate persons, the bank is required to conduct due diligence checks on public available information of all member companies. Still optimistic that the BA will have a bank account in a couple of weeks.
- As members of the RSC, we pass responsibility to our members as part of the Brands Association. We therefore need to establish bylaws based on the rules of the RSC and build a compliance system as well as a dispute resolution process. The bylaws have been shared with our Dutch notaries. Once reviewed, we hope to share these with the member companies in the next week or two.
- Also seeking advice from an expert anti-trust lawyer.

Discussion:

Alke: The unions request to review the BA Bylaws before they are adopted. The International Accord makes direct references to the Brands Association. It is therefore essential to make sure that the Bylaws are compliant with the International Accord.

Jochen: Yes, the bylaws will be shared once reviewed by the notaries.

Mathias/Alke: Worried that BA puts an additional hurdle on brands joining the Accord. Was there not a simpler way to do this? The BA is only needed for the RSC. It is also unclear what this adds or how it is different from the mandate the brands have now under the current system.

Jochen:

- The BA allows us to have an organization where we can discuss things with our members. The caucus and cluster systems are not reliable. We currently do not have the structure to make sure all brands have been reached and issues are clearly reported.
- Agrees with Mathias that there are disadvantages.
- There will be elections whereby members will vote on BA board member as well as RSC board members.

- **Working Group on Human Rights Due Diligence**

Joris: This part of the agenda is an open discussion on what the expectations are and thinking is from both parties on the Working Group on Human Rights Due Diligence (HRDD). The current trend towards mandatory due diligence both at the national state levels and European Union should also inform the purpose and objectives of this Working Group. For example, the notion of "safe harbours" – to what extent would brands be fulfilling their due diligence obligations by their membership of multi-stakeholder/certification initiatives, is subject to a lot of debate at the EU level and between stakeholders. The Accord is a perfect illustration of how HRDD can be implemented for workplace safety in terms of identifying, mitigating and preventing adverse impacts, including irremediable risks e.g. the Accord's complaint mechanism is fully in line with UNGP effectiveness criteria. In the Netherlands, the government is looking for concrete examples of HRDD improvements, and the Accord is being showcased as one of those examples.

Discussion:

Christina:

- Under the previous Bangladesh Accord, there was no space or platform to discuss matters that did not fall within the mandate of the Accord. This is a space to have discussions that do not fall within a specific mandate. It can be open to all brands who sign and a way to collectively come together on issues brands/trade unions want to discuss.
- It is also a platform from which we can expand the scope of the International Accord. Not only on health and safety, or the grievance mechanism, but other areas and the International Accord could be convening tool to have these discussions.
- This is no less important than the work we are doing in Bangladesh or on expansion. We can present this it at the brand caucus, and the Secretariat can conduct a survey: what are the interests, what are the topics and concerns.

Jochen:

- The negotiation committee to the International Accord discussed using the Accord system to extend the scope. In Germany, many requirements of the law can be met by the Accord e.g. on transparency, how to map the supply chain - German law goes lower down in the tier than what the Accord covers right now. We can explore how to use what we've established on supply chain responsibility. But our focus should be health and safety, Bangladesh and expansion.

- It can also be a platform to highlight how the Accord is different in terms of change on the ground but also what the limits are: what is functioning and not functioning, how to use the win-win-win situations. At RSC, there is the social/labour aspect but there is also a possibility to address environmental concerns in the future.
- Agrees that we can address this at the brand caucus.

Felicity:

- Agrees with Christina and Jochen, having a platform to reach out is important but it cannot just be a forum for discussion. Concrete actions for implementation need to come out of it.
- Joining the International Accord will support the brands with new legislation coming in.

Dan:

- The Accord is HRDD in action. It would be helpful for the Accord to describe that: how does the Accord match HRDD obligations already and how it supports signatory companies in what they are doing. This is a significant benefit just as a communication tool.
- It can be a platform for problem-solving on salient risks (gender-based violence and harassment, freedom of association, etc.) to support members and allow them space to air their points of view.

Alke:

- We also have the complaints mechanism. Workers trust the process. When going to other countries, brands will have a great interest to have a complaints mechanism.
- If there is a lack of expertise, we can explain to brands what the expectations are in terms of the new mandatory HRDD laws.

Ineke:

- The Accord complaints mechanism has put HRDD in practice, which brings remedy to scale and enforcement of remedy. There should be a focus on how our practice has provided means of implementation and its uniqueness of having an enforcement mechanism.
- Would be cautious about tying the Accord to the safe haven narrative. We do not want this to just be tick-box exercise.
- Identify gaps between the current practice and the mandatory HRDD obligations that will come.

Jorge: Agrees on a discussion on the expansion of the scope but we cannot be too ambitious in terms of what we hope to achieve with this platform.

Mick:

- This is at the forefront for a lot of the medium to large brands: amending the narrative of how we report on risks and aligning with the OECD Guidelines.
- Brands are also looking at the safe harbor provisions. This is certainly worth folding into the conversation. If a brand is looking at risk mitigation perspective, we can bolster what the Accord is doing from a due diligence perspective.

Follow-up actions:

- The Secretariat to prepare a survey for the brands on interest/topics of discussion for the Working Group on Human Rights Due Diligence
- To be included on the agenda of the next Brand Caucus meeting.

AOB

Event Planning for the start 2022

- Steering Committee meeting on Tuesday 18 January 2022 (online)
- All signatory meeting to be combined with the Brand Caucus meeting on Tuesday 25 January 2022 (live, if possible) (Iqbal Hussein to present on the RSC).