

## MINUTES - DRAFT

*International Accord Steering Committee Quarterly Meeting*

**Date:** 25 April 2022

**Time:** 13:30 – 16:30 CET

**Location:** Teams

### ATTENDEES:

**Chair:** Dan Rees

**Company signatory representatives:**, Jorge Alonso Campo, Michael Bride, Michael Reidick, Felicity Tapsell, Masarrat Quader

**Trade Union signatory representatives:** Alke Boessiger, Christina Hajagos-Clausen, Mathias Bolton, Atle Hoie, Ben Richards

**Witness signatories:** Ineke Zeldenrust, Scott Nova

**Accord Secretariat:** Joris Oldenziel, Veronique Camerer, Koen Oosterom

**Apologies:** Jochen Overmeyer, Amirul Haque Amin, Anam Kamrul

## MEETING MINUTES

### 1. INTRODUCTION

- **Agree on meeting agenda**

**Decision:** Meeting agenda agreed.

- **Introduction to new SC Brand members: Jorge Alonso Campo (Inditex) and Michael Reidick (C&A)**

The Steering Committee welcomed Jorge and Michael as new members of the International Accord Steering Committee.

- **Review of Outstanding SC meeting actions**

	Follow-up Action	Status	Who
1	Explore need for ad hoc working group focused on recruiting new signatories.	In progress	Koen
2	Investigate which non-Accord brands are sourcing from No Brand factories and engage them to sign the Accord/participate in the RSC.	Follow-up	Alke & Jochen
3	Prepare a communication from the SC to company signatories enjoining their intermediaries to sign the International Accord.	Follow-up	Koen
4	The Secretariat to prepare a survey for the brands on interest/topics of discussion for the Working Group on Human Rights Due Diligence. Signatory Survey to be included on the agenda of the next Brand Caucus meeting.	Follow-up	Veronique

### 1. FEASIBILITY STUDIES

The following summarizes the number of signatory companies that have provided their list of factories as part of the Accord’s feasibility studies in each of the priority countries (Pakistan, India, Sri Lanka and Morocco):

Brand submissions	#	%
Brands that submitted Factory List	136	79%
Brands that did not submit Factory List	36	21%
<b>Total</b>	<b>172</b>	<b>100%</b>

Michael Reidick: Requested clarification on the definition of Tier 1, 2, 3 for purposes of the factory disclosure as C&A uses the SAC definition, which defines Tier 1 is CMT, Tier 2 other production processes and fabric production, and Tier 3 spinning.

Koen:

- The factory disclosure was intended to identify all (RMG, home textiles, fabric accessories) facilities that include CMT, and then indicate if it’s Tier 1, 2, 3, i.e. the subcontracted factories whereby Tier 2 is the supplier of Tier 1, and Tier 3 the supplier of Tier 2.
- Brands may only have a direct business relationship with the CMT facilities, and not have a direct business relation with washing or printing facilities (Tier 2) or spinning mills (Tier 3).
- Other brands may have direct business relationships with fabric mills if they buy the fabric themselves), or if the brand nominate particular fabric mills to supply fabric to the brands’ CMT suppliers. According to one definition, this could be considered Tier 1, and in the other Tier 2.

Joris: Fabric production such knitting, weaving or spinning have so far not been covered, unless such factories are part of an integrated unit in which case it would be covered under the Accord such as is the case in Bangladesh. With the International Accord now covering garment “and textiles”, the question of scope will need to be reconsidered especially in a country like Pakistan where textile production is significant.

**SC meeting action:** Clarify the factory disclosure data for each of the priority countries

- **Update In-Country Feasibility Study Pakistan (Joris)**

Joris reported on the results of company signatory’s factory disclosure and the Secretariat’s in-country visit to Pakistan (Karachi and Lahore), based on the expansion criteria agreed to by the Steering Committee following the last SC meeting on 25 February 2022.

On the criteria of **Leverage**, a total of 93 brands that have submitted their factory lists so far source from for Pakistan. This number may grow as the remaining 36 brands submit their factory lists.

Looking at the FOB, this represents 24% of the total export FOB from the country. As for the Accord’s fee band structure, there is also a higher concentration of brands in the lower bands, which is an indication that the SC would need to revisit the fee band structure (FOB values) for Pakistan.

From these 93 brands, the Secretariat has identified 655 factories so far, some of which are likely to be part of clusters (i.e., factory units located in the same premises or compound and operating under the same trade license). On the issue of clusters/integrated factories, the Secretariat will have a clearer understanding of the situation only once the Secretariat is able to conduct inspections.

On the **Scope of Risks**, fire, electrical and building safety risks are reportedly comparable to Bangladesh, especially Karachi. Factories do report having made investments in fire and building safety, but factory remediation completed thus far remains limited and unverified.

In the Jan-22 Survey completed by the signatory brands, the following OHS risks were also identified as medium to high risk: 1) excessive working hours, 2) hazardous substances, 3) social security related to OHS, 4) equipment and machinery, 5) workplace violence, 6) elevators and material lifts and 7) drinking water, sanitary and washing facilities.

During the Secretariat's Mar-22 in-country visit, the following risks were also raised by the trade unions and NGOs: silicosis, third-party contracting, unregistered workers, precarious and unsafe conditions for home-based workers.

On the criteria of **Interest**, Pakistan was identified as top priority for Accord expansion by 66 of the 75 surveyed brands who disclosed sourcing from this country. Interest from the brands include:

- Building collective leverage to back individual brand efforts to improve fire and building safety
- Inspections for all scopes: fire, electrical, structural and boilers
- Increasing capacity and effectiveness of existing health & safety committee
- Enhancing brands' ability to identify OHS issues through the Accord's complaints mechanism.

Regarding **Gaps** in the monitoring of OHS risks in Pakistan:

- The Secretaries of Labour & Human Resources of the Sindh and Punjab Provinces recognized the safety issues in garment and textile facilities and the lack of infrastructure, resources and administrative capacity to implement the 2017 OSH legal reforms.
- ILO Better Work's program in Pakistan is offering training and advisory services to factories from April 2022 onwards, yet these factory assessments may not cover all pertinent health & safety risks and ILO Better Work does not plan to provide for a grievance mechanism.
- GIZ, the German development organisation is planning a grievance mechanism yet it will initially only cover 16 factories.
- Social audits and certification bodies are not addressing OHS issues to the fullest extent possible and individual buyers lack collective leverage to drive improvements in the industry.

On the criteria of **Support**, local stakeholders across the board support Accord expansion to Pakistan. The Labour & Human Resources Secretaries of the governments of Sindh and Punjab were forthcoming with the prospect of an Accord in Pakistan, stressing that the Accord's expertise would be highly valued in establishing standards and helping build local government capacity.

The Pakistan Readymade Garments Manufacturers Export Association (PRGMEA) and its members are committed to improving social sustainability and consider the Accord as a means to convey to brands that they are seriously committed to that goal. While manufacturers expressed their concern about further audit fatigue, they were generally supportive of and acknowledged the potential benefits of an Accord program in Pakistan. The Employers Federation of Pakistan (EFP) also expressed support for an Accord program during our previous visit in September 2019.

IndustriALL affiliates and labour rights organisations (PILER and LEF) expressed support for an Accord program tailored to address prevailing OHS risks in Pakistan. The Secretariat aims to continue to engage with all relevant IndustriALL affiliates going forward.

As for **Opportunities**, ILO Better Work Pakistan may be open to coordinate with the Accord in relation to the training of Labour-Management Committees, and for the Accord to complement that training with an inspections program and OHS complaints mechanism. The GIZ is running programs both related to training and addressing workers grievances in the Punjab Province, providing potential opportunities for cooperation and upscaling of their efforts through the Accord.

- **Next Steps Feasibility Study**

Next steps would include:

- The development of Pakistan Accord proposal including budget & fees, tailored according to context and the issues that have been identified.
- Detailed discussions with local stakeholders and proposal on governance structure, whereby all stakeholders would be involved, whilst ensuring the program to run effectively.
- Pilot inspections / Assess local engineering capacities /further analyse building codes and relevant OSH regulation
- Administrative/logistical preparations for setting up offices
- Design process for decision-making among signatories

**Discussion:**

Masarrat: The model put forward looks a lot like the model in Bangladesh. Local engineering capacity needs to be further explored before deciding what kind of staffing/offices we would need in Pakistan. Based on which local companies are doing inspections, one possibility might be to out-source the Accord's inspection model.

Joris: Based on discussions with brands and a local association called the National Fire Protection Association, there is some local capacity but it is still unclear what level capacity that is. The follow-up stakeholder meetings we will have in combination with the pilot inspection should provide more information on this point. Nevertheless, a fully outsourced inspection program may pose challenges related to oversight of quality and integrity.

Christina:

- Regarding the need for two offices, where are factories concentrated?
- In the designing of the program, the employers and trade unions need to be part of that discussion. For this, agrees that a preliminary outline/program of what the program might look like is necessary.

Joris: Factories are almost evenly distributed between the Sindh (Karachi) and Punjab provinces (Faisalabad, Sialkot and Lahore).

Felicity: More work to do in feasibility studies prior to deciding on a final model: financial aspects, outcome of pilot inspections. Agrees that the framework should leave open 3-4 difference scenarios, which involve other stakeholders.

Alke: With the development of this preliminary framework, identify the gaps the Secretariat needs to address before a model can be finalized, e.g. risk factors.

**SC meeting action:**

- Develop an outline/framework to be discussed in next face-to-face SC meeting and then presented to local stakeholders for further discussion and refinement.
- Identify the gaps to be able to finalize an Accord model for Pakistan

- **FEASIBILITY STUDY SRI LANKA**
- **Update In-Country Feasibility Study Sri Lanka (Véronique)**

Véronique reported on the Secretariat's in-country visit to Sri Lanka, based on the expansion criteria agreed to by the Steering Committee following the last SC meeting on 25 February 2022.

On the criteria of **Leverage**, a total of 38 brands that submitted their factory lists thus far source from 277 factories in Sri Lanka. This number may grow as the remaining 36 brands that have not yet participated in the factory disclosure exercise submit their factory lists. Looking at the FOB, this represents roughly 27% of the total export FOB from the country.

On the criteria of **Scope of Risk**, fire and building safety were not identified as major risks in Sri Lanka as the structures are often single-storied and purpose built. This was largely confirmed during the Secretariat's in-country visit, although electrical safety is said to be an important risk.

In the Jan-22 Survey completed by the signatory brands, the following OHS risks were also identified as low to medium risk (closely tied): 1) excessive working hours, 2) social security related to OHS, 3) transportation safety to and from work, 4) workplace violence, 5) ergonomic hazards, 6) sexual harassment, 7) maternity right, 8) tools and equipment safety and 9) Covid-19.

During the Secretariat's Mar-22 in-country visit, the following risks were also raised as major concerns by trade unions and NGOs: gender-based violence and harassment (GBVH), living conditions in boarding houses, and poor ventilation of micro-fibers/plastics putting workers at risk of lung disease.

On the criteria of **Interest**, while Sri Lanka was not identified as a priority for Accord expansion in the November 2021 survey, there is a concentration of Accord signatory companies that have indicated a strong interest for an Accord programme:

- Centering on the development of a standardized inspection system, especially as it relates to electrical safety risks.
- Recognizing the value of a grievance mechanism to enhance brands' ability to identify OHS issues.

The community of brands being quite small and concentrated in Sri Lanka, there is also potential for generating interest of non-Accord brands to participate in an Accord programme.

Regarding **Gaps** in the monitoring of OHS risks in Sri Lanka:

- The Ministry of Labour has communicated that it is aware of the safety issues in factories but that it lacks the legal basis, infrastructure, and administrative capacity.
- The ILO Better Work's OHS training program of Bipartite Health Committees (BHCs) is in its nascent stages and will be limited to approximately 50 facilities in the first year, which will increase to cover all factories as ILO Better Work builds its pool of master trainers (50 in the first year and 100 in the following year). ILO Better Work Sri Lanka does not plan to do factory assessments (like in other countries) nor does it plan to provide for a grievance mechanism.
- Social audits and certification bodies are not addressing OHS issues to the fullest extent possible and individual buyers lack collective leverage to drive improvements in the industry.

On the criteria of **Support**, local stakeholders are overall supportive of an Accord program in Sri Lanka. The Secretariat met with all trade unions affiliated with IndustriALL, signatories and non-signatories of the Memorandum of Understanding (MOU) with JAAF, and all support an Accord in Sri Lanka, which might include coordination in the implementation of MOU/Bi-partite Health Committees.

Sri Lanka's Ministry of Labour, Nimal Siripala De Silva, expressed "100% support" for a Sri Lanka Accord. Should the Steering Committee decide to move forward with a program, they would request further clarification on what the Accord program might look like and the governance structure.

The Secretariat met with two NGOs, Solidarity Center and Women's Center, who expressed their support for an Accord program focused on the establishment and training of bi-partite OHS Committees and gender-based violence and harassment issues.

The Joint Apparel Association Forum (JAAF) is focused on improving sustainability and maintaining the GSP+ status as a means to attract business to Sri Lanka. If the International Accord can support

manufacturers in achieving these goals, manufacturers would be supportive of an Accord program in Sri Lanka.

As for **Opportunities**, ILO Better Work may be open for coordination relating to the training of Bipartite Health Committees, particularly with the All-Employee Meetings component of the Accord's training program, and for the Accord to complement that training with an inspections program and OHS complaints mechanism.

The Memorandum of Understanding signed between three IndustriALL affiliates and JAAF also provides a potential legal framework for the work to support the establishment of Bipartite Health Committees.

As for **Resources**, please see Annex to minutes with slides on company signatory factory disclosure and related FOB information for Pakistan.

- **Next Steps Feasibility Study**

Potential next steps have been overshadowed by the sudden economic and political crisis that has overtaken the country following the Secretariat's trip to Sri Lanka. Proposed next steps:

- Further discussions with local stakeholders and proposal on governance structure
- Pilot inspections /further analysis of building codes and relevant OSH regulation
- Administrative/logistical preparations for setting up an office
- Application of same process for decision-making among signatories as used for Pakistan

Proposed next steps: developing an Accord program for Sri Lanka tailored according to the country's specificities, including:

- A standardized but smaller independent inspections program to be defined following pilot inspections.
- A health and safety training program to compliment the efforts of ILO Better Work, with a focus on the All-Employee Meeting component to raise awareness of the Accord's OSH complaints mechanism
- An OSH complaints mechanism much like the mechanism created in Bangladesh.
- Alignment with ILO Better Work and the trade union – JAAF MOU.
- Further consultation on a programme to cover living conditions in boarding houses and monitoring of GBVH.

**Discussion:**

Masarrat: Questions the feasibility of next steps given the political and economic crisis currently gripping the country.

Michael Bride: Massive economic process ongoing in Sri Lanka and would recommend monitoring the situation. It has strong potential to be a sustainable sourcing destination and the brands would have strong leverage coming out of the crisis to put in place robust social dialogue.

Christina: Recommends tracking developments on the ground and continuing dialogue with local stakeholders.

Dan (ILO Better Work): While ILO Better Work is still engaged through its local office, constituents are just focused on the day to day. It is difficult to do anything in Sri Lanka at the moment.

**SC meeting decision:** Monitor the economic and political crisis in Sri Lanka, hold any further in-country engagement while keeping dialogue open with the various stakeholders.

## **2. FEASIBILITY STUDY MOROCCO AND INDIA**

### **Discussion:**

Jorge: Upcoming trip to Morocco can be maintained but unclear to what extent there is sense in using resources to go to Morocco as it is not a top priority for the brands. Our time and resources would be best spent by going deeper into an analysis of the countries that the Secretariat has already visited, when we know that Morocco will not qualify. Inditex would prefer to fast-track on Pakistan but will respect the decision of the Committee.

Christina:

- A list of priority countries was decided already when criteria for expansion was discussed. The SC should follow through on its decision so, in that sense, the Secretariat should go to Morocco. Cancelling the trip would change a decision that has been made, which the unions don't support.
- In addition, based on desk-based research, 84% of textile exports is for European exports. If we want to increase the number of brands, it is generally easier to approach European brands than US brands.

Masarrat:

- From a resource-management perspective, we can take an incremental approach to decision-making. The Steering Committee does not have to make the same kind of decision-making for all countries. The focus now should be on Pakistan.
- However, fair to continue the Accord in-depth feasibility on Morocco given the near-shoring trend.

Ineke: Morocco has a very high-risk profile. Morocco has a smaller garment sector so costs would presumably be lower. The argument that there are few brands is therefore not a credible one. Consideration should be given to number of workers who died and what difference can be made in the country.

Joris:

- While the Secretariat does have limited time and resources, it is a lot less time consuming and less expensive to go to Morocco than going to Asia. This is one of the reasons a lot of brands, especially UK brands, are diversifying sourcing strategies with Morocco. The expectation is for the Secretariat to at least be able to provide its perspective on Morocco based on a thorough feasibility study. There is also a lot of interest from IndustriALL affiliates in Morocco.
- Duly noted on the point that the Secretariat should not be strict in taking the same pace in Morocco or the other countries as in Pakistan, where a quicker pace is needed to decide on the feasibility of a final Accord model.
- For India, travel to Bangalore and Delhi is planned for the second week of May.

**SC Decision:** Travel to Morocco and India before the next face-to-face SC meeting is confirmed.

## **3. IMPLEMENTATION BANGLADESH**

- **Update from RSC BoD meeting in March: Closures & Relocations (Article 8/18)**

Joris: While decisions may need to be made in this regard at the RSC Board level, it remains important that the Secretariat can properly communicate any updates and changes to Accord signatories.

Jorge: The RSC Board of Directors has agreed to review the wording on the article, particularly the language on "unreasonable increase in travel time". A proposal is being worked out. One aspect of this would be that any agreement reached between the trade unions and factory management would be respected.

Musarrat: There is indeed broad agreement that Article 8 needs to change for future cases. For existing cases, there are four outstanding cases which would require the lead brands to push for action. There has not been much progress in this regard because brands are hard to pin down. The new language is being worked with Christina and Jochen. Once the language is further along, an update will be provided.

- **Update from RSC BoD meeting in March: OSH Complaints mechanism and forwarding of non-OSH complaints to brands**

Alke:

- The RSC Board of Directors came to an agreement whereby the complaints mechanism process itself does not change, but an element will be added in that brands will be provided with a letter upon notification of a complaint that such complaints are to be considered allegation until further investigated by the RSC complaints handling team.
- The RSC Board of Directors also discussed the possibility of expanding the complaints mechanism to non-OHS complaints.
- **Status of CSO, HoWP and MD**

The Chief Safety Officer contract is close to signature. As for the Head of Workplace Programs and the Managing Director position, these will be posted on a Bangladesh job advertising website and then once published, the trade unions and brands will share the information through their networks.

- **Status of UD withdrawal evidence**

Véronique: In summary:

- BKMEA: The Secretariat received 5 letters from the BKMEA addressed to the 5 Stage 3 factories escalated by the RSC stating that those factories are no longer receiving UDs.
- BGMEA: The RSC sent requests and follow-ups to the BGMEA to obtain evidence of the suspension of UDs for all Stage 3 factories. While the BGMEA has made statements indicating that UDs have been suspended in a handful of cases, this remains unsupported by evidence.
- Relevant to Accord company signatories is that there are 11 factories with responsible Accord brands that would be affected by group escalation should it be applied.

Ineke: This reflects the need to establish a plan to apply the compliance that has been approved with the BGMEA and BKMEA.

- **AOB**

Koen: Before the Covid pandemic, the Secretariat organized regional meetings in person. This could be organized in May to allow for in-depth consultation on the Accord's plans for expansion. Ideally, one SC brand would participate in each meeting.

Musarrat: Need to look at the cluster model and see how to get more brands to take the lead in those positions. Might be able to get back on this proposal in three/four week's time.

Michael: Suggestion would be to have small virtual meetings with clusters and then bring together a broader brand caucus.

Felicity: Agrees with Michael's suggestion. All-brand signatory meeting would be better than multiple small regional meetings. Also query whether setting up the structure for the brand caucus is to be organized by the Accord or by Jochen.

Joris: The division of labor between Koen and Jochen would indeed need clarification. Online meetings with cluster group could be helpful. They have in the past been well received. These meetings will be very important to convey our progress on the feasibility studies because at some point the Secretariat will need a go no-go on expansion.

**Close of meeting**



