

MINUTES

International Accord Steering Committee Meeting

DATE: 5 July 2022

LOCATION: Conference Call

ATTENDEES:

Chair: Dan Rees

Company signatory representatives: Michael Bride (PVH), Felicity Tapsell (Bestseller), Jorge Alonso (Inditex), Jochen Overmeyer (Otto), Michael Reidick (C&A)

Trade Union signatory representatives: Alke Boessiger (UNI Global), Ben Richards (UNI Global), Christina Hajagos-Clausen (IndustriALL),

Witness signatories: Scott Nova (Workers Rights Consortium)

Accord Secretariat: Joris Oldenziel, Véronique Camerer, Koen Oosterom, Miriam Neale

Apologies: Masarrat Quader (H&M), Atle Høie (IndustriALL), Anam Kamrul (Bangladesh Textile & Garment Workers League), Amirul Haque Amin (National Garment Workers Federation), Ineke Zeldenrust (Clean Clothes Campaign), Mathias Bolton (UNI Global)

AGENDA ITEMS

1. INTRODUCTION

Dan sought to confirm the meeting agenda.

The meeting agenda was agreed.

Dan requested all SC members to review the minutes from the April and May meetings and provide comments within 1 week.

Veronique ran through outstanding actions from previous meetings and requested updates from those responsible:

- Christina: informed the SC that the RSC Executive Committee had discussed 'no brand' factories and agreed for case handlers to try and identify which non-Accord companies are sourcing from these factories and thereby 'free riding' on the Accord programs.
- Veronique updated on engagement with non-Accord French brands and her meeting with the Initiative for Compliance and Sustainability (ICS) (She proposed as a next step to organize an event with the French NCP. Christina and Christy Hoffman spoke to a panel about the French Loi du Vigilance and highlighted French brands not partaking in collective efforts. Christina proposed that we review a number of brands' social

responsibility disclosure reports and assess whether they meet the requirement of French law on Duty of Vigilance and what regulatory areas the Accord can address. The SC agreed for Veronique to continue engagement with non-Accord French brands/government.

Decision: Meeting agenda agreed.

Action: SC members to comment on April and May meeting minutes within 1 week.

Action: Veronique to follow up on engagement with French brands/government.

2. REPORT BACK FROM REGIONAL CLUSTER MEETINGS

Koen: within the last two weeks, the Secretariat held 3 regional cluster meetings in hybrid form (Amsterdam, Dusseldorf, London) and other regional cluster meetings fully online. Around 70% of brands participated and all Steering Committee company representatives participated.

Key takeaways from the regional meetings:

- Brands expressed appreciation and support for the work on the feasibility studies
- There is general support to expand the Accord's work to Pakistan. Not a single brand questioned this.
- Brands had questions and requests for further clarification on scope and fee structure.
- Involvement of national stakeholders is considered important by brands.
- Brands are keen to have more clarity on the decision-making process.

Jochen: brands in these meetings showed general support for the four priority countries.

3. INDICATORS FOR EXPANSION

Veronique: indicators to assess each criteria for expansion were shared at the last Steering Committee meeting. The Secretariat has since analysed what the feasibility studies show for each indicator. Veronique presented the evaluation of each indicator per country.

Veronique: The Secretariat is confident that the indicators are appropriate to assess the criteria for expansion and asked the SC to confirm if they accept these indicators and our assessment of the indicators so far.

Jorge: this is a great analysis of the indicators and we are happy with the results. With regard to India, we agreed to have a regional approach and we want to ensure this is reflected in the analysis.

Jorge: asked how the Secretariat is planning trips to other countries in parallel to preparing to launch the Pakistan programme.

Veronique: the four countries are each at different stages of feasibility studies and therefore we plan to continue engagement with each country at each their own pace. In Sri Lanka, the economic and political instability makes engagement difficult right now. In Morocco, we have committed to continue engagement. In India the engagement is at a lower intensity but the intention is to continue engagement so that contacts and relations can be built and maintained.

Joris: the budget for India is countrywide but we take a regional approach in the feasibility studies, and from the stakeholder consultations Karnataka would be the most logical first region to look into. Joris caveated that we need to continue engaging with stakeholders in India to understand the feasibility including especially the feasibility of gaining and maintaining a license to operate. We intend to proceed the stakeholder engagement on a regional basis in India.

Decision: The SC agreed to these indicators for assessing feasibility of expansion.

4. PAKISTAN FRAMEWORK PROPOSAL

Dan: The SC is asked to agree on the content of this framework proposal for an Accord program in Pakistan.

Joris: Key elements of the proposal are: Scope; Programs (Inspections, Remediation monitoring, Safety Committee training, OSH complaints mechanism, capacity building of local inspectorate); Standards; Governance; Alignment with relevant initiatives; Operations and management; Policies and procedures; Transparency and reporting. The issues still for Steering Committee discussion are: Scope; Governance; and Final decision-making process.

Governance

Joris: The Secretariat's vision of an effective stakeholder council is one which could meaningfully engage all key stakeholders from the start to build the program with them. This Council would also give us a forum to induct stakeholders on the Accord programs and protocols at the start, which has been requested by Pakistani industry. This Council would not be merely an advisory body but would have a mandate to develop the permanent governance structure for the Pakistan Accord. This Council would therefore be an interim body that enables us to involve stakeholders from the start and yet not delay the start of operations with defining the permanent governance models. Joris described key components for a proposed ToR (Terms of Reference) for the Stakeholder Council and outlined the proposed composition, then invited SC members to discuss this proposal.

Dan: a program in Pakistan would have to include unions, brands, industry, and others. There are different groups that would need to be included differently. It is complex because of decentralised production and different levels of government. Need to think of an intelligent governance model that allows stakeholder engagement and oversight in a meaningful way. There is a principle that industry partners need to be strongly involved and have their buy-in. Dan suggested agreeing a clear milestone for this SC to decide on an approach to governance, following consultation with stakeholders.

Felicity: Maybe we can start with pilot/pre-program inspections to not stall the process, and then move forward until we have full buy-in.

Christina: Requested that Steering Committee representatives be involved in the stakeholder consultations and suggested a delegation of the Steering Committee and Secretariat. To be clear, this would be a formal consultation/negotiation, not another round of visits. The relevant stakeholders need to be on board on other points such as scope and Accord policies and protocols.

Dan: ILO Better Work has a tripartite model but not of hard governance, i.e. we work with consensus and no party has an absolute veto. Dan advised there needs to be intelligent design for the governance, that is true to the agreement of the Accord and in which buy-in and close

communication is essential. How that works in a governance model needs careful consideration and work. Dan asked the Secretariat to come up with a proposal for governance and offered support from ILO BW Pakistan colleagues to develop this.

Jorge: Supports consultation with stakeholders, especially industry and government, and involving SC members with these consultations. Jorge doubts how to reach more specificity on operations and role of Secretariat before engaging stakeholders in governance discussions.

Michael B: It is crucial to have government and industry on board. Suggested we agree the desired outcome is to set up an organisation that is effective and has buy-in from all relevant parties in the country, according to the nature of involvement those stakeholders want to have.

Decision:

- As a first next step (August), the Secretariat will engage with stakeholders in Pakistan, explain more what the Accord entails, explore what kind of involvement stakeholders want in the programs and governance, and report back the discussions to the SC.
- As a second next step (September), a delegation of (SC) brands and unions and Secretariat will visit Pakistan together to meet stakeholders and further consult on the framework.

Action:

- The Secretariat to formulate a proposal on governance for an Accord in Pakistan.

Scope

Joris: the proposal is for scope to include home textiles because it constitutes such a large part of the production chain, integrated facilities, and nominated fabric suppliers. The proposal is also to start in both textile and garment producing provinces to avoid creating the impression of different need in one province compared to the other or to create an unlevel playing field.

Michael R.: commented that including all in scope at the beginning is rather wide. Might want to consider taking a staggered approach to scope.

Felicity: On scope, there seems to have been confusion among the brands on what factories should be disclosed. Different brands have different ways of managing. We therefore need more clarity on how we define factories.

Action: Secretariat to further define the question of scope.

5. PAKISTAN ACCORD BUDGET & FEE STRUCTURE PROPOSAL

Joris: outlined the budget and fee proposal. Importantly, the budget includes boiler safety inspections, and reminded the SC of a boiler explosion this week in Pakistan. As a comparison, the initial inspections budget for Bangladesh was USD6 million, whereas the proposal is for USD700,000 in Pakistan because we plan to train in-house engineers earlier in the process so that we are less dependent on external engineers in year 2. The budget for the International Secretariat is not included as it is covered under the International Accord budget.

The proposed fee structure has been adapted with lower FOB values for each band and represents around 40-45% of the fees for the Bangladesh program. We could lower the fees in future through external fundraising.

Decision: the final budget depends on discussions with stakeholders and scope but the SC agreed to use this budget as indicative to move forward.

6. FUNDRAISING – PROPOSALS ON FUNDRAISING OPTIONS

Joris: In response to an SC request, the Secretariat has started to look at fundraising opportunities. We see opportunities in relation to the safety committee training and capacity building programs. We would need to recruit a fundraising expert for this and it would be for year 2 rather than the first year.

Dan: recommended talking to EU delegation in Islamabad.

Christina: supportive of exploring fundraising opportunities but cautioned that we should consider the reporting requirements and capacity needed to do this.

Action: The Secretariat to further explore fundraising opportunities and report back with a proposal for staff capacity to pursue a fundraising strategy.

7. MOUS: PROPOSAL TO DEVELOP MOUS WITH GOVERNMENT OF PAKISTAN AND ILO BETTER WORK

Joris summed up briefly the proposal to start developing MoUs with the Government of Pakistan and ILO Better Work in Pakistan.

8. PROPOSAL ON DECISION-MAKING PROCESS FOR CSSP PAKISTAN

Joris: The Secretariat has outlined a proposal for steps and a timeline for signatories to decide to establish a CSSP. Following the earlier discussion, step 1 (stakeholder consultation) will proceed albeit without formalising a council / committee. Step 4 (Terms of Reference for Council) should be skipped. Joris ran through all proposed steps in the decision-making process.

Alke: this is ambitious but good to have an indicative timeline to work towards.

Jochen: it is essential to keep the International Accord as a framework for the country programs. These steps should be communicated to the brands so that they are aware of the key milestones and dates. We need to take brands along in our discussions in the coming months before an October caucus meeting.

Christina: agreed, it is important to remind brand colleagues that we always looked at the International Accord as a framework agreement with CSSPs underneath.

Joris: asked for clarification on how the brands and labour see the agreements evolving.

Dan: asked brands and unions to discuss this.

Jorge: brands need to look at the options to connect the International Accord and the Country-Specific Safety Programs.

Jorge: asked when SC brand and TU members will be involved in stakeholder consultations in the immediate next steps.

Joris: suggested that the Secretariat start drafting the MoUs and finalise the Pakistan Accord framework asap and then travel to Pakistan in September with brand and union (SC) members to meet stakeholders.

Actions:

- Secretariat to communicate this timeline to all signatories and add more communication to signatories into the plan.
- SC members to decide who from brands and labour will accompany the Secretariat for a visit to Pakistan in September.
- SC brand and union reps to discuss how the IA and CSSP agreements will evolve.

9. UPDATE BRANDS ASSOCIATION

Jochen: The trade unions have commented on the Brands Association (BA) by-laws and Jochen will go through these comments. Jochen advised that the Board of the BA can decide on the by-laws.

Joris: flagged key issues for clarification regarding the BA by-laws: membership; compliance; invoicing; role of Accord Secretariat; Role of BA in CSSP.

Close of meeting