# QUARTERLY AGGREGATE REPORT

on remediation progress and status of workplace programs at RMG factories covered by the Accord

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**Statistics as of 1 January 2019**

## Key milestones

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<td>• Accord initial inspections</td>
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<td>• Accord follow-up and targeted inspections</td>
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<td>19</td>
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### 6. Non-compliant suppliers

<p>| |</p>
<table>
<thead>
<tr>
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<tbody>
<tr>
<td>• Factories handed over to the Department of Inspection for Factories and Establishments (DIFE) and to the National Action Plan (NAP)</td>
</tr>
<tr>
<td>• Factories handed over to DIFE’s Remediation Coordination Cell (RCC)</td>
</tr>
</tbody>
</table>

### 7. Factories handed over to the Government of Bangladesh

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<table>
<thead>
<tr>
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</tr>
</tbody>
</table>

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**Annex 1** Overview of common fire, electrical, and structural safety findings identified at Accord factories

**Annex 2** Structural findings leading to temporary evacuation of Accord-covered factory & pictorial evidence of ongoing remediation

**Annex 3** Overview of common boiler safety findings identified at Accord factories

**Colophon**

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KEY MILESTONES
Inspection & Remediation Programs

INSPECTIONS

1,1688 FACTORIES COVERED BY ACCORD

- 1,601 Initial inspections
- 29,912 Follow-up safety inspections
- 123 Targeted inspections
- 87 factories recently listed and scheduled for initial inspections

437 FACTORIES NO LONGER COVERED BY ACCORD

- 116 Made ineligible for business with Accord brands
- 131 Closed
- 142 Relocated
- 48 Out of scope

>2,000 FACTORIES INSPECTED OR SCHEDULED FOR INSPECTION UNDER ACCORD

REMEDICATION

89% INITIAL REMEDIATION PROGRESS ACROSS ACCORD FACTORIES

197 FACTORIES COMPLETED INITIAL REMEDIATION, OF WHICH 7 FACTORIES COMPLETED ALL REMEDIATION

>90% REMEDIATION AT 996 FACTORIES
SAFETY COMMITTEE & SAFETY TRAINING

668 SAFETY COMMITTEES IN TRAINING
336 SAFETY COMMITTEES COMPLETED THE SAFETY TRAINING

>1,7 MILLION WORKERS INFORMED ABOUT WORKPLACE SAFETY

SAFETY & HEALTH COMPLAINTS MECHANISM

319 COMPLAINTS RESOLVED
156 COMPLAINTS UNDER INVESTIGATION

COMMONLY ALLEGED SAFETY & HEALTH ISSUES INCLUDE:
- fire/structural/electrical hazards
- health hazards (e.g. excessive work hours)
- workplace violence
As part of its commitment to transparency and accountability\(^1\), the Accord publishes Quarterly Aggregate Reports and makes public on its website the following information:

- **The list of Accord-covered factories** and their safety remediation progress, together with the status of the safety training program.
- **The list of non-compliant suppliers**\(^2\), for failure to implement workplace safety measures made ineligible for business with Accord signatory companies.
- **The list** of factories handed over to the Government of Bangladesh.
- **The complaints** raised by workers and their representatives with the Accord health & safety complaints mechanism.

The 2018 Transition Accord, which entered into effect on 1 June 2018, covers 1,688 RMG and textile factories\(^3\) of which:

- **1,402** factories are ‘active’, meaning that at least one company signatory is actively sourcing from there;
- **42** factories are ‘inactive responsible’, meaning that at least one company signatory was sourcing from there within the last 18 months.
- **244** 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.

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1. 2018 Accord Article 14
3. 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.
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 covered by the Accord receive initial inspections and periodic follow-up inspections to monitor and verify remedial measures.

Accord initial inspections

<table>
<thead>
<tr>
<th>FACTORIES</th>
<th>RELEVANT SECTIONS IN QAR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accord-covered factories</td>
<td></td>
</tr>
<tr>
<td>Inspected</td>
<td>1,601 3. Inspections; 4. Remediation; 5. Safety Training Program; 6. Safety &amp; Health Complaints Mechanism</td>
</tr>
<tr>
<td>Recently listed and scheduled for initial inspections</td>
<td>87</td>
</tr>
<tr>
<td>Total Accord-covered factories</td>
<td>1,688</td>
</tr>
<tr>
<td>Factories no longer covered under the Accord</td>
<td></td>
</tr>
<tr>
<td>Closed</td>
<td>131 8. Factories handed over to the Government of Bangladesh</td>
</tr>
<tr>
<td>Relocated</td>
<td>142 8. Factories handed over to the Government of Bangladesh</td>
</tr>
<tr>
<td>Made ineligible for business with Accord company signatories</td>
<td>116 7. Non-compliant suppliers</td>
</tr>
<tr>
<td>Out of the Accord’s scope</td>
<td>48 8. Factories handed over to the Government of Bangladesh</td>
</tr>
<tr>
<td>Total factories no longer covered</td>
<td>437</td>
</tr>
<tr>
<td>Total factories inspected or scheduled for initial inspections under the Accord Program</td>
<td>2,022 6</td>
</tr>
</tbody>
</table>

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 Accord has a team of case handlers who provide support in the CAP development and implementation, and work closely with the Accord engineers to provide any necessary technical guidance.

Once a CAP is finalised by the factory owners and the signatory companies, it is submitted to the Accord for review and approval by the Chief Safety Inspector. After approval, all three inspection reports and the CAP are uploaded to the Accord’s database and website.

5. Note of correction Quarterly Aggregate Report October 2018 - relocated factories: 140
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 or out of the Accord’s scope had not received an initial inspection before their status was changed.
Accord follow-up and targeted inspections

**Accord follow-up inspections**

- Testing & commissioning verification inspections 851
- Negative suction non-compliance-related inspections 305
- Boiler safety inspections 39
- Inspections in response to safety complaints, fire investigations, and factory walk-throughs 123
- **TOTAL: 1,318**

**Accord targeted inspections**

<table>
<thead>
<tr>
<th>INSPECTIONS</th>
<th>1 JAN 2018</th>
<th>1 APR 2018</th>
<th>1 OCT 2018</th>
<th>1 JAN 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>TOTAL</strong></td>
<td>23,544</td>
<td>25,656</td>
<td>28,263</td>
<td>29,912</td>
</tr>
</tbody>
</table>

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

After the Accord 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 the Accord website and shows the progress status of each finding and includes any new findings.

In addition to regular follow-up inspections, Accord 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. During this inspection, Accord engineers utilise specific guide sheets to ensure that all components of the system are functioning adequately.
- Since June 2017, the Accord has been engaging with international engineering firm Jensen-Hughes to provide theoretical and practical T&C training to Accord engineers. Jensen-Hughes, accompanied by Accord engineers, conducted T&C VIs at approximately 225 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 have been 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.
- **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). Accord engineers have since conducted visits at Accord factories to identify

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solutions to resolve the negative suction situation, such as installing a vertical turbine fire pump or changing the position of the water reservoir vis à vis the fire pump.

- **Boiler safety inspections.** Between September – December 2018 the Accord conducted a Pilot Boiler Safety Program at 17 Accord covered factories. The pilot program was agreed on by the Accord Steering Committee in May 2018, in response to multiple catastrophic boiler explosions in RMG factories in Bangladesh during the last several years. Whilst the initial plan of the Pilot was for 50 Accord factories to receive boiler safety inspections, due to the time consuming nature of such an inspection7, the Accord decided to focus on inspecting more boilers at less factories. As a result, 35 boilers were inspected at 17 Accord factories, which provide information on a representative sample of boilers used in RMG factories in Bangladesh.

The inspections were conducted by a qualified international engineering firm, accompanied by a small group of Accord engineers who received on-site training. After the inspection had been completed, the Accord and the supplier factory developed a boiler inspection CAP, the completion of which is being monitored by the Accord and the responsible company signatories.

The Pilot Program revealed significant boiler safety hazards (see Annex 3), including non-compliant or missing boiler components/parts and a lack of certification. At 4 factories, the findings were considered critical, resulting in immediate boiler shut-down until required repairs were completed.

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7. Assessing the functionality of a boiler requires 3 types of testing conducted during 2 inspections - when the boiler is shut-down, drained and cooled-off, and when the boiler is in operation.

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### Factories requiring Detailed Engineering Assessments (DEAs)

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<thead>
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<tbody>
<tr>
<td>Accord factories requiring DEAs</td>
<td>1,469</td>
</tr>
<tr>
<td>DEAs accepted by the Accord CSI</td>
<td>986 (68%)</td>
</tr>
</tbody>
</table>

If the initial inspection indicates potential structural weakness, factories are required to undertake a structural Detailed Engineering Assessment (DEA), including as-built drawings, engineering tests, preparing load plans, and developing retrofitting drawings. DEAs are conducted by structural engineers hired by factories and submitted to the Accord for review. Once the DEAs are accepted, the factories are required to complete the structural remediation and retrofitting work.

A challenge at the beginning of this process was for factories to find structural engineers with the necessary experience to conduct DEAs. In response to this, the Accord invested in efforts to improve the quality of DEA submissions and re-submissions by factories and increase the Accord engineers’ capacity and experience.

Since December 2017, the Accord has been engaged with WSP international structural engineering company to review a sample of DEAs submitted to the Accord. WSP has been providing comments to Accord engineers and to the engineers working for the factories to support them in their review process and analysis. The revised DEA submissions from engineering firms contracted by factories which met with WSP engineers are showing improvement and the Accord engineers and factory engineers receiving comments from WSP and meeting with WSP are gaining professional development.
Based on the Accord signatories’ requirements, 53 factory buildings were required to (temporarily) evacuate, as the Accord 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 submits the inspection results to the Government of Bangladesh’ Review Panel 8.

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 is 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.

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**Factories requiring temporary evacuation**

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*The Review Panel was established through the Ministry of Labour and Employment (MoLE) led National Plan of Action for inspections which lead to determinations that a building evacuation or suspension to operations is required. To overturn the initial evacuation recommendation of the inspection, a unanimous decision of the team of 4 Review Panel engineers (1 Accord, 1 Alliance, 2 Government of Bangladesh/ Bangladesh University for Engineering Technology) must be reached.*
The Accord monitors completion of safety remediation at its 1,600+ covered factories with approximately 100 engineers on staff who conduct up to 400 follow-up inspections each month. Each factory is inspected approximately once every four months.

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

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

<table>
<thead>
<tr>
<th>Year of initial inspection</th>
<th>Total factories with initial inspection conducted that year*</th>
<th>CAP behind schedule</th>
<th>CAP on track</th>
<th>Initial CAP completed</th>
<th>CAP completed</th>
<th>CAP not implemented</th>
<th>CAP not finalised/no CAP</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>The CAP is in implementation but one or more timelines have not been met.</td>
<td>The CAP is in implementation and all timelines have so far been met.</td>
<td>All issues identified in the Accord initial inspections have been verified as corrected by Accord.</td>
<td>All issues identified in the CAP -original &amp; new findings - have been verified as corrected by Accord.</td>
<td>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 7. Non-compliant suppliers)</td>
<td>The CAP is either incomplete, absent or not yet approved by the Accord.</td>
</tr>
<tr>
<td>2013</td>
<td>134</td>
<td>71</td>
<td>22</td>
<td>12</td>
<td>3</td>
<td>4</td>
<td>0</td>
</tr>
<tr>
<td>2014</td>
<td>1,313</td>
<td>711</td>
<td>111</td>
<td>149</td>
<td>2</td>
<td>76</td>
<td>1</td>
</tr>
<tr>
<td>2015</td>
<td>274</td>
<td>174</td>
<td>18</td>
<td>23</td>
<td>1</td>
<td>23</td>
<td>0</td>
</tr>
<tr>
<td>2016</td>
<td>96</td>
<td>76</td>
<td>15</td>
<td>5</td>
<td>1</td>
<td>7</td>
<td>1**</td>
</tr>
<tr>
<td>2017</td>
<td>115</td>
<td>100</td>
<td>9</td>
<td>1</td>
<td>0</td>
<td>4</td>
<td>1**</td>
</tr>
<tr>
<td>2018</td>
<td>90</td>
<td>71</td>
<td>2</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>17</td>
</tr>
</tbody>
</table>

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

** Factories pending closure procedure

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 Accord inspected factories where execution of the remediation is inadequate or too far behind schedule.
Diagram 5 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 has been informed that the finding has been corrected but the Accord is yet to verify this.
- **Corrected**: The finding has been verified as corrected by the Accord engineers through their follow-up verification visits.

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

- **Original findings**: Findings from the Accord initial inspections.
- **New findings**: Findings from Accord 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 an Accord follow-up inspection that the issue was either not corrected or inadequately corrected.
**REMEDICATION**

- **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)

*Note of correction: due to a previous error in the Accord’s factory data transition from the 2013 Accord to the 2018 Transition Accord, the number of findings reported on does not include all the safety findings identified at covered factories. This error has been resolved for this QAR.*

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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 tracks 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 Program.

<table>
<thead>
<tr>
<th>Finding</th>
<th>No. of factories where the finding was identified</th>
<th>No. of factories where the finding is still outstanding</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Lockable/collapsible gates</td>
<td>1,321</td>
<td>37</td>
</tr>
<tr>
<td>• Inadequate fire detection &amp; alarm system</td>
<td>1,311</td>
<td>668</td>
</tr>
<tr>
<td>• Inadequate egress lighting</td>
<td>1,264</td>
<td>115</td>
</tr>
<tr>
<td>• Lack of fire separation in hazardous areas</td>
<td>1,261</td>
<td>207</td>
</tr>
<tr>
<td>• Non-compliant exit stair openings</td>
<td>1,245</td>
<td>370</td>
</tr>
<tr>
<td>• Storage in means of egress</td>
<td>1,138</td>
<td>91</td>
</tr>
</tbody>
</table>

– DIAGRAM 8 – Remediation progress of most common FIRE findings at Accord-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 1,055 95
- Lack of Lightning Protection system (LPS) 998 184
- No Single Line Diagram (SLD) 996 265
- Inadequate circuit breakers 930 114
- Hazardous accumulation of dust and lint on electrical equipment 882 23
- Unsafe earthing equipment 849 23

Finding No. of factories where the finding was identified No. of factories where the finding is still outstanding

- Lack of management load plan 968 208
- Inconsistency with building plan and drawings 942 234
- Incorrect implementation of existing load management plan 884 185
- Lack of design check against lateral load 684 189

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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. Signatory companies have used various types of financial assistance to make it financially feasible for their supplier factories to remediate including guaranteed order volumes for longer periods, higher volumes, soft loans, order pre-payment to improve cash-flow or direct cash assistance.

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 agreed9. The Accord obtains confirmation of agreed finance plans from all signatories and factories. As of 1 October 2018, 1,645 finance plans were reported to be confirmed.

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.

To date 130 remediation finance requests from factories have been received (Table 8), of which 50 have been resolved.

9. 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.
To support Accord factories that no longer have any Accord signatory companies as customers, the Accord Steering Committee agreed to develop a factory remediation fund. The fund conditionally provides financial remediation support to Accord covered, inactive factories that have made legitimate efforts to complete safety remediation and need access to funds to complete remediation.

The funds made available through the Remediation Fund are distributed in four instalments, subject to factory cooperation and Accord verified completion of the remediation commensurate with each preceding instalment.
SAFETY COMMITTEE & SAFETY TRAINING

The Accord trains joint labour-management Safety Committees at Accord-covered factories and conducts programs to inform all the workers in the factory about essential workplace safety. Functioning Safety Committees are key to ensuring that factories become and remain safe workplaces.

The roles of Safety Committees include:
- Conducting factory inspections 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 Accord’s 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 Accord.

10. Of these, 17 factories are no longer covered under the Accord as they closed down or were made ineligible for business with Accord company signatories for failure to implement workplace safety measures. A further 160 Accord factories are to commence the Safety Committee & Safety Training Program in the first quarter of 2019.

11. The Accord will not run the Safety Committee and Safety Training Program at those no-brand factories where the program had not commenced before 1st June 2018. As per a Steering Committee decision taken in June 2018, the Accord Secretariat inquired at all no-brand factories where the Safety Training Program had commenced under the 2013 Accord (45 factories), whether they wish to continue the program, informing them that otherwise the program will discontinue. 27 factories responded positively which brings the number of Accord factories where the safety training is to be completed, to 1,471.
SAFETY COMMITTEE & SAFETY TRAINING

The Accord 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. **7 Session Safety Committee Training Curriculum** including sessions on the Safety Committee’s role in remediation, complaints handling, joint problem solving, hazard identification and safety monitoring systems.

3. **All Employee safety informational meetings.** During these meetings, all workers in the factory are introduced to the members of the Safety Committee. The Accord further provides 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 Accord’s Complaints Procedure. At the end of each meeting, the workers receive a booklet reiterating the information presented.

4. **Factory walk-throughs.** After training sessions #4, #5, and #6 the factory Safety Committee together with the Accord 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 the Accord that these hazards have been fixed, the Accord engineers will conduct a verification inspection.

5. **Ongoing support for effective functioning of Safety Committees.** The Accord facilitates the first meetings of the Safety Committees and emphasises on the active involvement of the Safety Committee Co-Chairs in Accord 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 requirements that may emerge from any factory inspection.

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**Diagram**

Diagram 13: Advancement of All Employee Meetings 1&2 to inform workers of workplace safety

- **TOTAL WORKER CONTACTS AEMs 1:** 1,702,735
- **TOTAL WORKER CONTACTS AEMs 2:** 1,231,064

<table>
<thead>
<tr>
<th>Date</th>
<th>All Employee Meetings 1</th>
<th>All Employee Meetings 2</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Jan 2018</td>
<td>273</td>
<td>609</td>
</tr>
<tr>
<td>1 Apr 2018</td>
<td>361</td>
<td>785</td>
</tr>
<tr>
<td>1 Oct 2018</td>
<td>554</td>
<td>864</td>
</tr>
<tr>
<td>1 Jan 2019</td>
<td>612</td>
<td>978</td>
</tr>
</tbody>
</table>

www.bangladeshaccord.org
SAFETY & HEALTH COMPLAINTS MECHANISM

The Accord has a safety and health complaints mechanism to remedy safety concerns which are not being effectively addressed at the factory level. Workers and employees at Accord signatory producing factories can raise concerns about health and safety risks safely, and if they choose so, confidentially, with the Accord.

Diagram 14: Number of complaints received under the Accord Complaints Mechanism between 1 Jan 2017 – 1 Jan 2019

Diagram 15: Total number of complaints filed through the Accord Complaints Mechanism

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

Under the Accord, workers have the following rights:
- The right to refuse unsafe work
- The right participate in the work of their factory Safety Committee
- The right 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

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 requires that such founded violations be remedied, failing which, the notice and warning provisions of Article 16 would apply.
All complaints are initially assessed to determine if they fall under the Accord safety and health remit. Safety and health related concerns are investigated by qualified Accord staff and their findings and remediation requirements are announced to all employees at the factory by the Accord assigned case handler. During the course of investigating matters referred to the Accord Complaints Mechanism, the Accord will determine remediation requirements in regard to Safety and Health. The Accord can work with Complainants and Factory Management to ensure that the Accord 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.
Suppliers failing to participate in the Accord program go through an escalation procedure under Article 16 implemented by signatory companies. This 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.

Examples of a failure to participate in the Accord program 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 Accord trainers, case handlers and engineers.

The Accord Article 16 Escalation Protocol applies to all RMG companies controlled by the same group owner. The criteria the Accord will consider when deciding if a company is part of an RMG company group include the following:

1. Companies are presented as a group in their own marketing materials (e.g. websites, brochures, or business cards).
2. Companies are presented as being under the same management (e.g. having the same director(s) or same corporate email domain).
3. Registration document(s) of the Bangladesh Office of Registrar of Joint Stock Companies and firms.
4. Companies are listed in BGMEA or BKMEA registration books with the same owner.
5. Company ownership documents show group structures (e.g. Company registration, shareholder information, or annual reports).
6. A supplier has informed Accord or signatories that they own other companies or factory management has informed that they are part of a company group.
7. A company signatory has informed Accord that one of their suppliers is part of a group.
8. Other representations where a company has been presented as part of a group or as a “holding” (e.g. entries in trade association description of the company or group, biographies of owners, presentations of the company at industry conferences).

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**TABLE 12 – Current status of Article 16 escalations**

<table>
<thead>
<tr>
<th>Status</th>
<th>Quantity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-compliant factories in stage 1*</td>
<td>299</td>
</tr>
<tr>
<td>Factories in stage 1 due to group escalation</td>
<td>174</td>
</tr>
<tr>
<td>Non-compliant factories in stage 2</td>
<td>102</td>
</tr>
<tr>
<td>Factories in stage 2 due to group escalation*</td>
<td>27</td>
</tr>
<tr>
<td><strong>Total Accord-covered factories in escalation</strong></td>
<td>587</td>
</tr>
<tr>
<td>Factories de-escalated for remediating the non-compliances that caused the escalation***</td>
<td>258</td>
</tr>
<tr>
<td>Factories de-escalated due to group de-escalation</td>
<td>258</td>
</tr>
<tr>
<td>Ineligible suppliers for business with Accord signatory companies (Supplier factories in stage 3)***</td>
<td>116</td>
</tr>
</tbody>
</table>

* Non-compliant factories in stage 1 of escalation may at the same time be in stage 2 of escalation because of being part of a factory group with other non-compliant factories in stage 2.

** Unique Accord-covered factories in escalation.

*** Factories that remediate the non-compliance for which they are in escalation may continue to be in escalation due to being part of a group with other factories in escalation.

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12. Note of correction October Aggregate Report: the report reads that as of 1st October 2018, 83 factories were in de-escalation. This is the number of factories in de-escalation that were, at the same time, part of a factory group in de-escalation. The complete overview of the status of de-escalations as of 1st October 2018 is as follows: factories de-escalated for remedying the non-compliances that caused the escalation: 220; factories de-escalated due to group de-escalation: 258.

13. The list of ineligible suppliers is available on the Accord’s website at: www.bangladeshaccord.org/ factories. Select filter Remediation status -> Ineligible.
If no action is taken following the first warning or the Accord does not see adequate progress, the supplier 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, the Accord holds meetings 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. Otherwise, the factory will be escalated to stage 3 and signatory companies will terminate their business relationship with this supplier and all factories under the same ownership.

The ineligible supplier and all factories under common ownership are no longer eligible for Accord company production for a minimum period of 18 months and until the terminated supplier meets the conditions for requalification. 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 Accord hands over the factories’ inspection reports and Corrective Action Plans for the Inspector General’s attention and authority to address the ongoing safety concerns at these factories.
**Factories handed over to the Department of Inspection for Factories and Establishments (DIFE) and to the National Action Plan (NAP)**

- **Diagram 17** – Overview of factories handed over to the Government of Bangladesh

- **Closed and relocated factories**
  Factory accounts are closed when the Accord 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 an initial inspection at the new building. Covered factories are required to notify the Accord of a closure or a relocation as soon as possible. Upon receipt of information of a factory closure or relocation, the Accord will go through its closure verification procedure. 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 the Accord has received sufficient information to consider a covered factory closed or relocated, it will transfer the full electrical, structural and fire initial inspection reports & latest CAP (if available) to the Department of Inspection for Factories and Establishments (DIFE).¹⁶

- ** Archived factories**
  The Accord agreement covers garment suppliers, and on a voluntary basis, home textiles and fabric & knit accessory suppliers producing for Accord signatory companies, or where production took place at the time of scheduling the Accord initial inspections. Factories not meeting these criteria are considered “out-of-scope” of the Accord agreement, and the Accord has no mandate to monitor remediation at these factories. The Accord is transferring inspection reports of those factories that are out-of-scope but have nonetheless received one or more initial inspections from the Accord, to the Government of Bangladesh and ILO led inspection program of the National Action Plan (NAP) to ensure that the safety hazards identified by the Accord can be addressed through the appropriate authority.

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¹⁴. www.bangladeshaccord.org/factories-handed-over-to-the-government-of-bangladesh

¹⁵. Note of correction October 2018 Quarterly Aggregate Report: 84 closed factories handed over to DIFE and 100 relocated factories handed over to DIFE. Total number of factories handed over to the Government of Bangladesh (including the archived factories) is 232.

¹⁶. The Accord does not transfer the factory’s documentation in the following cases: i) the building is being utilised by another Accord-covered factory and the Accord continues to monitor the remediation, or ii) the factory has been closed through a Review Panel decision.
FACTORIES HANDED OVER TO THE GOVERNMENT OF BANGLADESH

Factories handed over to DIFE’s Remediation Coordination Cell (RCC)

The company and union signatories to the 2018 Transition Accord are committed to support the efforts of the Government of Bangladesh to capacitate the Remediation Coordination Cell (RCC) to regulate fire and building safety in Bangladesh, and to hand over the work of the Accord when the RCC is ready.

The Accord signatories developed a Transition Plan outlining a responsible, phased transfer of responsibilities to the RCC as it builds capacity and demonstrates capability. The Transition Plan - presented on 18th September 2018 to the Ministry of Labour and Employment (MoLE) - is based on a set of indicators developed by the MoLE and ILO to assess the RCC’s performance and readiness to regulate safety in RMG factories and take over the Accord functions.

Until 1st January 2019, 100 factories that completed all remediation from initial inspections were handed over to the RCC. The responsibilities for inspections and remaining remediation at these factories were returned back to the RCC-DIFE. For the handed over factories, the Accord transferred to the RCC the following documentation: initial fire, electrical, structural inspection reports, the record of all past follow-up inspections conducted and the latest follow-up inspection report, the most updated Corrective Action Plan, a copy of the recognition letter from Accord to factory on completion of initial inspections remediation, and the list of any new findings in progress & timelines for remediation as set by the Accord.

The Accord signatories’ obligations with handed over supplier factories remain in place under the 2018 Accord agreement. The Accord signatories expect the RCC to carry on monitoring the remediation at these factories in a similar manner as the Accord would have done if the factories were not handed over. In cases where it has not been possible to provide credible reports and CAPs, and/or where the information provided does not enable the Accord to ascertain that credible inspections are being conducted and remediation is being completed at the handed over factories, the Accord signatory brands reserve their right to have their own inspections, in the framework of their commercial relationships, conducted at such handed over factories.

The Accord continues the Safety Committee and Safety Training Program at the handed-over factories, and the safety and health complaints from workers and their representatives in these factories will be processed in accordance with the Accord’s protocols and procedures, until these areas of work are handed over to the Government of Bangladesh, based on demonstrated capacity.

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### TABLE 13 – Status factory handover to the RCC-DIFE

<table>
<thead>
<tr>
<th>Status Accord covered factories</th>
<th>Covered under Accord inspections and remediation program</th>
<th>Accord factories where the RCC is conducting the inspections &amp; remediation work</th>
</tr>
</thead>
<tbody>
<tr>
<td>Active</td>
<td>1,322</td>
<td>80</td>
</tr>
<tr>
<td>Inactive responsible</td>
<td>42</td>
<td>0</td>
</tr>
<tr>
<td>No Brand</td>
<td>224</td>
<td>20</td>
</tr>
<tr>
<td>**TOTAL:</td>
<td><strong>1,588</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

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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.

Most of the findings that are reported in published CAPs are common to many factories. The Accord tracks the total number of findings by categories and sub-categories. The fire, electrical and structural categorization allows for further analysis of the most common safety hazards across all the factories inspected under the Accord Program.
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.
ANNEX 1

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, Accord engineers require the installation of cross-bracing.
ANNEX 2

Structural findings leading to temporary evacuation of Accord-covered factory & pictorial evidence of ongoing remediation

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

Structural retrofitting ongoing. After the structural remediation had been verified as completed by the Accord, the factory was determined safe for re-occupation and resumption of production.
Overview of common boiler safety findings identified at Accord factories (Sep - Dec 2018)

- 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.

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

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

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