

INTERNATIONAL ACCORD QUARTERLY AGGREGATE REPORT

#2 2022

DATA AS OF 1 JUNE 2022

INTRODUCTION

The International Accord publishes this Quarterly Aggregate Report (QAR) to inform its stakeholders of safety conditions and progress across all Accord covered factories. Additionally, it provides an update on the key developments in each area of the Accord programs.

The transparency and reporting commitments of Accord signatories are outlined in International Accord article 28 and include a provision that the Steering Committee will publish Quarterly Aggregate Reports that summarize both aggregated industry compliance data as well as a detailed review of findings, remedial recommendations, and progress

on remediation and training to date for all factories at which inspections and training have been completed.

The reporting cycle for the QARs is March to June, July to September, October to December, and January to March.

In June 2022, we revised the reporting format for these reports to simplify data presentation and make the QARs more reader friendly. For any questions on the comparison in reporting before and after June 2022, please contact the Accord Secretariat: contact@internationalaccord.org

This QAR comprises two parts:

PART 1 provides aggregate data on the progress of safety programs implemented by the RMG Sustainability Council (RSC) at factories supplying Accord signatories in Bangladesh.

PART 2 provides an update on the International Accord's feasibility study regarding expansion of Accord programs to other countries.

The Accord has published QARs since February 2016. The most recent reports are available online at www.internationalaccord.org/reporting

An archive of earlier reports published by the Bangladesh Accord is available online at <https://bangladeshaccord.org/resources/progress-reports>

PART 1

Progress of safety programs implemented by the RMG Sustainability Council in Bangladesh

SUMMARY

Part 1 of the QAR provides an overview of how the safety programs implemented by the RMG Sustainability Council (RSC) are progressing at Accord covered factories. Since 2020, the RSC has implemented the following programs on behalf of the Accord at all factories supplying to our company signatories:

- Initial fire, electrical, structural and boiler safety inspections
- Follow-up inspections to monitor remediation and potential new issues
- Safety Committee training program
- All-employee meetings
- Safety complaints mechanism

1. INSPECTIONS PROGRAM

FIGURE 1.1 INITIAL INSPECTIONS AT COVERED FACTORIES

Initial inspections assess fire, electrical and structural safety standards.

COVERED FACTORIES	MAR 2022	JUN 2022
Factories with initial inspections completed	1,367	1,401
Recently listed and yet to be scheduled for initial inspections	25	32
TOTAL COVERED FACTORIES	1,392	1,433
FACTORIES NO LONGER COVERED BY ACCORD		
Closed	207	224
Relocated	171	172
Made ineligible for business with Accord company signatories	204	214
No longer supplying Accord brands (still RSC covered)	313	286
Out of Accord scope	77	76
TOTAL FACTORIES INSPECTED BUT NO LONGER COVERED	972	972
TOTAL FACTORIES INSPECTED OR SCHEDULED FOR INITIAL INSPECTIONS SINCE 2013	2,364	2,405

KEY POINTS

- The number of factories supplying Accord company signatories is expanding by around 10 factories per month and reached 1,433 by June 2022.
- The RSC conducts initial inspections at newly listed factories. 32 factories were awaiting initial inspection as of 1 June 2022.
- 17 factories have closed in the last quarter and the RSC has verified these facilities are no longer producing and will cease to be monitored by the RSC.
- 10 factories were made ineligible to supply Accord company signatories in this quarter.
- A total of 972 factories have been inspected by the Accord or RSC but are no longer covered by the Accord agreement due to various reasons including closure, relocation, becoming ineligible to supply company signatories due to failure to participate in the International Accord programs, or the product type not falling in scope of the Accord.

FIGURE 1.2 FOLLOW-UP INSPECTIONS AT COVERED FACTORIES TO DATE

Follow-up inspections assess remediation progress and generate updated CAPs on the public website.

	AUG 2021 ¹	NOV 2021	MAR 2022	JUN 2022
Fire	12,673	12,058	12,631	13,119
Electrical	11,185	10,462	10,772	11,066
Structural	6,200	5,965	6,454	6,796
TOTAL	30,058	28,485	29,857	30,981

1. This includes factories no longer supplying Accord brands since the start of the international Accord in September 2021.

KEY POINTS

- RSC engineers conducted fire safety follow-up inspections at almost 500 factories, electrical safety follow-up inspections at almost 300 factories, and structural safety follow-up inspections at over 300 factories from March to June 2022.

FIGURE 1.3 TARGETED FIRE SAFETY INSPECTIONS

In addition to the regular fire follow-up inspections, RSC engineers conduct targeted inspections to check the correct installation of fire alarm and fire suppression systems.

	AUG 2021	DEC 2021	MAR 2022	JUN 2022
Visit to prepare for testing & commissioning verification inspections	734	768	857	947
Initial testing & commissioning verification inspections	546	635	696	759
Final testing & commissioning verification inspections	78	97	134	159
Fire pump inspections (assessing remediation of negative suction issues)	280	238	233	238
TOTAL	1,638	1,738	1,920	2,103

KEY POINTS

- RSC fire engineers conducted over 180 targeted fire system inspections and visits from March to June 2022 to assess the installation status of fire alarm and fire suppression systems.
- The RSC conducted 5 specific inspections of fire pumps to check whether negative suction issues have been adequately resolved.

FIGURE 1.4 PRELIMINARY BOILER SAFETY INSPECTIONS

The Accord introduced boiler safety as an additional scope for inspections and remediation in 2018. The RSC has trained a team to conduct boiler inspections in three stages: firstly, the engineers will conduct a preliminary visual inspection; secondly, the engineers will conduct hydrostatic pressure test & internal inspection; thirdly, the engineers will conduct an external inspection including functional test.

	AUG 2021	DEC 2021	MAR 2022	JUN 2022
Stage 1 – Preliminary boiler safety inspections	69	153	387	747

KEY POINTS

- The RSC boiler safety team conducted 360 preliminary boiler safety inspections from March to June 2022.
- The RSC plans to complete all stage 1 inspections before embarking on stage 2 at each factory.

FIGURE 1.5 INSPECTIONS IN RESPONSE TO SAFETY COMPLAINTS AND INCIDENTS

The Accord signatories' complaints mechanism is managed by the RSC. Whenever complaints are raised which relate to fire, structural, electrical or boiler safety, RSC engineers will conduct an inspection at the factory to assess the complaint and, where necessary, advise on remediation. In addition, if a safety incident at a factory is reported through any other route, the RSC engineers conduct a post-incident inspection to assess the cause of the incident and any remediation required.

	AUG 2021	DEC 2021	MAR 2022	JUN 2022
Inspections in response to safety complaints	73	73	85	97
Inspections in response to a reported safety incident	37	42	67	81
TOTAL	110	115	152	178

KEY POINTS

- From March to June 2022, there were 12 inspections in response to safety complaints and 14 post-incident inspections.

FIGURE 1.6 FACTORIES REQUIRING TEMPORARY EVACUATIONS

In the event that RSC engineers identify hazards which pose critical safety concerns, they will follow a critical findings protocol which may lead to temporary evacuation of the factory. Accord article 18 requires signatory companies and their suppliers to maintain workers' income during any factory closure that is necessary for remediation.

	AUG 2021	DEC 2021	MAR 2022	JUN 2022
Temporary factory evacuations	75	79	80	82

KEY POINTS

- From March to June 2022, 2 factories were called upon to temporarily evacuate due to critical safety concerns.

2. REMEDIATION

FIGURE 2.1 REMEDIATION PROGRESS OF SAFETY ISSUES IDENTIFIED DURING INITIAL INSPECTIONS IN COVERED FACTORIES

31 AUG 2021	93%
1 DEC 2022	93%
1 MAR 2022	92%
1 JUN 2022	92%

KEY POINTS

- The aggregate remediation rate dropped slightly in 2022 as the Accord covered factory list no longer included a number of factories with advanced remediation but no further business with Accord signatories.

FIGURE 2.2 CAP & REMEDIATION STATUS VS. YEAR OF INITIAL INSPECTION

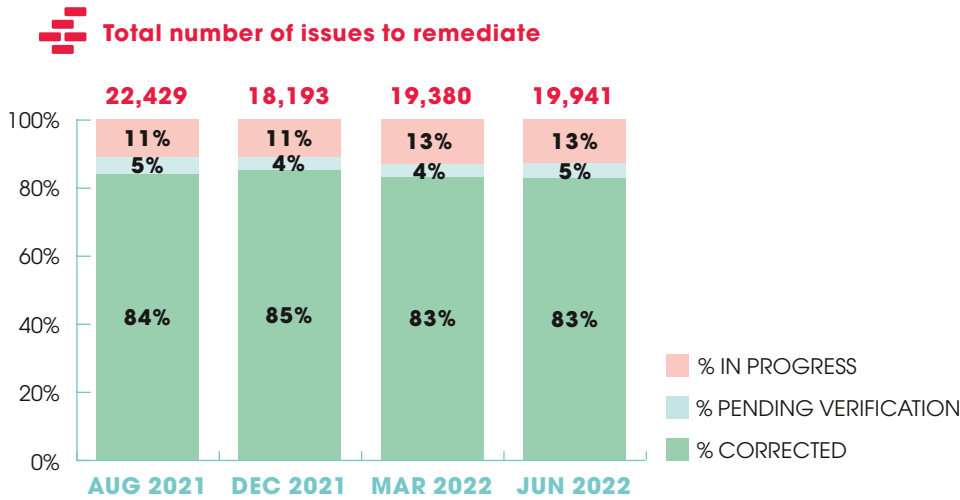
Year of initial inspection	Total factories with the initial inspection conducted that year	CAP behind schedule <small>The CAP is in implementation but one or more timelines have not been met</small>	CAP on track <small>The CAP is in implementation and all timelines have so far been met</small>	Initial CAP completed <small>All issues identified in the initial inspections have been verified as corrected</small>	CAP not implemented <small>The factory does not agree to implement the CAP and as a result the supplier is ineligible for business with Accord signatory companies (see Section 8. Non-compliant suppliers)</small>	CAP not finalised/ no CAP <small>The CAP is either incomplete or not yet approved</small>	CAP N/A	Initial findings progress rate
2013	84	32	11	33	7	0	1	98%
2014	811	322	76	277	135	0	1	98%
2015	185	79	13	55	38	0	0	98%
2016	87	36	14	25	12	0	0	94%
2017	135	93	14	17	11	0	0	89%
2018	83	58	12	7	6	0	0	92%
2019	72	55	7	5	4	1	0	83%
2020	23	21	2	0	0	0	0	76%
2021	97	93	1	0	1	2	0	61%
2022	38	18	2	0	0	18	0	42%
TOTAL	1615	807	152	419	214	21	2	92%

KEY POINTS

- Around 25% (419) of all covered factories have completed the remediation required after their initial inspection.
- Around 50% (811) of all covered factories had their initial inspection in 2014. Of these, just over a third have completed the remediation, 16% became ineligible due to non-compliance with Accord requirements, and around half are still working on the remediation measures.

FIGURE 2.3 STRUCTURAL REMEDIATION PROGRESS

Structural remediation often involves conducting a detailed engineering assessment, strengthening vertical or horizontal load bearing capacity, and maintaining load management plans.



KEY POINTS

- Structural remediation progress lags behind fire and electrical remediation, in part due to the slow pace of finalising detailed engineering assessments.
- The overall structural remediation rate has dropped by 2% in the last two quarters due partly to issues reverting to in progress, and partly to new factories being inspected.

FIGURE 2.4 STATUS OF MOST COMMON STRUCTURAL FINDINGS

FINDING	No. of factories where the finding was identified	No. of factories where the finding is outstanding	% of factories where the finding is outstanding
Lack of management load plan	977	59	6%
Inconsistency with building plan and drawings	1,027	84	8%
Incorrect implementation of existing load management plan	885	46	5%
Lack of design check against lateral load	730	72	10%

KEY POINTS

- The structural safety issues above were found at half or more factories and whilst a large majority of factories have addressed these issues, 5 to 10% of factories are yet to remediate adequately.

FIGURE 2.5 STATUS OF DETAILED ENGINEERING ASSESSMENTS '(D)EA'

Factories requiring a (D)EA have to commission a qualified engineering firm to conduct the DEA and then submit it to the RSC for acceptance and verification through on-site inspection. Once a DEA has been accepted it may still revert to outstanding if the building structure is later altered.

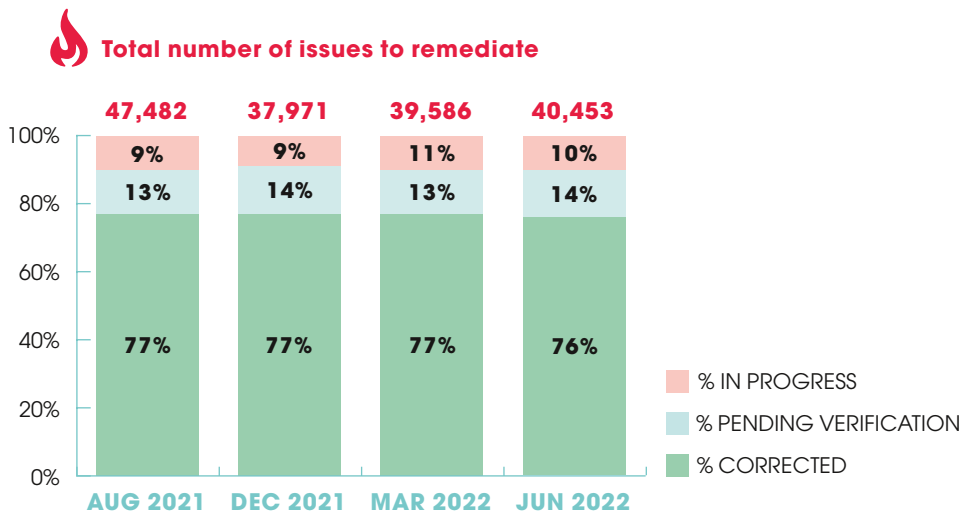
	MAR 2022	JUN 2022
Factories required to conduct a (D)EA	1,108	1,118
(D)EA accepted and verified	1,014	1,007
Factories with (D)EA outstanding	94	111

KEY POINTS

- Over three quarters of covered factories (1,108 of 1,433) were required to conduct an Engineering Assessment to check the structural integrity of the factory buildings.
- 10% of factories requiring a DEA are yet to complete the process.

FIGURE 2.6 FIRE REMEDIATION PROGRESS

Fire remediation often involves establishing and maintaining adequate exit routes, installing certified fire doors, constructing fire-proof separations, and installing, testing, and commissioning a fire alarm system and a fire suppression system.



KEY POINTS

- Compared to structural and electrical safety issues, a higher percentage of fire safety issues are pending verification. This is due to the more elaborate process to verify testing & commissioning of fire safety systems.

FIGURE 2.7 STATUS OF MOST COMMON FIRE FINDINGS

FINDING 	No. of factories where the finding was identified	No. of factories where the finding is outstanding	% of factories where the finding is outstanding
Lockable/collapsible gates	1,270	8	0,6%
Inadequate egress lighting	1,303	43	3%
Lack of fire separation in hazardous areas	1,220	79	6%
Non-compliant exit stair openings	1,304	175	13%
Storage in means of egress	1,179	29	2%

KEY POINTS

- The fire safety issues above were found at over 80% of factories.
- There has been most progress in removing lockable / collapsible gates, with only 8 factories yet to do so. Most factories have managed to resolve storage blocking exit routes.
- There has been less progress with non-compliant exit stair openings, which usually means the emergency exit route does not lead to a safe space outside the building - 13% of factories are yet to remediate this adequately.

FIGURE 2.8 SAFE EGRESS STATUS AT COVERED FACTORIES

Safe egress relates to the overall ability for workers to safely exit a factory in case of fire or other emergency. Safe egress requires a number of conditions to be in place, including adequate means of egress for the number of people, no blocked routes, egress lighting, fire-rated separation of exit routes, and no locks on exits.

	MAR 2022	JUN 2022
Total number of factories where safe egress issues were found	1,107	1,186
All safe egress measures verified as corrected	543	585
At least one finding related to safe egress pending verification and no finding outstanding	401	438
At least one finding related to safe egress outstanding	163	163

KEY POINTS

- 49% (585) of Accord covered factories have implemented all measures required in the initial inspection to ensure safe egress and these have been verified by the Accord or RSC.
- 37% (438) of Accord covered factories have implemented safe egress measures which are pending RSC verification.
- 14% (163) of factories have not yet made all necessary remediation to ensure safe egress for their workers in case of fire or other emergency.

FIGURE 2.9 FIRE SYSTEMS STATUS

The majority of inspected factories lacked adequate fire alarm and fire suppression systems. Factories work with qualified engineers to design, plan and install fire alarm and fire suppression systems which meet international standards.

	Fire Alarm and Detection system (FADS)	Fire Suppression system (SUPS)
Factories where FADS/SUPS is required	1,378	1,150
Fire system verified as installed to standard and fully functional	374	247
Fire system installation or verification outstanding	1004	903

KEY POINTS

- Only 27% (374) of factories which need to install a fire alarm & detection system have completed installation and had it verified by the Accord/RSC.
- Only 21% (247) of factories which need to install a fire suppression system have completed installation and had it verified by the Accord/RSC.

FIGURE 2.10 ELECTRICAL REMEDIATION PROGRESS

Electrical remediation often involves developing a Single Line Diagram to depict the electrical scheme of the factory, rewiring to reduce hotspots, training, Personal Protective Equipment for electrical technicians, and preventing accumulation of dust and lint around electrical cables.

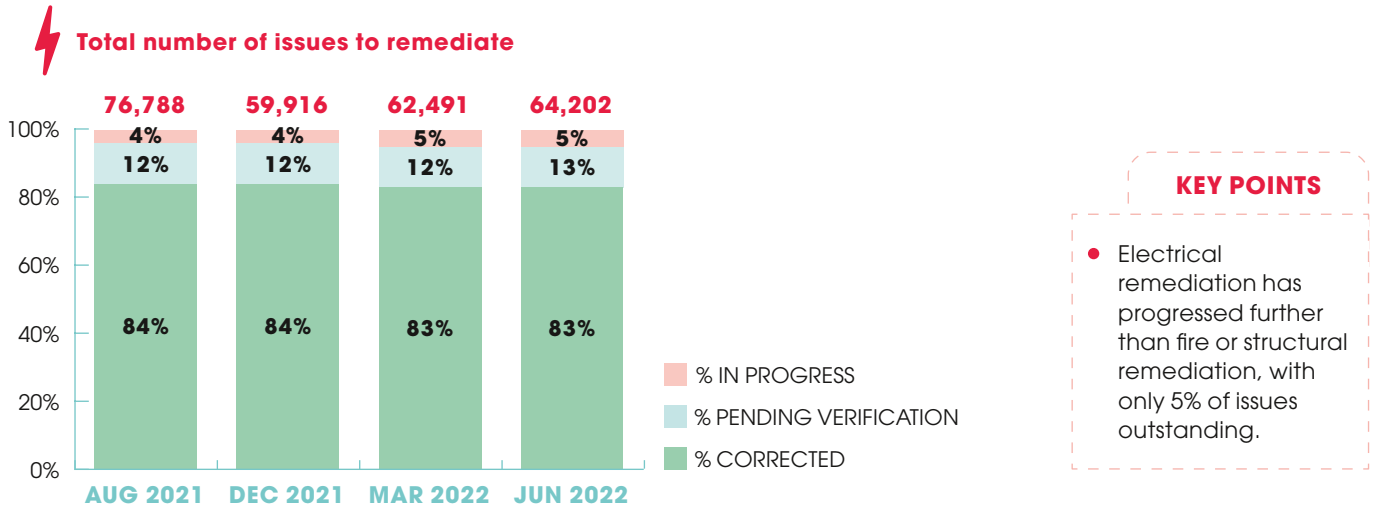


FIGURE 2.11 STATUS OF MOST COMMON ELECTRICAL FINDINGS

FINDING	No. of factories where the finding was identified	No. of factories where the finding is outstanding	% of factories where the finding is outstanding
Lack of cable support and protection	874	16	2%
Lack of Lightning Protection system (LPS)	834	40	5%
No Single Line Diagram (SLD)	826	135	16%
Inadequate circuit breakers	761	35	5%
Hazardous accumulation of dust and lint on electrical equipment	743	1	0,1%
Unsafe earthing equipment	691	2	0,3%

KEY POINTS

- The electrical safety issues above were found at 50-60% of factories.
- There has been most progress in providing cable supports and protection, removing dust and lint, and earthing equipment safely.
- There has been less progress with creating Single Line Diagrams - 16% of factories are yet to remediate this adequately.

FINANCING REMEDIATION

Article 31 of the International Accord requires signatory companies to negotiate commercial terms with their suppliers which ensure that it is financially feasible for the factories to maintain safe workplaces and comply with upgrade and remediation requirements instituted by the Chief Safety Officer. Each signatory

company may, at its option, use alternative means to ensure factories have the financial capacity to comply with remediation requirements, including but not limited to joint investments, providing loans, accessing donor or government support, through offering business incentives or through paying for renovations directly.

FIGURE 2.12 STATUS OF FINANCE REQUESTS AS OF 1ST JUNE 2022

Factories may raise a request for financial support directly with their responsible signatory companies or via the Accord Secretariat, in which case the status of the finance request is reported on here.

FINANCE REQUESTS	Pending	8
	Resolved	73
	Currently referred to the Steering Committee	0
	Dismissed	54
	No longer applicable (factories closed, ineligible or relocated)	42
TOTAL	177	

KEY POINTS

- 177 factories currently covered by the Accord have at some point made a request for financial support.
- At present, 8 factory finance requests are currently being addressed. In 4 cases, the Accord Secretariat is working with the factory and responsible company signatories to facilitate discussions and agreement on commercial terms that will provide adequate support for the factory to cover its outstanding remediation costs. The remaining 4 finance requests cases are at the early stages of the process from arranging meetings to gathering information for brand-factory discussions.

FIGURE 2.13 STATUS OF FACTORY REMEDIATION FUND AS OF 1ST JUNE 2022

From 2017 to 2020, the Accord signatories made a fund available to support remediation at covered factories meeting certain criteria. The Fund is disbursed in instalments subject to fulfilment of fund agreements with each factory, including verification of remediation progress. The International Accord Secretariat monitors the Factory Remediation Fund disbursement.

	AUG 2021	DEC 2021	MAR 2022	JUN 2022
Total funding committed	\$1,405,796	\$1,405,796	\$1,405,796	\$1,405,796
Total funding disbursed	\$995,109	\$1,083,722	\$1,083,722	\$1,116,386
% of funding disbursed	71%	73%	77%	79%

KEY POINTS

- In total, US\$1.4 million has been committed to pay for remediation of specific items at factories with fund agreements.
- To date, 79% of the committed fund has been disbursed, 16% of the committed funds will be disbursed in instalments as per the fund agreement with the relevant factories, and the 6% of remaining funds will not be disbursed due to factories breaching the terms of the fund agreements.

FIGURE 2.14 STATUS OF FUND AGREEMENTS

The Fund agreements specified which remediation items would be financed, such as:

- *Fire safety: installation of Fire Suppression Systems (water tanks, standpipe systems, sprinklers), Fire Pumps, and Fire Alarms; and completion of Fire Separation (including installation of fire doors).*
- *Electrical safety: installation of Lightning Protection Systems, adequate cabling and Earthing Systems, and development and utilisation of Single Line Diagrams.*
- *Structural safety: completion of structural remediation, including strengthening of columns, beams, foundations, slabs.*

	AUG 2021	DEC 2021	MAR 2022	JUN 2022
Factories granted remediation support through the Fund	21	21	21	21
100% fulfilment of agreement	3	3	5	6
Agreement on-going	13	13	10	7
Agreement terminated	5	5	6	8

KEY POINTS

- Of the 21 factories which were granted funding, 6 have completed the remediation works to be financed by the Fund and received the full grant.
- 7 factories are still working on the remediation works to be financed by the Fund and so the agreement is still ongoing.
- 8 factories did not fulfil the remediation required under the terms of their fund agreement and this agreement has therefore been terminated. The factories associated with these agreements were No Brand factories.

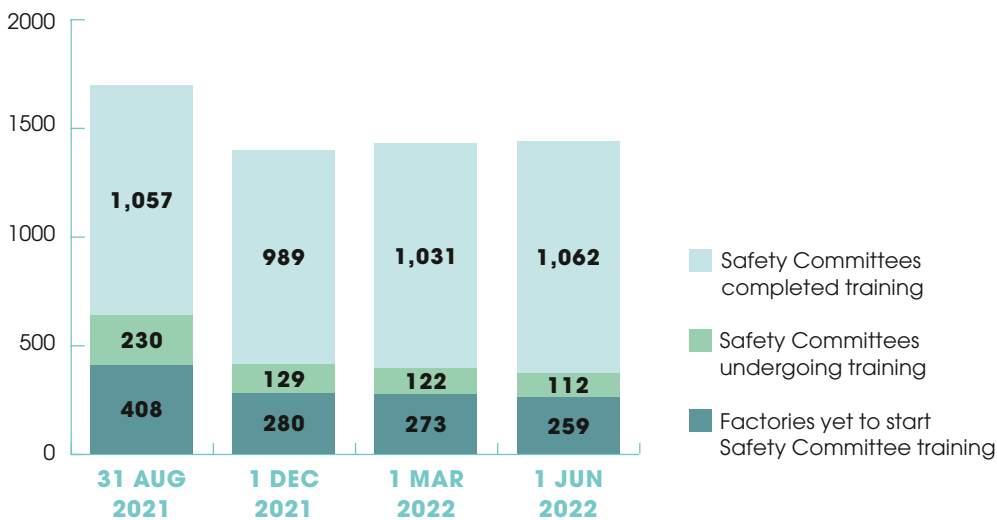
3. SAFETY COMMITTEE & SAFETY TRAINING PROGRAM

All Accord covered factories participate in a training program conducted by the RSC which includes a comprehensive 8-module curriculum for joint worker-management Safety Committees and three all-employee safety training sessions.

FIGURE 3.1 STATUS OF SAFETY COMMITTEE TRAINING PROGRAM AT COVERED FACTORIES

The Safety Committee training curriculum has 8 modules covering these topics:

- Role of a Safety Committee.
- Monitoring & preventing health & safety issues using accident reports and factory walk-throughs.
- Communicating about health & safety to all workers.
- Dealing with safety complaints.
- Freedom of association in relation to workplace safety.

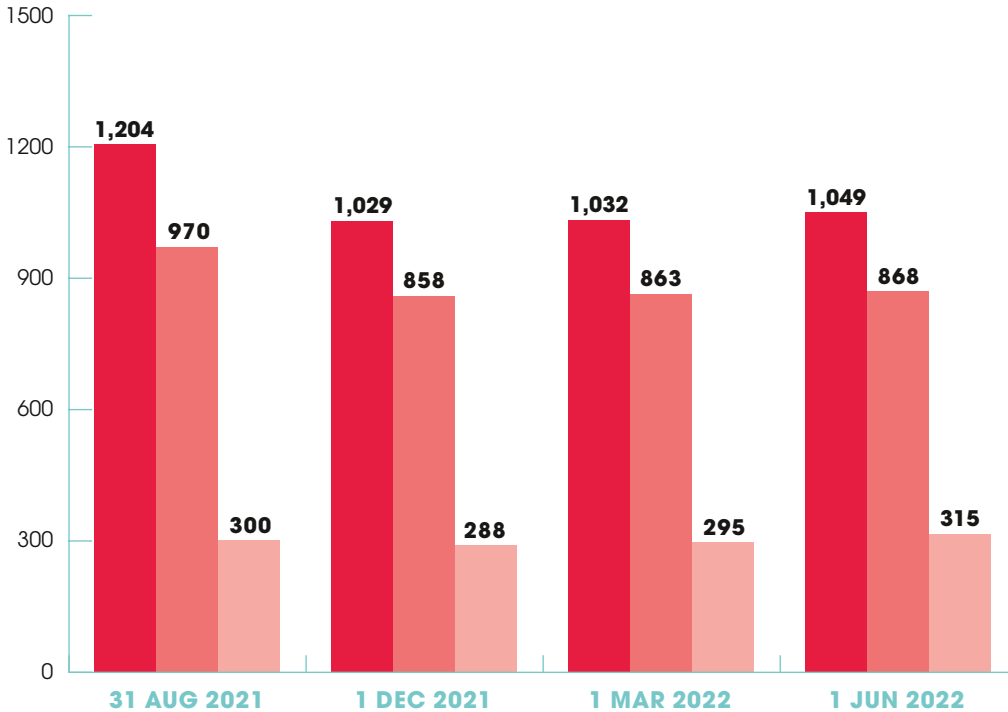


KEY POINTS

- In the last quarter, 14 factories embarked on the Safety Committee training program, leaving 259 still to begin the program.
- 112 Safety Committees are undergoing the training program.
- 1062 Safety Committees have completed their training but the RSC training team is still available to support those Committees where needed.

FIGURE 3.2 ALL EMPLOYEE MEETINGS TO INFORM WORKERS OF WORKPLACE SAFETY AT COVERED FACTORIES

After starting the Safety Committee training program, three all employee meetings are held at each factory to inform workers of key safety hazards and to advise how workers can participate in factory safety.



All Employee Meeting 1: Safe evacuation and safety hazards in RMG factories

Total participants: 1,763,718 workers

All Employee Meeting 2: Workers' rights and responsibilities with respect to a safe workplace

Total participants: 1,559,905 workers

All Employee Meeting 3: Health hazards and the right to Freedom of Association in relation to health & safety

Total participants: 769,947 workers

KEY POINTS

- To date, over 1.7 million workers at 1,049 Accord covered factories have participated in an all employee meeting regarding safe evacuation and common hazards in garment factories.
- The RSC training team continues to rollout the all employee meeting program and conducted sessions at 42 factories in the last quarter.

4. COMPLAINTS MECHANISM

Accord signatories are committed to providing a complaints mechanism for all workers in covered factories which ensures a safe and confidential process to raise safety concerns and have them resolved in a timely manner. The Complaints Mechanism is implemented by the RSC in Bangladesh.

FIGURE 4.1 COMPLAINTS FILED WITH ACCORD SIGNATORIES' COMPLAINTS MECHANISM

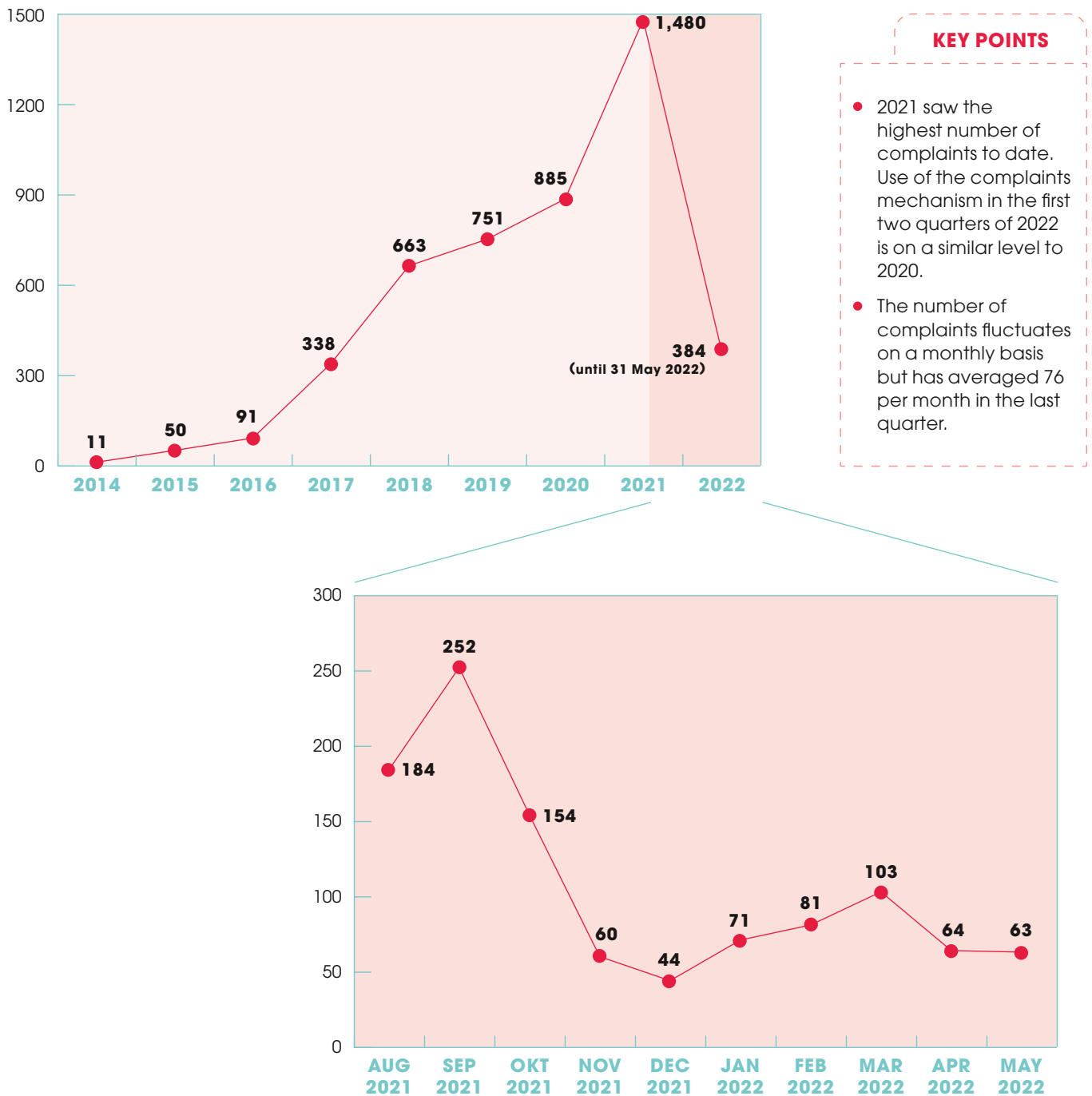


FIGURE 4.2 NATURE OF COMPLAINTS RECEIVED TO DATE

The scope of the Complaints Mechanism is occupational safety and health (OSH). Where non-OSH complaints are raised, these are not investigated by the RSC but are forwarded to the company signatories sourcing from the factory concerned. In case of serious concerns, the RSC complaints handling team will notify the relevant authorities.

	MAR 2022	JUN 2022
Occupational Safety & Health (OSH)	1,753 (39%)	1816 (39%)
Non-OSH	2,793 (63%)	2941 (63%)
Total complaints (unique)	4,453	4,658

KEY POINTS

- To date, a total of 4,658 complaints have been raised through the Accord signatories' complaints mechanism.
- Around two thirds of all complaints are out of scope of the Accord signatories' complaints mechanism and are therefore not investigated but referred to the responsible company signatories.

FIGURE 4.3 NATURE OF OCCUPATIONAL SAFETY & HEALTH (OSH) COMPLAINTS

	MAR 2022	JUN 2022
Engineering (structural/fire/electrical safety)	196	203
Working environment (e.g. Covid-19 related, unsafe drinking water, excessive heat, workplace violence, forced overtime, denial of maternity pay/leave rights, sexual harassment)	1,545	1,613
Reprisal for having filed a complaint	40	41
Total OSH complaints (unique)	1,753	1,816

KEY POINTS

- The vast majority (88%) of OSH complaints are related to the working environment, whilst 11% relate to engineering issues such as building structure, fire safety or electrical safety concerns.
- In the last quarter, there were 68 complaints concerning working environment, 7 complaints concerning engineering issues, and 1 complaint alleging reprisal for having previously raised a complaint.

FIGURE 4.4 OCCUPATIONAL SAFETY & HEALTH (OSH) COMPLAINTS RECEIVED AS OF JUNE 2022: STATUS

	MAR 2022	JUN 2022
In progress	130	118
Closed	1,623	1,698
Total OSH complaints (unique)	1,753	1,816

KEY POINTS

- In the last quarter, 75 complaints have been closed (resolved, dismissed, or withdrawn) and there are 118 complaints in progress.

**FIGURE 4.5 COVID-19 RELATED COMPLAINTS RECEIVED AS OF JUNE 2022:
NATURE OF THE ALLEGATIONS**

	MAR 2022	JUN 2022
Retrenchment	40	41
Non-payment of separation from employment benefits	125	138
Non-payment of wages	57	61
Risks to health	36	40
Termination of employment	45	46
Forced resignation	40	43
Non-payment of maternity benefits	29	29
Under-payment of wages	18	23
Lay-off	10	11
Worker unrest	9	9
Threats	6	7
Unhygienic toilets	2	2
Physical abuse	3	3
Denial of sick pay	1	1
Number of distinct issues within Covid 19 complaints	421	454
Total unique Covid 19 complaints	302	310

KEY POINTS

- Covid 19 related complaints have reduced significantly and in the last quarter there were 8 unique complaints related to covid 19, predominantly related to non-payment of separation from employment benefits.

5. NON-COMPLIANT SUPPLIERS

Factories which fail to participate in the safety programs required by Accord signatory companies will be given a notice and warning following the escalation procedure described in Article 30 of the International Accord and article 24q of the RSC. The escalation protocol and procedures are implemented by the RSC team in coordination with the Accord Secretariat.

The escalation procedure consists of three stages:

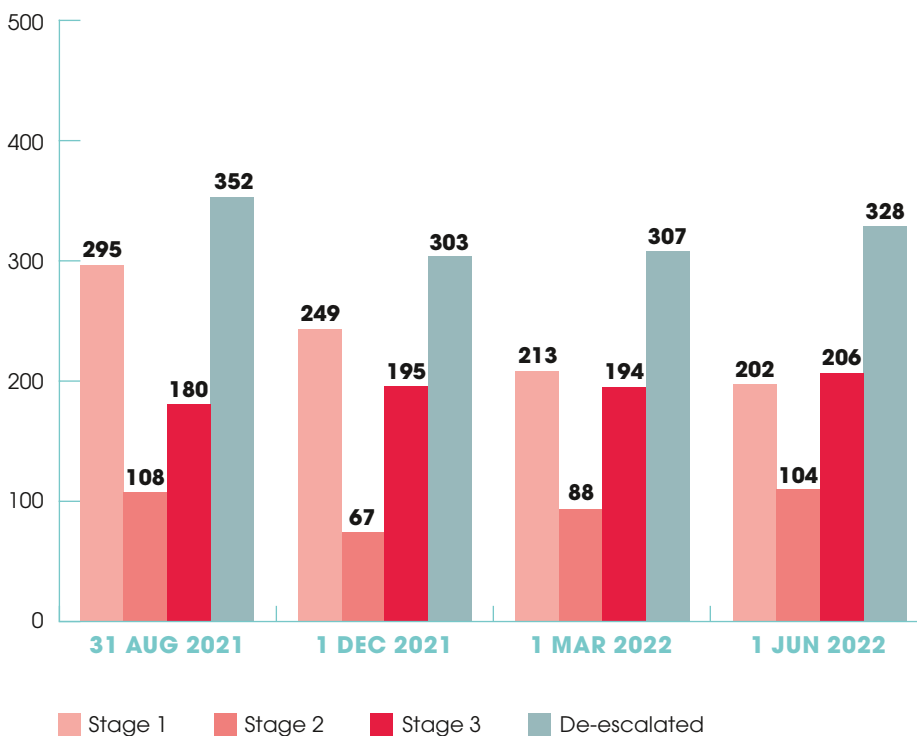
1. A notification of non-compliance;
2. A notice and warning letter followed by a meeting to discuss remediation; and
3. Termination of business relationship with signatory companies if the factory still fails to meet safety requirements within timelines set by the Chief Safety Officer.

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

- A lack of significant progress in finalizing corrective action plans or completing required safety renovations;
- Refusal to resolve worker complaints on safety issues;
- Refusal to temporarily evacuate the factory in case of critical safety concerns.

Factories which resolve all non-compliances will be de-escalated.

FIGURE 5.1 STATUS OF NON-COMPLIANT FACTORIES IN ESCALATION



KEY POINTS

- In the last quarter, 16 factories were issued the stage 2 notice and warning letter for failure to participate in the safety programs.
- 8 factories were escalated to stage 3, meaning signatory companies will terminate their business relationship with those supplier factories.
- 21 factories were de-escalated, meaning they have adequately resolved the non-compliances and are participating fully in the required safety programs.

Update on feasibility study for expansion of Accord safety programs to other countries

SUMMARY

Part 2 of this report provides an update on the International Accord's feasibility study regarding expansion of Accord programs to other countries. It outlines the following aspects of the feasibility study:

- Research & stakeholder engagement to inform feasibility study
- Steering Committee decisions related to expansion

1. FEASIBILITY STUDY FINDINGS

In March 2022, the Secretariat gathered data from all company signatories to understand the extent of signatory supply chains in Pakistan, one of the four priority countries. The data reported by signatories indicates there are approximately 700 garment and textile factories in Pakistan which are known to supply to Accord signatories.

In February to March 2022, the Accord Secretariat made second visits to Morocco and Pakistan to meet stakeholders representing the labour and commerce government ministries, industry associations and manufacturers, trade unions, and other worker rights organisations. The Secretariat shared more information of how the Accord works and discussed feasibility questions including extent of support for Accord programs from different stakeholder groups, and opportunities to align with existing initiatives.

2. STEERING COMMITTEE DECISIONS RELATED TO EXPANSION

In the previous quarter, the Steering Committee agreed upon criteria for expansion which cover: extent of safety risks, gaps in monitoring and enforcement of safety standards, brands' interest, volume of Accord company signatories, stakeholder support, and opportunities to align with existing programs.

In this quarter, the Steering Committee met in April 2022 and agreed the following:

- Continue with the Pakistan feasibility study by developing a framework to be discussed in a next face-to-face SC meeting and then with local stakeholders for further refinement.
- Monitor the economic and political situation in Sri Lanka and maintain dialogue with the various local stakeholders, but hold any further in-country engagement.

- Secretariat to visit Morocco and India to meet local stakeholders and progress the feasibility study for these countries.

In a subsequent Steering Committee meeting in May 2022, the Secretariat presented the findings of the trips to Morocco and India. The Steering Committee agreed to the following:

- Continue engagement with stakeholders in Morocco.
- Present analysis of the criteria for expansion for each of the 4 priority countries to all signatory companies via regional meetings in July.