



**ALLIANCE**  
FOR BANGLADESH WORKER SAFETY

## ALLIANCE 18-MONTH UPDATE MARCH 9, 2015

**Dear Colleagues,**

For millions of people, the Bangladesh garment industry is the path to a better life. Not only a path to earning a living, but also providing their families and their country unprecedented economic opportunities. The spirit and resilience of the women and men working in ready-made garment (RMG) factories has spurred unprecedented growth in the sector and Bangladesh's economy. This growth has laid the groundwork for Bangladesh to reach new levels of development that would not have otherwise been possible.

The changes in Bangladesh—brought about by tragedy—have transformed the global RMG industry. Now there are common goals when it comes to safety standards, worker safety and worker rights. The RMG industry will be forever changed by the developments in Bangladesh and the unprecedented public-private partnerships focused on the worker.

In July 2013, the Alliance for Bangladesh Worker Safety (Alliance) was formed to ensure that no garment worker would have to choose between safe working conditions and a paycheck. I am extremely proud of the efforts undertaken by the Alliance and member companies to improve the safety of RMG factories, ensuring every garment factory is inspected, every employee is trained and empowered, and remediation is undertaken by every factory owner.

Although there is much more work to be done, I want to take this opportunity to highlight the Alliance's major achievements since 2013 and our priorities for this year.

## FACTORY INSPECTIONS AND NEW FACTORY APPROVALS

### Our Progress

- 100 percent of factories inspected
- 19 factories partially or fully closed
- Every factory undertaking some form of remediation
- Pre-approval policy for new factories launched

### On the Horizon

- Pre-approved factories to complete inspections

With the safety of workers firmly in mind, inspecting all factories from which Alliance Members source was one of our immediate goals. To date, every factory producing for Alliance Members has been inspected, allowing us to identify where safety improvements were urgently needed and addressing instances where workers faced imminent risk. The Alliance brought 19 immediate risk cases to the Bangladesh government-established review panel, which determines whether a factory ought to be closed or continue operating under reduced capacity. The panel elected to fully close five factories, partially close 12 and allow two to operate with reduced loads.

All factories are now in the process of addressing safety concerns and updating safety equipment. The factory owners must demonstrate that they are making progress on remediation, or they risk Alliance Members ending their sourcing relationship. Alliance members are committed to safe factories and will tolerate nothing less.

On January 1, 2015, the Alliance officially launched our pre-approval policy, requiring that all new factories be registered, inspected and evaluated to be sufficiently in compliance with key building and fire safety standards set by the Alliance before our Members will source from them. In order to maintain our forward momentum, this policy will help assure that Members are not doing business with factories that have poor safety records.

## REMEDIATION

### Our Progress

- More than 100 verification visits conducted
- Close to 300 finalized corrective action plans finalized with factories

### On the Horizon

- 10 percent of factories to undergo final inspection by July 9, 2015
- 100 percent of factories completed final inspection by July 2017
- Continued verification visits and meetings to continue

With initial inspections completed, the Alliance has nearly tripled our staff to tackle remediation efforts, including hiring a new chief safety officer to oversee fire safety operations and training. We are now working with factories to develop detailed corrective action plans (CAPs) and complete the remediation process. During in-person CAP meetings, factory representatives meet with Alliance engineers and member companies to review each CAP item and the plan of action and timeline for completion. These meetings are to affirm that each step in the process is fully understood by all parties.

The next step is verifying—through periodic visits—that factories are making progress and completing remediation in accordance with the high standards mandated by the Alliance. To date, we have conducted more than 100 verification visits to factories and provided close to 300 approved CAPs to factories following in-person meetings.

Once Alliance engineers have verified that a factory has completed all remediation requirements, an independent qualified assessment firm will conduct a final inspection. By July 2015, we fully expect 10 percent of all factories to have undergone a final inspection. By 2017—year four of the Alliance—our goal is to have 100 percent of factories complete their final assessments.

## SUPPLIER FINANCING

### Our Progress

- Four Alliance Members have launched innovative supplier financing arrangements
- Affordable remediation loans have been issued to an initial group of suppliers

### On the Horizon

- A new credit facility is being developed with partners

For some Bangladesh factory owners and suppliers, access to supplier financing to fund factory repairs remains out of reach. To address this, several Alliance Members developed bilateral supplier finance programs for some of their factory partners, providing affordable loans or changes to factory payment terms to reduce the cost of remediation. Several factories have already received access to these supplier finance loan programs.

A new credit facility is being developed in partnership with international and local finance institutions to extend financing to more suppliers. In the fall of 2014, investment firm Movement Partners visited Bangladesh to assess the local banking market and determine the main constraints to providing factories with affordable finance. Once we understood the main obstacles, the Alliance began working with partners to develop potential solutions.

To encourage these banks to extend loans to Alliance factories—especially small and medium enterprises—the Alliance will provide technical assistance to the financing organization on remediation progress. Once finalized, this facility will represent an important breakthrough in providing access to affordable financing for remediation.

## TRANSPARENCY AND COLLABORATION

### Our Progress

- More than 1,500 inspection reports published on the Alliance website

### On the Horizon

- Inspection reports uploaded to Bangladesh government website completed by June 2015
- Remaining approved and finalized CAPs to be uploaded to the Alliance website

The legacy of the Alliance will be safe factories in Bangladesh and improved transparency through public reporting on factory safety. Ultimately, it will be up to the government of Bangladesh to maintain the sustainability of these important accomplishments. Over the past year, the growth in our level of collaboration with the Accord on Fire and Building Safety (Accord) and the National Tripartite Plan of Action has been remarkable. We are proud of these achievements and our ability to work with both parties to create uniform standards that substantially improve worker safety. Together we are sharing reports, coordinating remediation work, advocating for clarification on the labor regulations and calling for effective enforcement of building safety standards (structural, fire and electrical) and worker rights by the government of Bangladesh.

All inspection reports (more than 1,500) are available on the Alliance website, and we will post all CAPs as they are approved and finalized. We are also working with the Bangladesh government to have all reports uploaded to a government-managed website by the end of June 2015.

Finally, although there are challenges to active and effective worker participation, (i.e., worker turnover and limited comprehension of some inspection findings) the Alliance is working to make sure that inspection findings are disclosed and discussed with worker representatives during each factory visit. The Alliance is committed to continue engaging workers and making sure findings are understood.

## TRAINING IN THE FACTORIES

### Our Progress

- More than 1.2 million workers trained through the Alliance Basic Fire Safety Training Program

### On the Horizon

- Review training for new and existing workers to be developed and rolled out to factories by July 2015
- Findings from independent assessment of training program to be published in the spring of 2015
- Security guard training in progress and to be completed by July 2015

Workers, supervisors, managers and security guards all have critical roles to play in preventing factory fires and ensuring safe evacuation in an emergency. In our first year, the Alliance trained more than 1.2 million workers under our Basic Fire Safety Training Program—the largest training program on fire safety in Bangladesh to date. Training was conducted through a “Train-the-Trainer” model, in which the Alliance trained a group of facilitators and provided training tools that were then delivered to factory workers. While this has substantially improved the understanding of fire safety and risk, a single training is not enough. We are developing a review course on fire safety for all factories to administer to new and existing employees.

To ensure our training efforts are effective, the University of Texas-Austin and Dhaka University are conducting an in-depth impact assessment. The results will be published shortly and will inform our future training efforts.

The Alliance has also initiated comprehensive training for security guards in our more than 600 factories, focusing on fire safety and the unique roles and responsibilities of security guards during an emergency. The Alliance believes that the first priority of security guards is to protect workers, not property. Security guards are responsible for facilitating the swift, safe and effective evacuation of workers in the event of a fire or other emergency and training security guards also helps reinforce the message that safety must always be the first priority in garment factories. Providing specialized training to security guards and other employees in key positions will be critical to the long-term sustainability of the Alliance’s safety reform efforts.

## WORKER HELPLINE

### Our Progress

- Over 500,000 workers in more than 300 factories have access to the Alliance helpline
- Receiving an average of 3,000 calls each month

### On the Horizon

- 100 percent of factories to be trained on the helpline by the July 2016

RMG factory workers need a reliable, responsive channel through which to report imminent risks to health and safety. The Alliance launched a worker helpline that workers can call twenty-four hours a day, seven days a week. The purpose of *Amader Kotha*—or “Our Voice”—is not to undermine existing management or replace worker grievance mechanisms. Instead, it provides an alternate channel for the Alliance to work with factory management and member companies to assure immediate safety concerns are raised and swiftly addressed.

The helpline has been an incredibly effective tool to identify myriad worker concerns, reaching over 500,000 workers in more than 300 factories and averaging 3,000 calls each month. In addition to alerting the Alliance to safety risks, the helpline also receives hundreds of non-safety related calls that range from working hours to wages and lets workers report problems anonymously and without fear of retribution.

Looking ahead, we will continue rolling out the helpline to all Alliance factories. By the end of year three of the Alliance, our goal is to have 100 percent of factories and workers trained on how to use the helpline.

## OCCUPATIONAL SAFETY AND HEALTH (OSH) COMMITTEES

### Our Progress

- Advocated for the implementation of new OSH committee regulations

### On the Horizon

- OSH committee pilot initiative to be launched with the ILO in 10 factories by June 2015
- Other pilot OSH committees to be launched in dozens of factories
- Rapid deployment of OSH committees in years three and four of the Alliance

One important change to Bangladesh's labor law following the Rana Plaza tragedy was the requirement that each factory establish democratically elected Occupational Safety and Health (OSH) committees. This ensures workers have a formal representative structure that can raise workplace safety and health concerns with management.

However, the Bangladesh government has yet to finalize critical regulations, slowing implementation of this law. The Alliance has recently joined with the Accord to ask the Government of Bangladesh to finalize and circulate the regulations so the Alliance and the Accord can incorporate the regulations into training programs.

The Alliance has also launched an initiative with the Better Work Program of the International Labour Organization to pilot OSH committees in 10 factories by June 2015. The Alliance has several pilot OSH programs underway in different factories with trade unions and other organizations. The goal of these efforts is to begin building the foundation for effective and sustainable worker representative structures.

What we learn from these pilots, combined with input from the Bangladesh government, will support rapid deployment of OSH committees in years three and four of the Alliance. Our goal is for each Alliance member factory to have an effective, functional and democratically elected worker representative structure where occupational safety and health issues can be identified, notified to management and effectively addressed.



## SUSTAINABILITY

### Our Progress

- Refined Alliance five-year plan

### On the Horizon

- Capacity building partnership with the government of Bangladesh to assure sustainability
- Revise Alliance five-year strategy annually

The Alliance is a five-year initiative, and over those five years we will continue to substantially upgrade factories in the RMG sector to help achieve our primary goal—the safety of RMG factory workers. At the end of this unprecedented effort, the Alliance will have helped build a competent, credible and effective framework within Bangladesh for the safety of RMG factory workers.

With five programmatic pillars and more than 75 strategic actions, our five-year strategy establishes clear milestones. This dynamic strategy will evolve and be revisited as we assess our progress.

The Alliance will implement our year two goals by the end of June 2015. Although we have made a great deal of progress, much more work remains ahead to complete these essential milestones.

As our work continues, we will work closely with the government of Bangladesh and other institutions to guarantee the work of the Alliance, the Accord and the National Tripartite Plan of Action is sustainable.



## ALLIANCE 5 YEAR STRATEGIC PILLARS & OBJECTIVES

### 5 Year Key Objectives

<b>Standards &amp; Inspections</b>	Alliance Members are sourcing from safe factories; Buying practices support responsible supply chain partners and unauthorized subcontracting has been prevented.
<b>Remediation</b>	There have been substantial improvements in structural integrity, electrical and fire safety; Compensation has been provided to workers negatively impacted by factory closure and the costs of remediation have come down through low cost loans, grants or lower purchasing prices for remediation equipment.
<b>Worker Empowerment</b>	Workers are active participants in driving workplace safety and there are effective worker representative structures.
<b>Training</b>	Workers and management understand life safety, emergency management, building and fire safety and effective management systems to prevent fires and save lives.
<b>Sustainability</b>	Bangladeshi institutions such as the Government, Trade Unions and Employers have greater knowledge, skills and resources to enforce building and fire safety and to honor the National Tripartite Plan of Action commitments.

### Impact

*A safer garment industry where fire and building integrity issues do not result in any injuries or loss of life*

## YEAR ONE FINANCES AND AUDITED ACCOUNTS

The Grant Thornton financial audit of the Alliance's first year of operation (year ended June 30, 2014) was recently completed and the Alliance received an unqualified opinion. The final audited accounts will be shared with the Alliance membership in March 2015 and reported publicly on the Alliance website by July 2015.

Membership dues were \$13.579 million against expenses paid of \$5.491 million, leaving the Alliance with \$8.165 million in cash at the end of year one. It is important to note that several Members paid their fifth-year dues in advance, totaling \$4 million, to insure that the Alliance had sufficient liquidity during the startup year. The financial condition of the Alliance continues to be healthy. Both member dues and expenses are in line with the plan.

## CONCLUDING REMARKS

When the Alliance was created in July 2013, various stakeholders were struggling to determine how to improve safety and empower workers in the Bangladesh RMG industry. The private sector, trade unions, factory owners, international brands and civil society organizations have come together to prioritize safe RMG factories in Bangladesh, and assuring that factory workers have a voice in how the industry operates going forward.

The Alliance is humbled by our role in this unprecedented effort. As we face the substantial challenges ahead, we look to our partners and collaborators to guarantee that the reforms being implemented will be sustainable beyond the time horizon of the Alliance. The Alliance is concerned that our efforts have been slowed during the current violence, turmoil and uncertainty in Bangladesh. We call upon all parties who are committed to a vibrant and successful Bangladesh to resolve differences through dialogue rather than violence.

The Alliance will tirelessly pursue our goal of a safe and prosperous RMG sector in Bangladesh where workers are treated with respect and their safety is the first priority of factory owners. We are committed to meeting our ambitious goals and will continue to do our part to protect workers, upgrade factories and help build a sustainable and safe RMG sector.

Sincerely,

Honorable Ellen O. Tauscher  
Independent Chair, Board of Directors  
Alliance for Bangladesh Worker Safety