

Protecting the Lives and Livelihoods of Bangladesh's Garment Workers

First Annual Report of the Alliance for Bangladesh Worker Safety
July 2014



ALLIANCE
FOR BANGLADESH WORKER SAFETY

Message From the Chair

Dear Colleagues,

As we mark the first year of the Alliance for Bangladesh Worker Safety, we contemplate not only the challenges that lie ahead but also the progress made on the ground to ensure that no garment worker in Bangladesh risks his or her life in order to make a living.

Over the past year, the Alliance has met its ambitious goals and achieved remarkable progress. In this time, we have inspected all 587 Alliance Member factories, developed worker empowerment initiatives to amplify worker voices on safety issues, made major financial investments to support factory improvements and shared the results of our work openly and transparently.

As we move forward with the challenging task of remediation, we continue to recognize that the responsibility for safe factories is one shared by all stakeholders. Together with garment factory owners, trade unions, the international development community and the government of Bangladesh, we are working to achieve the kind of revolutionary change that makes a difference to millions of individual workers, throughout the entire garment sector and to the nation as a whole. At the conclusion of our five year effort, we hope to have contributed to the creation of a sustainable system for factory safety, one that is led and overseen by the people of Bangladesh.

I look forward to sharing our successes and lessons learned with you, and I hope you will continue supporting our efforts to confront the incredibly important work that remains ahead.

A handwritten signature in black ink, reading "Ellen Tauscher". The signature is fluid and cursive, with a large, stylized initial "E".

The Honorable Ellen Tauscher
Independent Chair

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Accomplishments at a Glance

Inspections	<ul style="list-style-type: none">✓ Developed and implemented the country's first harmonized Fire Safety and Structural Integrity Standard✓ Identified and hired seven professional local companies to serve as Qualified Assessment Firms to conduct independent inspections✓ Inspected 100 percent of our 587 factories✓ Began rolling publication of all inspection reports and Corrective Action Plans to Alliance website✓ Recommended to the NTC Review Panel to close or partially close ten unsafe factories
Finance	<ul style="list-style-type: none">✓ Members backed over \$100 million in capital for their respective supply chains✓ Provided several finance options including short- to medium-term loan guarantees through the IFC and supply chain-based financing✓ Members began to formalize direct loans to factories to undertake remediation✓ Successfully advocated to the government to eliminate tariffs on key safety equipment, making critical items significantly more affordable✓ Doubled the duration of compensation provided to displaced workers from two to four months✓ Disbursed wages to approximately 1,000 workers displaced by factory remediation to date

Training	<ul style="list-style-type: none"> ✓ Developed the <i>Alliance Basic Fire Safety Training</i> module ✓ Trained more than one million workers and managers in basic fire safety ✓ Hosted the country's first-ever International Trade Expo for Building and Fire Safety in Dhaka with nearly 3,000 vendors, factory owners and safety experts to increase access to affordable high-quality safety equipment and expertise
Worker Empowerment	<ul style="list-style-type: none"> ✓ Conducted the largest worker survey ever administered in Bangladesh with more than 3,200 workers ✓ Conducted follow-up limited sample survey with 683 randomly selected workers to assess progress in worker awareness ✓ Established an Alliance Worker Helpline, <i>Amader Kotha</i>, which will be piloted in 50 factories ✓ Appointed three prominent Bangladeshi labor leaders to our Board of Advisors ✓ Created a Board committee dedicated exclusively to labor issues comprised of seven trade union leaders ✓ Invited worker representatives to be part of the factory inspection process and shadow assessments ✓ Amended the Alliance Members Agreement to include a worker's right to refuse unsafe work

Executive Summary

One year ago, a group of leading North American apparel companies, retailers and brands came together in a demonstration of unity to form the Alliance for Bangladesh Worker Safety. Established in the aftermath of the 2012 and 2013 factory tragedies, including the Rana Plaza building collapse, our five-year initiative has one core mission: to dramatically improve workplace safety in Bangladesh's garment factories.

Improving safety in Bangladesh's garment factories is a long-term effort, but significant progress has already been demonstrated by many stakeholders and initiatives. Specifically, Alliance Members are proud to have achieved many of the key objectives set out in our legally binding [Members Agreement](#) of July 2013. In particular, these include:

- In partnership with a diverse group of public and private stakeholders, **developing and implementing the country's first harmonized Fire Safety and Structural Integrity Standard**,
- In accordance with this common standard, **inspecting all of the 587 factories from which Alliance Members source**, and
- **Providing fire safety training to the more than one million workers and managers** employed in these factories.

These milestones were achieved in a relatively short period of time and were driven by collaboration and shared responsibility among a broad range of stakeholders, with transparency to promote accountability and a commitment to ensure that garment workers remain at the heart of our efforts.

Prioritizing Partnership

A top priority of the Alliance in undertaking this work has been ensuring partnership with an array of public and private stakeholders. From the start, we have pursued a multi-stakeholder approach to improving worker safety, drawing on the expertise and experience of a wide range of industry, technical, labor, government and civil society leaders.

This focus is evident in our efforts to build working relationships with two other worker safety initiatives: the government's National Tripartite Plan of Action (NTPA) and the Accord on Fire and Building Safety. Developing and enhancing these partnerships over the past year at both the leadership and operational levels was important to the achievement of a unified fire and building safety standard.

The Alliance's close cooperation with public and private sector leaders has also been one of the driving forces behind our success. We are proud to have organized—in partnership with the International Finance Corporation (IFC), the C&A Foundation and the Bangladesh Garment Manufacturers and Exporters Association (BGMEA)—the country's first-ever International Trade Expo for Building and Fire Safety in Dhaka. The Expo, which took place in February 2014, brought together nearly 3,000 key stakeholders to develop local technical capacity and explore innovative ways of improving workplace safety in Bangladesh's ready-made garment (RMG) industry.

Keeping the Focus on Workers

The safety of factory workers is, and will continue to be, central to our mission. We believe strongly that learning from the experiences of workers is fundamental to our effort to drive change in Bangladesh's garment sector.

To this end, we conducted the largest worker survey ever administered in Bangladesh with the purpose of better understanding workers' perspectives and concerns about building and fire safety risks. The survey's findings helped inform the development and delivery of our fire safety training and will be used to help measure the impact of our efforts.

We are honored to have had several prominent Bangladeshi trade union leaders join our Board of Advisors and the Board's Labor Committee. Our ability to consult with these leaders regularly has enabled us to incorporate their views and those of key trade unions and worker groups into all aspects of our program development.

In June 2014, our Board unanimously voted to double the duration of compensation we provide to



workers temporarily displaced by factory remediation projects. The Alliance now pays workers 50 percent of their wages for up to four months; factory owners will also share in this responsibility by providing the remaining 50 percent. We have extended this policy to include workers that have been displaced due to government-ordered factory closures. We have reserved ten percent of the Alliance's Member dues for this purpose.

At the factory level, we work with all democratically elected worker groups as required by our Members Agreement, including trade unions, occupational safety and health committees (OSH) and worker participation committees (WPC) where present. We have engaged union representatives to shadow our factory inspections and have shared final inspection reports and remediation plans with worker representative groups—and we aim to deepen this type of engagement as such worker representative structures are developed.

Training factory managers is integral to our efforts to improve factory safety. We believe it is critical that managers respect the rights of workers to voice concerns without fear of retaliation.

Regular and open dialogue about safety—as well as the importance of including worker representative structures into our training program—is emphasized in our *Alliance Basic Fire Safety Training* [manual](#).



We know that supporting factory workers means ensuring that they have a way to anonymously report safety concerns—especially urgent issues—without fear of retaliation. To this end, we have set up an Alliance Worker Helpline, which is being piloted in 50 factories. Known as *Amader Kotha* in Bengali—Our Voice—this helpline is a confidential third-party channel that offers workers the opportunity to discreetly raise safety and other concerns to our NGO partners without fear of reprisal. The helpline

also serves as a channel to share safety information with workers and to conduct worker surveys to better understand how we can strengthen the culture of worker safety in Bangladesh's RMG sector.

A Commitment to Transparency

Underpinning our achievements over the past year is our commitment to transparency and accountability among all stakeholders. Our Members Agreement requires each Alliance Member to disclose the names of all of its supplier factories via the Fair Factories Clearinghouse, an independent non-profit organization that provides a secure platform to share factory information and provides an aggregated view of Member factories. Providing such data, keeping it updated, and taking steps to prevent unauthorized subcontracting is a mandatory requirement of our Members Agreement. As such, every Alliance Factory Assessment Report and a corresponding draft Corrective Action Plan (CAP) will be posted on our [website](#) and available to the public.

Our approach to factory safety reform is already helping protect the lives and livelihoods of garment workers in Bangladesh. This Annual Report outlines progress in our first year toward establishing and applying best practices in the areas of inspections, training and worker empowerment.

Our work is still in its early stages and much remains to be done. The first phase of our work—which focused on inspections and the *Alliance Basic Fire Safety Training*—is now complete. Looking forward, we are already preparing for an even more challenging task: the remediation of factories to bring them into compliance with strict safety standards. Helping supplier factories implement safety upgrades is imperative to ensuring worker safety and will be the focus of our efforts in the coming year.

The Alliance is committed to long-term cooperation with our local and international partners to develop a sustainable garment industry in Bangladesh. In doing so, we endeavor to ensure that the garment sector remains an enduring source of economic security and upward mobility for millions of Bangladeshi workers and their families.

Alliance by the Numbers

587 (100%)	Alliance factories inspected
10	Factories fully or partially closed by the government following Alliance inspections
50%	Alliance factories now in remediation
1.1 million	Workers trained in basic fire safety
97.8%	Workers trained who can correctly identify what to do in case of fire following Alliance training
\$100 million	Affordable capital available to factory owners
\$5 million	Support available to displaced factory workers
1,000	Displaced workers compensated

Inspections: Promoting Transparency and Independence

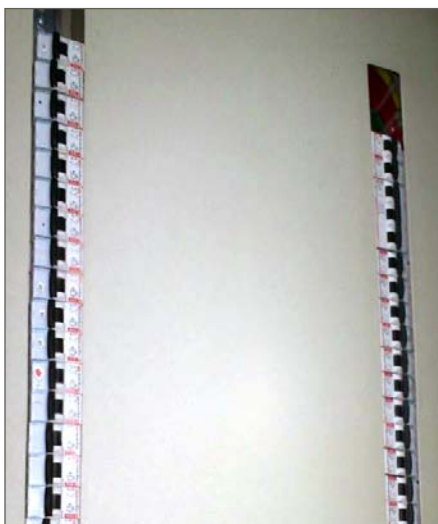
We are pleased to have fulfilled a key objective set out in our Members Agreement: to have all of our 587 factories inspected in accordance with the harmonized standard for electrical fire and structural safety by July 2014.

To meet this goal and to avoid duplicating efforts, the Alliance's own inspections were complemented by equivalent assessments that were undertaken by individual Members (but conducted by third-party firms) using the Alliance's strict inspection standard. To avoid duplication in shared factories, we also accepted Accord inspections that used this standard.

These inspections were mandatory under the Alliance Members Agreement. Our Members' commitment to complying with this requirement—which was evidenced by the regular interaction and collaboration between company representatives—enabled a technically rigorous and independent inspection process to move forward efficiently and effectively despite the large number of factories involved.

Building Capacity for Independent Inspections

Building local technical capacity is an important aspect of our inspection process and our effort to ensure lasting change. The Alliance's Committee of Experts (CoE)—comprised of independent experts in structural engineering and fire and electrical safety—identified and hired seven professional local Bangladeshi companies to serve as Qualified Assessment Firms (QAFs) to conduct detailed inspections.



*Before and after:
labeling circuitry,
coupled with
training, reduces
risk of accidents
in factories*



We recognized the importance of hiring local firms who have expertise in Bangladesh's building sector and are familiar with commonly used construction materials, techniques and building practices. It is essential to build up the local support infrastructure, including inspection professionals who are familiar with modern safety standards and qualified to assess the related techniques and equipment. Furthermore, Bangladesh must develop and expand its own technical community of experts armed with relevant knowledge and skills if the improvements in workplace safety are to endure over the long term.

At the same time, one of the key challenges we initially faced was establishing a consistently applied reporting standard for the seven QAFs. Our CoE—along with the Alliance technical staff and two international firms—helped by providing an extra layer of quality control and oversight. They reviewed all the inspection reports to ensure that they were technically sound and consistent, and conducted spot audits as necessary.

Transparency

In keeping with our efforts to promote transparency, we have begun the rolling public release of our inspection reports as well as the periodic updates relating to each published Corrective Action Plan (CAP); several of these and other documents are already found on our [website](#). This commitment has been echoed by the Bangladeshi government's pledge—as stipulated in the NTPA—to release inspection data about all domestic garment factories regardless of whether they are suppliers to Alliance or Accord Members. Finally, factories are required to share the findings with worker representatives as well as trade unions if they are present in the factory.

A Factory Inspection from Start to Finish

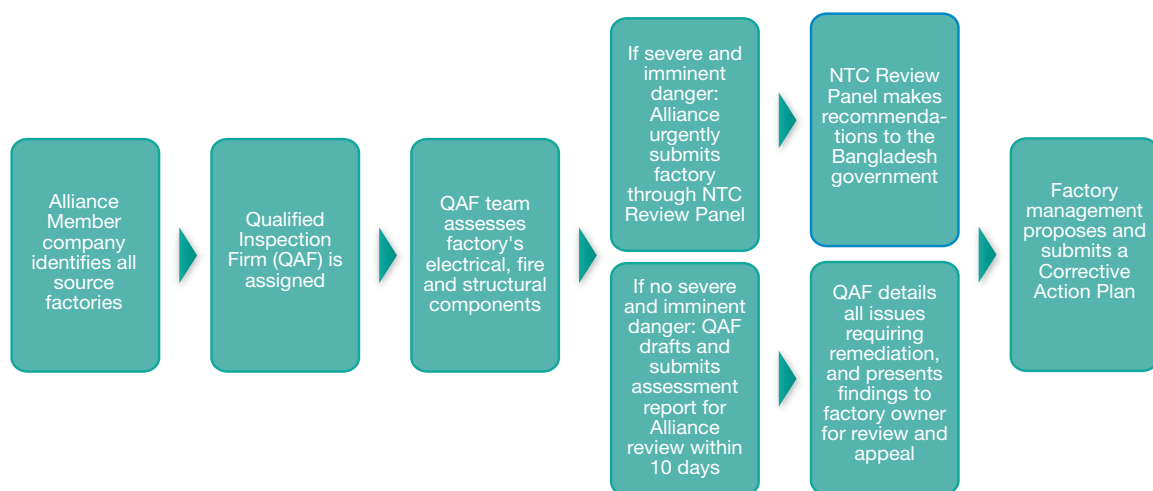
The first step of the inspections process is for each Alliance Member company to identify all of the factories from which it sources garments in Bangladesh.¹ Once this list is complete and submitted to the Alliance via the Fair Factories Clearinghouse's online platform, each factory is assigned to a QAF, which contacts the factory owner or manager(s) to schedule an inspection.

On the date of the inspection, the QAF team conducts a detailed assessment of the condition and safety of the factory's electrical, fire and structural components. Once the assessment is complete, their first decision is whether the inspection revealed any sources of severe and imminent danger, such as overloaded buildings, structural cracks in beams and columns, or unauthorized construction on roofs. In such situations, Alliance experts will begin an urgent

¹. In compliance with US anti-trust laws and regulations, information linking specific Members to specific factories and any other competitive information is kept confidential and not exchanged among Member companies.

escalation process for the concerned factory through the National Tripartite Committee (NTC) Review Panel. The purpose of this is to determine whether the factory should be recommended for closure.

If no severe and imminent danger is identified, the QAF team prepares a draft assessment report and submits it to the Alliance's team of relevant experts for review. If issues requiring remediation are identified, the QAF details all of these—however minor—in its inspections report(s) and affords the factory owner an opportunity to review and appeal those findings. The factory's management will then be responsible for proposing and submitting a course of remedial action—or CAP—to the QAF and Alliance technical staff for review.



Factory Closures

The NTC Review Panel is a multi-stakeholder body comprising engineers from the Bangladesh University of Engineering and Technology (BUET), the Accord, the Alliance, government officials and representatives of the BGMEA and IndustriALL. It is the body that makes recommendations to the government about whether a factory should be closed. The government of Bangladesh ultimately makes decisions about factory closures.

In some cases, Alliance supplier factories found to be non-compliant with agreed safety norms—those posing an imminent risk to worker safety—may need to be closed. When necessary

the Alliance has demonstrated that it is prepared to recommend that the NTC Review Panel encourage the Bangladeshi government to immediately suspend operations at such factories. To date, the Alliance has recommended to the NTC Review Panel that ten factories suspend production and close for remediation—the details of each case can be found on our [website](#). Thus far, the government has decided to completely or partially close all of them.

In each of these cases, we worked closely with the Review Panel to ensure that worker safety and wellbeing were prioritized, we partnered with factory management so that they understood the situation and could plan for the closure and, in those instances where workers' livelihoods were impacted, we provided compensation to displaced workers as outlined below.

Case Study: RSI Apparels Limited

On April 9, 2014 an Alliance inspection of RSI Apparel carried out by a Qualified Assessment Firm identified indications of imminent risk to worker safety including highly stressed columns. The Alliance referred the case to the NTC Review Panel which recommended the suspension of all production in the factory. In total 340 workers were temporarily displaced while safety upgrades were carried out. On April 30 the Alliance fulfilled its commitment to the affected workers by paying half of their salaries, the owner of the factory contributed the other half.

Supporting Displaced Workers

We believe that no worker in Bangladesh's RMG sector should have to put him or herself at risk in order to earn a living. Our Members Agreement reflects our commitment to compensating workers who are temporarily out of work due to factory remediation or who lose their job when a factory is closed indefinitely due to safety risks.

In such situations the Alliance has pledged to provide 50 percent of worker wages for up to four months; factory owners are responsible for covering the other 50 percent. This policy also covers workers that are out of work as the result of government-ordered factory closures. These funds are managed and disbursed through a Worker Displacement Fund administered by [BRAC](#), the world's largest international development organization. Ten percent of Member dues are reserved for the Fund, which currently stands at \$5 million. The Alliance has already disbursed wages to approximately 1,000 affected workers.

Finance: Facilitating Remediation

With this first round of inspections now behind us, factory remediation will be the primary focus of the Alliance in the months and years ahead. We have already started to help factories implement critical safety repairs and renovations as outlined in their respective CAPs. Our support takes many forms, one of which includes providing factory owners with access to low-cost capital. To this end, several Members have committed to providing a combined total of more than \$100 million to their respective supply chains to fund necessary improvements.

Sample Financing Options

Short- to medium-term loan guarantees. In this case, any Member that sources from the factory/supplier requesting a loan provides a letter of credit to the bank for some period—usually 6-18 months—as a form of security. If the supplier defaults, the lender can draw funds against the Member's letter of credit. The letter of credit reduces the lending risk for banks and makes it easier for suppliers to secure loans at more favorable rates.

Loans through the IFC. In one case, an Alliance Member has worked with the IFC—the private-sector lending arm of the World Bank Group—to underwrite loans to factories for remediation. This allows factories to borrow money at a significantly lower interest rate than the 15 percent that is typical in Bangladesh, and for a longer period of between three and five years. The Alliance is in final discussions with the IFC to expand this program to all Members of the Alliance.

Supply chain finance. In cases where Members are offering supply chain-based financing, factory owners may take advantage of *post-shipment* financing, which allows them to receive advance payment on goods in-transit at a discounted rate through a Member company's financial partners.

In some cases Members have made loans directly to factories to undertake factory improvements. Members may choose to take this approach based on the strength of their relationship with the supplier or based on an individual factory's urgent need for remediation.

Regardless of which mechanism is employed, the Alliance and its Members are making progress in making affordable financing available to factories in the Alliance supply chain so they can be compliant with the common safety standard. We are also exploring partnerships with international financial institutions to leverage an Alliance-backed loan fund to facilitate access to a larger pool of low-cost capital to Bangladeshi factories.

Improving Access to Affordable Fire Safety Equipment

We have been working over the last year to ensure that essential safety equipment is readily available to all factories in Bangladesh, regardless of whether or not they provide products to Alliance Member companies.

International Trade Expo for Building and Fire Safety

The Alliance organized Bangladesh's first [International Trade Expo for Building and Fire Safety](#), held on February 23-24, 2014 in Dhaka. The Expo brought together nearly 3,000 attendees, including factory representatives, brands, government officials, trade union leaders, international safety experts, product and service company exhibitors, technical specialists, international development agencies and NGOs. Participants were provided the opportunity to speak with fire safety equipment vendors, learn more about the new standards for fire and building safety and hear from specialist panels about worker safety initiatives, including the Alliance and the Accord.

According to a participant survey conducted during the Expo, more than half of those who attended left with new ideas about how to improve fire safety in Bangladesh. Due to the Expo's success, the Alliance is now organizing a second expo to be held on December 7-9, 2014. As factories enter the remediation phase, this forum will provide them access to necessary equipment and vendors, and help them develop local technical capacity to implement solutions.

Advocating for Reduced Tariffs on Fire Safety Equipment

We have also advocated for the government to reduce tariff barriers and make fire safety equipment more affordable for factories. Until recently, high import tariffs on key safety equipment—including fire-resistant doors, sprinkler systems and emergency lights—made it difficult for many factories to pay for much-needed improvements. To address this, the Alliance

worked with retail associations and the BGMEA to persuade the Bangladeshi government to reduce these tariffs. As a result of our combined efforts, the government announced in May 2014 that it would eliminate high tariffs on key safety equipment such as push-bar fire doors (61.09 percent of the sales price), sprinkler systems (31.07 percent) and emergency lights (154.74 percent) making these critical items significantly more affordable.

Case Study: Tariff Reduction

Prior to the tariffs being eliminated the average cost of importing one fire door from China was approximately \$961. With the removal of the tariff the cost of the same fire door has been reduced to \$374.

Training: Expanding Knowledge, Awareness and Skills

Training is a fundamental component of the Alliance's work in Bangladesh—specifically, raising safety awareness, promoting safer workplaces and empowering workers to protect themselves. We are proud to have achieved our strategic objective to provide fire safety training to workers and managers in all Alliance factories by July 2014. Our *Alliance Basic Fire Safety Training* module has been rolled out to staff in 404 factories, and 218 factories have undergone equivalent training programs that have been validated by the Alliance Training Team. In total, we have reached more than one million workers and management through Alliance-led or equivalent training programs.

This is a significant milestone especially in light of recent factory tragedies, which highlighted the lack of knowledge and awareness of basic fire safety procedures among factory workers. Our December 2013 baseline survey and off-site interviews of more than 3,200 workers—chosen randomly from 28 representative factories—reinforced our decision to focus on delivering basic training as a key step toward improving workplace safety. Our survey produced the following findings:

- Only 2 percent of workers could correctly identify fire hazards.
- 39 percent of workers did not know how to react in the case of an emergency.
- 45 percent of workers said that they had not been trained on fire safety.
- Female participants said that their male counterparts were more readily offered training.
- Emergency drills were often conducted incompletely; in some instances managers failed to count participants, while others were conducted only partially, for example, by evacuating workers to lower levels of a building rather than outside those structures.
- Nearly half of workers did not think it was their obligation to know emergency procedures (48 percent) or to report injuries (49 percent).

In light of these results we designed our *Alliance Basic Fire Safety Training* module to focus on two key objectives:

- 1) Equip workers, supervisors, guards and management with knowledge about basic fire prevention, fire protection and emergency evacuation, and
- 2) Ensure that factory workers understand their roles, responsibilities and rights with regard to fire prevention, firefighting and personal protection.

Spotlight: Safety Training Facilitator Guide

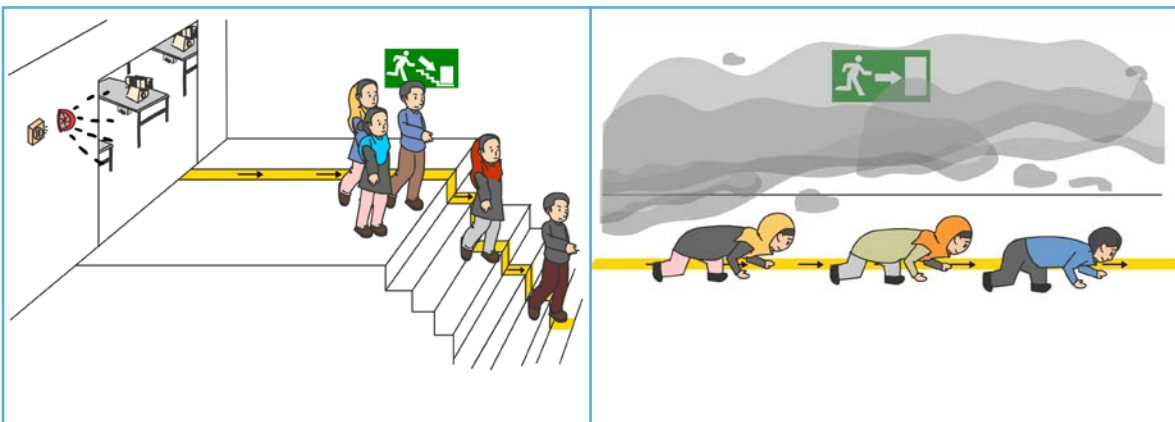
The [Facilitator Guide](#) is a critical tool in the *Alliance Basic Fire Safety Training* curriculum. This document outlines the types of exercises that should be employed by trainers to ensure that key fire safety messages are effectively communicated to participants during in-factory training of workers, management, guards and supervisors.

Due to the comparatively low levels of literacy among garment workers, our approach required innovative training techniques. As a result, our program has incorporated tools such as storytelling, role-play and the use of illustrative and colorful visual aids to educate factory workers in an accessible and memorable way. While the Facilitator Guide is used to train all factory staff, it stipulates that worker training must be conducted separately from that of managers, supervisors and guards. This ensures that workers can be candid about their experiences and their concerns without fear of reprisal.

Integrating democratically elected worker groups into our *Alliance Basic Fire Safety Training* is a significant feature of our Facilitator Guide. In particular, it educates workers on ways to open channels of communication on the factory floor by approaching both management and existing worker representative leaders about issues related to fire prevention.

Workers are also encouraged to voice their safety concerns and talk to their union representatives, or become more active and to participate in their factory's health and safety and/or fire safety committee.

In addition to training workers, the Facilitator Guide also includes a program for training factory managers who are instructed to support open dialogue between workers and their respective



Visual training materials showing how to respond during an evacuation are used during the Alliance Basic Fire Safety Training to demonstrate correct behavior.

committees and unions. Managers are urged to listen and value their workers' perspectives on safety issues, coached to respect worker rights to collectively voice concerns and respect all democratically elected worker groups. In addition, the Facilitator Guide recommends treating worker representative groups as potential partners in helping maintain workplace safety.

Finally, the Facilitator Guide contains targeted programs aimed at educating factory security guards on fire safety. In practice, this means placing a priority on protecting workers' lives, rather than merely the buildings in which they work and their physical contents. In the past, security guards have been known to keep workers in the buildings for fear that they will steal product during an emergency. During the Alliance training, guards are trained to ensure exit doors are unlocked and unobstructed so that workers can evacuate safely and swiftly in the event of an emergency. The guide explicitly states that the "safety of workers should be a guard's first concern, and guards should not prevent the evacuation procedure of workers."

"Train-the-Trainer" Implementation Model

The *Alliance Basic Fire Safety Training* is implemented through a "Train-the-Trainer" program, whereby expertise and best practices are cascaded through factory representative groups. This has enabled the rapid and effective transmission of key messages and priorities through a wide population of factory workers and managers. The Train-the-Trainer model is more sustainable than sending in external experts to provide traditional single-visit training programs because our model turns factory representatives into trainers themselves, who can then go on to train new colleagues that may join the factory's workforce.

This process began with the Alliance seeking out a core group of Master Trainers—experts in fire safety training—who were picked from local worker NGOs and third-party organizations. These individuals were trained to understand and familiarize themselves with all the content



exercises and key messages in our *Alliance Basic Fire Safety Training* module. Their eligibility to qualify as Alliance Master Trainers depended on the outcome of a series of tests, performance reviews and peer evaluations.

Ultimately, the Alliance selected and approved 43 Master Trainers. This top tier of experts then went on to train small groups of factory representatives (divided evenly between workers and management) over a two-day course. Each such group featured between three and ten representatives from an individual factory. Groups from several factories attended the *Alliance Basic Fire Safety Training* led by the Master Trainers, which took place at six locations across Bangladesh factory zones.

These smaller groups of factory representatives—now qualified Alliance Fire Safety Facilitators—were then tasked with creating training action plans and then delivering the same training to all of their colleagues. These in-factory training sessions last about three hours and are delivered to no more than 30 workers at a time to maintain a high level of participation. The results to date have been very encouraging; more than 2,000 factory representatives have been trained and more than one million workers have been trained in the *Alliance Basic Fire Safety Training* module and equivalent training.

Despite our successes, we faced some challenges as we implemented our Train-the-Trainer program. In particular, low literacy levels meant that it was hard to find worker representatives that could conduct the in-factory trainings appropriately and maintain the necessary records. In some instances we found that the quality of the in-factory training sessions was being compromised. We are working diligently to prevent, screen for and address these issues if and when they arise.

Ongoing Monitoring

The Alliance's training team and third-party training partners continue to follow up with workers and managers after they attend the two-day Train-the-Trainer sessions to verify that their factories have the resources necessary to progress their training action plans. They do this through:

- **Weekly progress reports.** Factories are required to complete a weekly online questionnaire to indicate the number of workers and managers trained, the number of training sessions conducted and any challenges they may have faced. Reports are then reviewed by the Alliance training team to determine whether factories are on track.
- **Spot-checks.** Alliance staff members conduct unannounced assessments of in-factory training sessions. These spot-checks are aimed at verifying whether training is taking place as reported by Member factories, observing the effectiveness of the training representatives and learning about the challenges or innovations presented by each factory.

- **Support program.** Any factories that fall behind in the implementation of the *Alliance Basic Fire Safety Training* module through their designated factory training representatives receive additional on-site support from approved third-party worker trainer experts.

Testing Our Impact

To complement our spot checks, we recently conducted a limited survey of five factories to sample the effectiveness of our training program. In particular, we were keen to assess the level of fire safety knowledge and awareness among the workers that had been trained in the *Alliance Basic Fire Safety Training* module.

Following the same methodology that was used to conduct the larger baseline survey in December 2013, 683 workers from five factories were randomly selected to participate in a follow-up limited sample survey in May. Factories were only informed a few days in advance about the survey and were not able to influence the selection of respondents. Comparing the results of this impact survey to that of the baseline study, we were encouraged to note some improvements over the five-month period:

- The number of workers who were able to correctly identify five fire hazards increased from 2 percent to 51 percent, and
- The number of workers who identified the response to a fire alarm incorrectly decreased from 32 percent to 3 percent.

The impact survey also highlighted some of the challenges facing the Alliance training program, particularly the extent to which workers felt responsible for fire safety. This number was as low as 46 percent in the baseline study and increased only marginally to 58 percent in May. At the same time, twice as many workers (39 percent) claimed that they would speak to worker representatives about fire safety issue as in the baseline study (17 percent).

While these results offer some encouraging signs, it is clear that much work remains to be done, especially with regard to further embedding worker participation and empowerment into fire safety training. As a result, in addition to the current module on basic fire safety measures, the Alliance is planning to develop future training modules that will focus on establishing and empowering democratically elected worker safety committees. Other modules will also focus on more deeply integrating fire and building safety training and practices into factory management systems—particularly for security guards—and technical adherence to the Alliance Standard for Fire Safety and Structural Integrity.

The Alliance Basic Fire Safety Program Demonstrates Major Improvements in Worker Understanding of Fire Safety

MORE THAN ONE MILLION TRAINED

show improvements in knowledge and readiness to take action

DECEMBER 2013

BEFORE TRAINING

MAY 2014

AFTER TRAINING



MORE WORK TO DO

58% of factory workers feel responsible for fire safety – up from 46% – but safety depends on everyone in the factory feeling empowered in case of an emergency.

DETAILS ON THE SURVEYS:

683 workers from 5 factories were randomly selected to participate in an initial follow up survey to the Alliance's 2013 baseline survey of 3,200 workers—the largest factory worker survey ever conducted in Bangladesh. A more detailed impact assessment is still to follow.

Worker Empowerment: Amplifying Workers' Voices

We believe that Bangladesh's garment workers are essential to improving workplace safety. In order for workers to function as full-fledged partners in this effort, they must be empowered with essential knowledge, skills and the ability to be heard. Without this, their opportunity for truly safe working conditions will suffer. Worker empowerment, therefore, lies at the heart of our effort to improve safety in Bangladesh's garment industry as demonstrated by the following actions and programs.

Amendment to the Alliance Members Agreement: Right to Refuse Unsafe Work

In the wake of the Rana Plaza tragedy, media outlets reported that workers had been forced to continue working despite having notified their supervisors of dangerous cracks in the factory's walls. Had these workers been empowered to refuse to work in dangerous conditions without fear of reprisal, hundreds of lives could have been spared.

In April of this year, we took additional steps to reaffirm our commitment to worker safety by formally asserting a worker's right to refuse to work in dangerous conditions. This was enacted through an amendment to our Members Agreement. The amendment requires factories that contract with Member companies to respect their employees' right to act on reasonable safety concerns without the fear of retribution:

“Alliance Members shall require that the Factories they work with respect the right of a worker to refuse work if he/she has a reasonable justification to believe that a safety situation presents an imminent and serious danger to his/her life and that such worker shall be protected from undue consequences in accordance with the relevant ILO Conventions and Bangladeshi Law.”

Although a commitment to worker autonomy has always been at the core of our philosophy, this amendment formalizes that commitment and makes it absolutely clear: the Alliance will not tolerate the use of coercion to require work under dangerous conditions.

Engaging Labor

We have also taken several important steps to bolster our worker empowerment efforts through direct collaboration with trade unions and other labor groups:

- **Labor Representation on the Board of Advisors.** We appointed three prominent Bangladeshi labor leaders to our Board of Advisors this year. These leaders are important advocates for labor interests in our deliberations and we consult with them regularly to ensure the views of key trade unions and worker groups are incorporated into our programmatic work.
- **Board Labor Committee.** Beyond including labor representatives on the Board of Advisors, we have taken the additional step of creating a board committee dedicated exclusively to labor issues. The seven-member Board Labor Committee is comprised of prominent labor leaders from across the Bangladeshi garment sector and serves as a dedicated resource on labor issues for our Board of Directors.

Case Study: Sromik Kormachari Union

On April 10, 2014 an eight-person technical team from Emkay Enterprises conducted a Fire, Electric and Structural inspection of the Clifton Apparels factory in Chittagong. Three representatives of the Sromik Kormachari Union were invited to accompany the inspectors for the duration of the day-long inspection, which provided a critical opportunity for them to inform the inspectors of their safety concerns. When the final inspection report was issued, the Alliance required that factory management share the results along with remediation plans with the worker representatives. A report from the inspection is available on the Alliance [website](#).

The first meeting of the Board Labor Committee was held in Dhaka in April 2014 to discuss worker empowerment opportunities. We will continue to meet and engage with the Board Labor Committee, incorporating and implementing their advice into our plans. This was evidenced by our recent decision, based on the recommendation of the Committee, to double the compensation period for workers who are temporarily displaced due to factory remediation.

Including Worker Representatives in the Inspection Process

We are committed to engaging with any registered trade union or other democratically elected worker group that has a presence in a factory that serves Alliance Members. We have invited worker representatives to be part of the factory inspection process and to shadow the entire assessment from start to finish. All findings from the inspections are shared in the local language with the worker representatives during the closing meeting of the inspection.

Alliance Worker Helpline

Providing factory workers with the opportunity to voice their safety concerns so that they can be addressed in a timely manner is essential to our work. To that end, we have instituted a third-party reporting channel that allows workers to raise safety concerns anonymously. The Alliance Worker Helpline—*Amader Kotha*—is being piloted in 50 factories. We plan to extend the helpline to more than 150 factories by the end of 2014.

Amader Kotha is an important component of the Alliance's approach to worker empowerment and workplace problem solving. Workers will be able to use mobile phones to report safety and other concerns to *Amader Kotha* as well as respond to simple mobile phone-based surveys. The collected information will then be shared with factory managers, and qualified technical experts will verify serious safety concerns. Remedial action will be taken if necessary to address a problem.

We anticipate that this new communication channel will help to facilitate greater awareness of worker concerns among factory managers, improve working conditions and ultimately enhance worker empowerment to prevent future tragedies. Factory workers are currently being instructed on how to use *Amader Kotha* via our Train-the-Trainer approach. Our objective is to ensure that every factory's workforce is aware of the helpline and how to use it.

Amader Kotha's partners include Clear Voice, which operates hotlines and builds effective grievance-reporting mechanisms in supply chains; Phulki, a respected civil society organization working to improve the lives of workers and their families in Bangladesh and Good World Solutions, a non-profit organization whose flagship tool Labor Link has already reached more than 100,000 workers.



Key Challenges to Sustainable Reform

Over the past year, we have made significant progress toward our goal of improving worker safety in Bangladesh's RMG factories. But much work remains to be done and looking ahead, we will continue to address the many challenges to achieving sustainable reforms.

Inspections	<ul style="list-style-type: none">• Factory managers lack familiarity with modern safety equipment and practices• Government agencies responsible for building and fire safety are understaffed• Enforcement of the law to require compliance is inconsistent• Ambiguity persists between government agencies over enforcement and building approvals• 40 percent of RMG factories are based in shared/multi-tenant buildings, making it difficult to ensure overall building compliance or coordinate safety programs• There is a limited pool of locally-based, qualified and experienced engineers familiar with international safety standards• Lack of transparency, price pressures and/or limited production capacity within individual factories foster an environment where unauthorized subcontracting continues• Due to dispersed production, brands and retailers often lack sufficient leverage within individual factories to drive change
Finance	<ul style="list-style-type: none">• The cost of remediation is still prohibitive for some factories, especially smaller enterprises operating in rented buildings• Internationally certified fire and electrical equipment is not readily available in Bangladesh and it has been very costly to import due to high tariffs

Training	<ul style="list-style-type: none"> • International fire, electrical and life safety standards are still new in Bangladesh • Culture of safety is not well established • Literacy skills within the workforce are limited
Worker Empowerment	<ul style="list-style-type: none"> • Workers have limited power to force change or require safety improvements without support; factory management wields disproportionate influence • Worker representative structures such as trade unions and worker participation committees remain weak in the RMG sector • At times, workers who have tried to assert their influence or exercise their freedom of association rights have been intimidated and harassed

Looking Ahead

Before the launch of the Alliance for Bangladesh Worker Safety, there was no common fire and building safety standard, inspections were highly inconsistent and uncoordinated, worker safety trainings were not designed to meet the needs of a diverse workforce and there was little transparency about inspection efforts.

Twelve months later, significant progress has been achieved and the critical phase of factory remediation has begun. Our effort has been based on forging partnerships with workers, government, civil society, factory owners and so many others—and sharing the responsibility, knowledge and tools needed to create safer workplaces in the RMG sector. This first year of work has established a new foundation for a sustainable culture of safety in Bangladesh garment factories. All stakeholders must work to maintain the momentum towards lasting change that has been set in motion since the tragedies of Rana Plaza and Tazreen Fashion.

For the Alliance, our first year was dominated by the inspection process—establishing a uniform standard, developing inspection protocols, retaining independent inspection firms and aggressively performing a first round of fire, electrical and structural safety assessments across the Alliance supply chain. A few of these inspections revealed imminent workplace risks that necessitated factory closures and immediate improvements. But the vast majority of the factory assessments found that hundreds of factories—while not presenting an imminent risk—are in need of a range of improvements.

As we enter year two, the hard work of sourcing the right equipment, installing necessary safety upgrades and complying with detailed corrective action plans will consume the energies of inspectors, brands, factory owners and engineers.

We will continue to build transparency into the workings of the Alliance supply chain and factory base. Visitors to the Alliance website will find detailed inspection reports and remediation plans for all Member factories in the supply chain. Brands and suppliers, as well as worker groups, consumers and civil society will know which factories are in need of remediation and specifically what changes are due to be implemented.

Identifying remediation needs, however, is only one part of the equation. We must also continue our efforts to facilitate access to financing opportunities for factories that may be otherwise unable to afford necessary safety improvements. We are working to build partnerships with key international financial institutions to significantly expand opportunities for factory owners to access low-interest loans. We will continue to invest in these programs so we can leverage additional

capital and ensure that funding constraints do not become an obstacle to improving workplace safety in Bangladesh's RMG sector.

Additionally, we will redouble our efforts to increase access to the latest safety equipment, technology and engineering expertise. The first International Safety Expo we helped launch in Dhaka earlier this year was just the beginning. As awareness of best practices spreads, demand for certified fire doors and sprinkler systems will continue to grow. By engaging with the Bangladeshi government and other stakeholders, the Alliance is working to ensure that such equipment is both readily available and affordable. We have already begun planning for a second Safety Expo to be held later this year.

Worker empowerment programs will remain the bedrock of the Alliance efforts in year two and beyond as genuine worker safety is only possible when workers themselves are empowered to identify, communicate and resolve safety issues with factory managers without fear of retribution or intimidation. We trained more than one million Bangladeshi garment workers over the past year and piloted a confidential workplace safety helpline. These training and empowerment programs have established an important foundation of instruction on basic fire safety and provided encouragement to workers to communicate with factory management and/or worker representative groups.

We have also provided guidance for management on how to work with and respect the views of workers and democratically organized worker groups. We are encouraged by the growing number of worker groups operating in Alliance factories, whether these are trade unions, occupational safety and health committees or worker participation committees.

We will continue to develop a sustained and productive dialogue with such groups in the years ahead. Complementing this effort will be our



deepening engagement with the Board's Labor Committee as well our increasing collaboration with trade unions and other worker representative structures. For workers that have been displaced due to permanent or temporary factory closures, we remain committed to sharing the cost of compensating them for lost wages with the factory owners for up to four months.

There is no shortage of safety challenges confronting the garment sector in Bangladesh. But we are heartened by the progress that has been achieved in this first year in safety awareness, remediation, worker empowerment and ultimately in safety compliance. New factories brought into the supply chain of Alliance member companies must continue to go through the rigorous inspection process described here and workers will continue to be trained. Compliance with the Alliance Members Agreement will be closely monitored, as the obligations assumed by the Members are binding upon them. The Alliance for Bangladesh Worker Safety is honored to be a key industry leader that will continue to drive these efforts forward in the coming years. Working closely with our local and international partners, we remain committed to creating a sustainable culture of safety among the millions of Bangladeshis whose livelihoods depend on the continued success of the country's RMG sector.



Alliance Member Companies and Supporting Associations

Member Companies

Ariela and Associates International LLC
Canadian Tire Corporation Limited
Carter's Inc.
The Children's Place Retail Stores Inc.
Costco Wholesale Corporation
Fruit of the Loom Inc.
Gap Inc.
Giant Tiger
Hudson's Bay Company
IFG Corp.
Intradeco Apparel
J.C. Penney Company Inc.
The Jones Group Inc.
Jordache Enterprises Inc.
The Just Group
Kohl's Department Stores
L. L. Bean Inc.
M. Hidary & Company Inc.
Macy's
Nordstrom Inc.
Public Clothing Company
Sears Holdings Corporation
Target Corporation
VF Corporation
Wal-Mart Stores, Inc.
YM Inc.

Supporting Associations

American Apparel & Footwear Association
Canadian Apparel Federation
National Retail Federation
Retail Council of Canada
Retail Industry Leaders Association
United States Association of Importers of Textiles & Apparel

Board of Directors

Honorable Ellen O’Kane Tauscher
Board Chair

Muhammad Rume Ali
Advisor to Executive Director, BRAC

Daniel Duty
Vice President of Global Affairs for Target

Mohammad Atiqul Islam
President of the Bangladesh Garment Manufacturers and Exporters Association (BGMEA)

Ambassador James Moriarty
Former U.S. ambassador to Bangladesh

Tom Nelson
Vice President for Global Product Procurement for VF Corporation

Jan Saumweber
Vice President of Responsible Sourcing at Wal-Mart Stores, Inc.

Bobbi Silten
Senior Vice President of Global Responsibility for Gap Inc.
President of Gap Foundation

Randy Tucker
Global Leader of the Fire Protection and Safety Team at ccrd

Board of Advisors

Heather Cruden

Canadian High Commissioner to Bangladesh

Rick Darling

Executive Director of Government & Public Affairs at Li & Fung (Trading) Ltd.

Helene Gayle

President and CEO of CARE USA

Dan Glickman

Senior Fellow at the Bipartisan Policy Center

Mohammad Hatem

Vice President of the Bangladesh Knitwear Manufacturers and Exporters Association (BKMEA)

Nancy Nord

Former Commissioner of the U.S. Consumer Product Safety Commission (CPSC)

Mujibur Rahman

Professor at the Bangladesh University of Engineering and Technology (BUET)

Avedis Seferian

President and CEO of WRAP

Melanne Verveer

Executive Director of the Institute for Women Peace and Security Georgetown University

Board Labor Committee

Wajedul Islam Khan

General Secretary of Bangladesh Trade Union Kendra

Sukkur Mahmud

President of the Executive Committee of the National Labour League (Jatiya Sramik League)

Shofiuddin Ahmed

General Secretary of Jatio Sramik Federation Bangladesh (JSFB)

Mesbah Uddin Ahmed

President of Jati Sramik Jot (JSJ)

Advocate Delwar Hossain Khan

General Secretary of the Bangladesh Labor Federation (BLF)

Naimul Ahsan Jewel

General Secretary of Jati Sramik Jot Bangladesh (JSJB)

Sirajul Islam Rony

President of the Bangladesh National Garment Workers Employees League (BNGWEL)

Acronyms

BGMEA	Bangladesh Garment Manufacturers and Exporters Association
BUET	Bangladesh University of Engineering and Technology
CAP	Corrective Action Plan
CoE	Committee of Experts
FFC	Fair Factories Clearinghouse
IFC	International Finance Corporation
ILO	International Labor Organization
NTPA	National Tripartite Plan of Action
OSH	Occupational Safety and Health Committee
QAF	Qualified Assessment Firm
RMG	Ready Made Garment (Sector)
WPC	Worker Participation Committee

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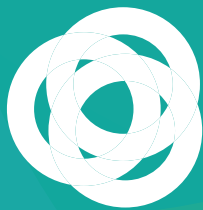
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