

Protecting and Empowering Bangladesh's Garment Workers

Alliance for Bangladesh Worker Safety
Second Annual Report
September 2015

Message from the Chair

Dear colleagues,

Over the last two years, the Alliance for Bangladesh Worker Safety has accomplished a great deal under difficult circumstances. Although challenging, the Alliance's mission of creating a safer and more respectful environment for garment factory workers inspires all of us because we know how important our work is for factory workers, the garment industry and, ultimately, the people of Bangladesh. The Alliance made a five-year commitment to Bangladesh and continues to work toward real reform in the garment sector.

I am proud that the Alliance laid out a set of very ambitious goals in its first two years and continues to push hard to reach its five-year goals. The work we do—inspecting factories, developing corrective action plans and remediating factories—is hard, but important. The Alliance secured low-cost financing in partnership with the International Finance Corporation and the U.S. Agency for International Development to ensure resources are available to factory owners for undertaking and completing remediation in their factories. The Alliance also focused on training factory workers, managers and security guards on fire safety so they know which steps to take in the event of a fire emergency. These efforts have helped transform the garment industry in Bangladesh and focus attention on the need to ensure factories are safe and workers are provided with a safe and secure work environment. Where possible, we have collaborated with the Accord on Fire and Building Safety in Bangladesh to make progress on important policy issues.

As we move into our third year of work, we look to our partners in the government of Bangladesh, the garment industry and other stakeholders to sustain our efforts. The Alliance will work with the government of Bangladesh, donor governments and all stakeholders to develop a plan to sustainably transfer our work to the responsible ministries, departments and other groups at the appropriate time. The Alliance is committed to a sustainable legacy: one that continues to create hope for the people of Bangladesh.



The Honorable Ellen O'Kane Tauscher
Independent Chair

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Alliance Accomplishments at a Glance

Standards and Inspections	
662	Current number of active factories
790	Total number of factories included in Alliance process
1.2 million	Total number of workers in Alliance factories (estimated)
661	Number of factories inspected by the Alliance
591	Number of approved corrective action plans ¹
22 (8 fully closed, 12 partially closed, 2 load reduction)	Number of factories sent to review panel (and current status)
6,177	Payments to displaced workers (number of workers)

Average number of required repairs in Alliance factories in each category		
Structural	Fire	Electrical
17	32	37
Average number of required repairs in Alliance factories by priority level		
Structural	Fire	Electrical
2 high 9 medium 6 low	11 high 13 medium 8 low	13 high 18 medium 6 low

¹ As Alliance Members add factories to their supply chains, the Alliance begins the inspection process in accordance with our pre-approval policy. All factories that were added by the beginning of year two now have CAPs in place. Factories added later may still be in the inspection process.

Alliance Accomplishments at a Glance

<h2>Remediation</h2>						
528	Number of factories with first remediation verification visit (RVV) completed (see page 9)					
Remediation percentage breakdown						
20% or less	21-40%	41-60%	61-80%	81% or more		
154	251	133	19	0		
17	Number of factories with second RVV completed					
Average percentage of remediation completed at each visit						
RVV 1		RVV 2	Final inspection			
32%		87%	98%			
8	Number of factories where final inspection process is completed					
6	Number of factories where final inspection passed					
<h2>Worker Empowerment</h2>						
414	Number of factories with access to Helpline					
21,010	Total calls to Helpline since inception					
12	Number of factories with ILO/Better Work safety committee pilot launched					

Alliance Accomplishments at a Glance

Training	
597	Number of factories with worker training completed
47	Number of factories with worker training in progress
1,115,170 (93%)	Workers trained in fire safety (based on estimated worker total)
287	Number of factories randomly spot-checked for compliance with training program
133	Number of factories that have received assistance from a third-party trainer to complete training
650	Number of factories with security guard training completed
13,800 (82%)	Number of security guards trained
Financing	
\$250,000- \$350,000	Average estimated cost of remediation
\$100 million	Amount of financing individual Alliance Members have made available to factories in their supply chain
2	Number of credit facilities the Alliance has helped establish
From 18% to <7%	The net effect of both facilities will be to reduce the cost of credit for Bangladesh factories
\$50 million	Total amount of credit to be made available through IFC facility
\$18 million	Total amount of credit to be made available through USAID facility

Executive Summary

Two years ago, the Alliance for Bangladesh Worker Safety, a group of leading apparel companies, retailers and brands, came together in the aftermath of the 2012 Tazreen Fashions fire and the 2013 Rana Plaza building collapse with the mission of improving workplace safety in Bangladesh's garment factories.

In year two, Alliance Members have built on progress made in year one, achieving many of the key objectives in the legally binding Members' Agreement, including:

- Working with factory owners to develop corrective action plans for every factory from which Alliance Members source, so that the important work of remediation can begin;
- Developing, in partnership with international institutions, two credit facilities to make affordable financing available to all factory owners from which Alliance Members source;
- Implementing a new training program targeted at factory security guards, a group with a unique leadership role to play in safety in case of emergency;
- Expanding the Alliance Helpline to cover more than 400 factories; and
- Delivering on our commitment to empower workers by launching an occupational safety and health committee pilot in 12 Alliance factories.

The Alliance is proud of these achievements, which are consistent with our core values of worker empowerment, collaboration and shared responsibility, and transparency. In year two, we devoted significant attention to the sustainability of our efforts to ensure the work of the Alliance continues and endures after the five-year commitment ends.

Focus on workers

Throughout year two, the Alliance has maintained our focus on workers, who are at the heart of our efforts. We expanded our Helpline—*Amader Kotha*—which is now available to 414 factories. We also partnered with the International Labor Organization to launch pilots of occupational safety and health committees in 12 Alliance factories. Both initiatives give workers the opportunity to raise concerns, demand action and take an active role in their own safety.

Collaboration and shared responsibility

A key tenet of the Alliance's work is our commitment to collaborating with all stakeholders to achieve a safer garment industry in Bangladesh. In year two, we partnered with two international institutions to develop credit facilities so that all factories from which Alliance Members source would have access to affordable financing.

We also continued to work with the Accord on Fire and Building Safety. In addition to collaborating on the inspection and remediation of shared factories, the Alliance and the Accord came together to press

the government of Bangladesh to release long-overdue regulations to implement the amendments to the Bangladesh Labor Act.

Transparency and accountability

As the Alliance carries out our core programs, we continue to prioritize transparency and accountability. The Alliance Members' Agreement requires each Alliance Member to disclose the names of all of its supplier factories through Fair Factories Clearinghouse, an independent nonprofit organization that provides a secure platform to share factory information and an aggregated view of Member factories. In year two, we added a pre-approval policy that requires Members to disclose any new factories in Bangladesh for inspection before adding them to their supply chains.

The Alliance posted all inspection reports and corrective action plans on our website, so that they are publicly available to all stakeholders.

Finally, in year two, the Alliance contracted with the University of Texas-Houston and Dhaka University to conduct an impact assessment of our core training programming. The results will be released, giving public insight into the effectiveness of our training program.

Although we are proud of the progress made in year two, we recognize that much work remains to complete substantial remediation and make these efforts sustainable. The Alliance is committed to 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.



Sustainability: Charting the Path to 2018

When the Alliance was formed in July 2013, the Members agreed that a five-year commitment would be necessary to bring sustainable change to the garment industry in Bangladesh.

The Alliance has worked from the very beginning to chart a path to 2018 that will include the transfer of responsibility to our partners in the government of Bangladesh and other stakeholders.

Building capacity in Bangladesh is a great challenge, but is one that forms a foundational element of the Alliance's efforts. The essential commitment to a safe, secure and prosperous garment sector is a necessary precondition for this industry to continue to thrive.

At the beginning, our focus was determining how we could develop a comprehensive list of factories, establish a strategy for inspection, employ standards for safety (structural, electrical and fire) and collaborate with myriad stakeholders in Bangladesh, all under the guiding principles of coordination and collaboration. At the end of this process, the results will be the measure of our success.

For these reasons—and because we believe that garment factory workers, the vast majority of whom are women, should have the ability to improve their economic situations and have access to additional opportunities—the Alliance is committed to the sustainability of our efforts.

Ensuring factory safety for only the short-term is not our goal. The Alliance believes these efforts must be permanent, sustainable and led by the appropriate authorities in Bangladesh with help and support from committed stakeholders.

Over the course of the next year, the Alliance leadership will meet with a wide array of stakeholders, including the government of Bangladesh and donor governments, to develop a plan for the sustainability of the Alliance's work in Bangladesh. The development of a transition plan is a key goal for the Alliance in year three.



Standards and Inspections: Promoting Transparency

In year one, the Alliance inspected 100 percent of factories producing garments for Alliance Members. These inspections were carried out according to an internationally accepted safety standard developed and used by the Alliance and other initiatives conducting garment factory inspections in Bangladesh.

To make information available to all stakeholders, the Alliance published the results of all factory inspections on our [website](#), along with corrective action plans (CAP) for each factory entering remediation. In line with our commitment to transparency, factories are also required to share the results of inspections with worker representatives and any trade unions in the factory.

In years one and two, the Alliance referred 22 immediate risk cases to the government-established review panel. The review panel has the authority to immediately suspend operations at a factory if there is immediate risk to workers. Of the factories recommended by the Alliance to the review panel, eight were fully closed, 12 were partially closed and two were allowed to continue operating with reduced loads. The details of each case can be found on the Alliance's [website](#).

Pre-approval policy

In year two, the Alliance launched a pre-approval policy that requires Members to register all new factories with the Alliance. Factories must be inspected for compliance with Alliance safety standards before they can be approved by the Alliance for production. Factories that do not meet Alliance standards are required to enter the remediation process before being approved. Alliance Members have agreed not to source from factories that have not been approved for production. This pre-approval policy ensures that new factories added to the supply chains of Alliance Members will meet the same safety standards as factories that have already been inspected.



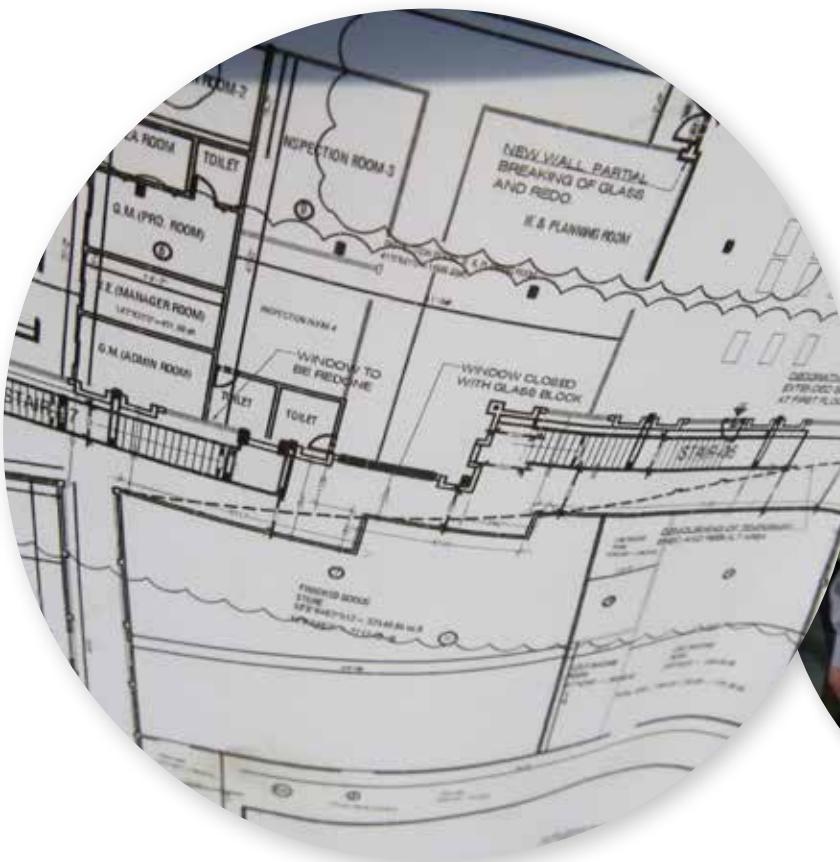
Earthquake response

On April 25, 2015, a 7.9 magnitude earthquake hit Nepal, with tremors felt across South Asia, including in Bangladesh. Alliance staff took immediate steps to assess any potential structural damage to garment factories that may have resulted from the earthquake.

Informed both by the Alliance's prior structural assessments and worker calls to the Alliance Helpline to report damage, engineers determined that 51 factories were most at risk for earthquake-related damage. Alliance inspectors assessed all 51 factories within 72 hours of the earthquake. The inspectors found structural damage at three of the 51 factories.

For the three facilities, the Alliance worked with factory owners, member companies and Bangladesh government officials to ensure worker safety by evacuating workers and suspending production while necessary repairs were completed. The factories only resumed production after finishing needed repairs. In line with our policy, the Alliance compensated workers affected by the temporary closure.

The Alliance's inspection system and ability to mobilize engineers and inspectors in an emergency situation, paired with the Alliance Helpline—which allowed workers to report concerns in real time—helped coordinate a swift and targeted response to this earthquake. The Alliance is now integrating earthquake preparedness into our training programs.



Remediation: Building Capacity

With initial inspections complete, the Alliance has shifted our focus to remediation, working with all factories to appropriately address safety violations and build capacity and knowledge about building and fire safety within the garment sector in Bangladesh.

The remediation process from start to finish

After receiving their inspection results, the Alliance requires each factory to develop a CAP to address safety violations. Dhaka-based Alliance staff hold in-person meetings with factory and brand representatives to review CAPs for every factory. These meetings provide factory owners with a roadmap and timeline for remediation. In keeping with our goal of transparency, approved CAPs are posted to the Alliance's [website](#).

Once CAPs are in place, factories begin remediation. During the remediation process, Alliance engineers conduct up to three remediation verification visits (RVV). These visits give Alliance staff the opportunity to verify progress reported by factory managers and to ensure that remediation efforts meet Alliance standards. Factory engineers also have the opportunity to ask questions about technical issues and best practices as remediation proceeds. For example, Alliance staff request that factories submit fire system designs, detailed engineering assessments and structural drawings for approval before beginning remediation, which ensures that remediation is done right the first time.

Once a factory reports that all safety issues have been remediated, the factory undergoes final inspection by an independent contractor. If it passes the final inspection, the factory is considered substantially remediated and approved for production. However, it is important to note that all factories will need to continue undertaking measures to maintain safety; most will need to continue to improve lower-risk safety items over time. The Alliance will work with Members to ensure that the factories from which they source remain compliant with the Alliance standard during the lifetime of the initiative. As 2018 approaches, the Alliance intends to transition responsibility for both new and ongoing inspections to the government of Bangladesh.

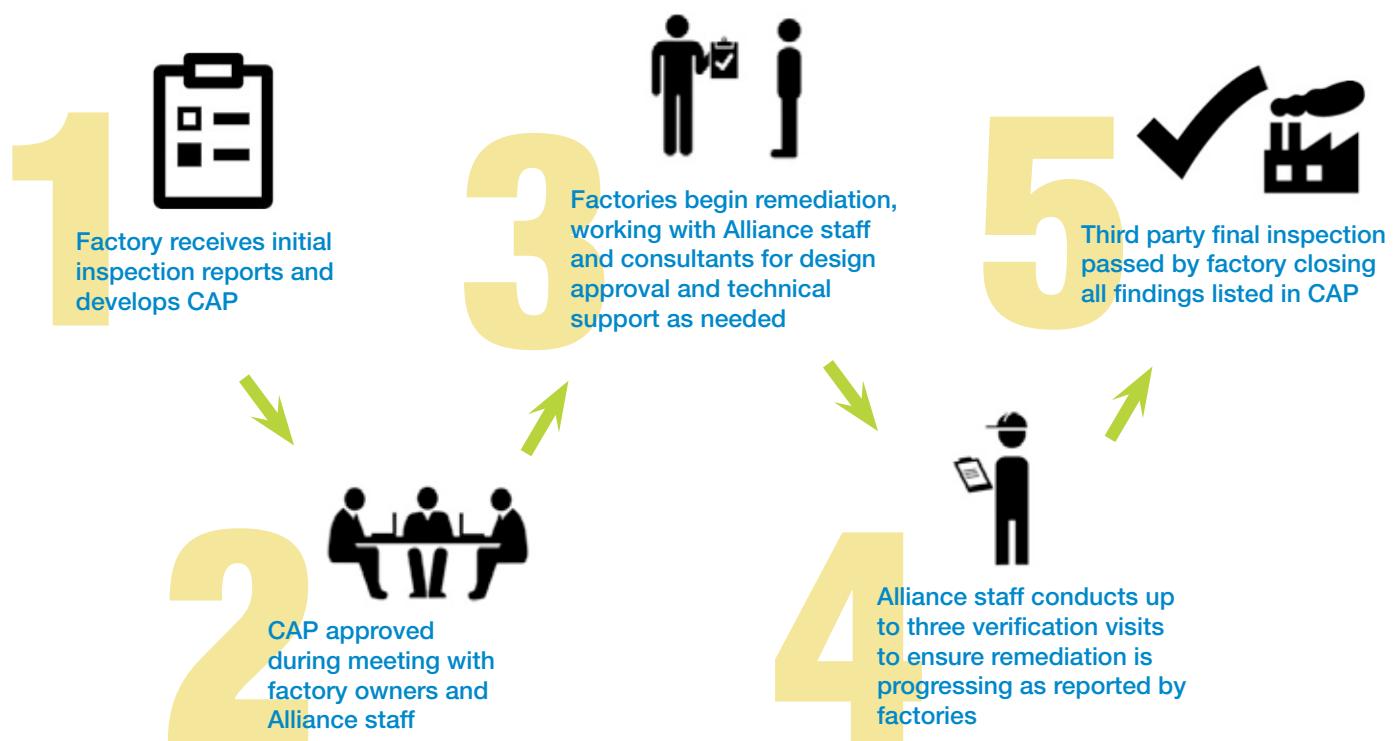
Challenges

In many cases, factories fail to make progress on remediation within the timeline originally laid out in the CAP. To address significant non-compliance, the Alliance is piloting an escalation process, which includes a roundtable meeting with the factory representative and multiple warning letters. In each stage, factories have several weeks to submit evidence of progress on remediation and to communicate to the Alliance the challenges they face. If escalated factories continue failing to make progress, they will be deemed non-compliant.

The Alliance continues to work to ensure that factories are remediating on schedule. During our verification visits in the second year, Alliance staff learned about external factors affecting the ability

of factories to remediate hazards. These visits revealed not only the limitations of government institutions to enforce building regulations, but also the limited availability of key goods and services. There are few engineers in Bangladesh with the expertise required to support remediation. No manufacturers of fire doors, sprinklers or other fire protection equipment operate in Bangladesh. All equipment must be imported. This lack of expertise and equipment has slowed progress on remediation for many factories. Counterfeit or substandard equipment has also created challenges for many factories. The Alliance is working closely with certification bodies to make equipment and expertise more readily available in Bangladesh.

Progress on remediation was also slowed by the lack of remediation capacity in Bangladesh. Political unrest made normal operations difficult and aftershocks of the earthquake in Nepal also affected many factories. Despite these significant setbacks, the Alliance has piloted final inspections in eight factories.



The Alliance's chief safety officer

Chief Safety Officer Mark Chubb joined the Alliance team in March 2015. He is a certified chief fire officer and fire service health and safety officer with more than 30 years of experience in fire safety and emergency management. Since joining the Alliance, he has brought new perspectives and direction to the engineering team, factories and brand representatives. His guidance has been especially helpful in clarifying the requirements of the Alliance safety standard, promoting consistency in the standard's application and interpretation, and engaging our partner initiatives on the ground in Bangladesh, including the Accord and the International Labour Organization (ILO). Under Mark's leadership, the Alliance is piloting a final inspection process and we expect to evolve our remediation expectations in year three as a result of our learnings from this pilot.

Second International Trade Expo for Fire and Building Safety

In December 2014, the Alliance sponsored the Second International Trade Expo for Fire and Building Safety in partnership with the BGMEA, the International Finance Corporation (IFC) and others. The event, which drew more than 50 exhibitors and over 10,000 participants, brought together brands, factories, vendors and non-governmental organizations focused on factory safety in Bangladesh. The expo provided a platform for the Bangladesh manufacturing industry to learn more about the latest in technology, services and support for building, fire and electrical safety.



Case Study: The Importance of Strong Factory Leadership and Teamwork to Remediation Progress

Columbia Garments Ltd. is a trouser producer located in Gazipur, Dhaka. The Alliance initially inspected the factory in 2014.

Columbia's corrective action plan, which listed 70 safety violations in total, was approved by the Alliance during a CAP meeting in March 2015. Each remediation item in the CAP included a deadline for completion, with Columbia's latest date listed as 24 weeks after the CAP meeting.

The Alliance held Columbia's first verification visit in April 2015, less than a month after the CAP meeting. The first verification visit is usually held at least six weeks after the CAP meeting, but Columbia submitted evidence faster than is typical. The second verification visit to Columbia was completed on June 28, 2015 based on additional evidence submitted by the factory.

Main challenges

Columbia's most significant remediation challenge was ensuring that it had enough fire-safe exit routes for the number of workers in the factory. Columbia needed to make changes to its infrastructure to meet the Alliance standard for exit routes, and is making progress. For example, an uneven walkway serving as one of the main routes around the exterior of the factory was made level with an exit ramp, and the connected wall was raised more than a foot to protect the space from adjacent fire hazards.

But more work remains to be done. Columbia's five existing staircases will need to be enclosed with fire-resistant materials, including fire doors. Because fire doors are not available in Bangladesh, Columbia had to import all 22 of its fire doors from Thailand. These doors will be installed once construction on the staircases is complete.



Columbia also needs to create two additional staircases to allow workers to safely exit the building. Given the urban density of Dhaka, it is often a challenge for factories to find space for new stairways or building additions, and Columbia's situation is no exception. The factory is currently building the new stairs on one side of the building and will need to demolish and rebuild the adjacent storage building to make room.

Progress made

After the first verification visit at Columbia, the Alliance remediation team found that 39 percent of remediation was complete with an additional 37 percent in progress. During the second verification visit, remediation completion had risen to 81 percent. Based on their internal project plan, factory leadership and engineers expect to be ready for final inspection soon.

Best practices

Columbia's attitude toward remediation can guide other factories struggling to follow a sound project plan:

- 1. Engage with leadership on the benefits of successful remediation.** Columbia's owner and management have seen how consistent progress and remediation success attracted the attention of buyers and have helped develop stronger relationships with those customers. In this way, Columbia has looked at remediation as an investment instead of just an expense. Creating a safe workplace is critical to future business success.
- 2. Work as a team with a project management approach.** Project mapping and staff responsibility have been important for staying on track and meeting deadlines—this includes planning ahead to get approval of designs and certifications before starting remediation.
- 3. Create a maintenance plan for sustainability.** Columbia leadership understands that compliance will not end when CAP items are closed, and that ongoing safety requires maintenance. Sustainability includes making sure the right people are on staff to follow up on requirements and creating internal documentation and tracking systems.
- 4. Ask questions to avoid mistakes and build knowledge.** Columbia's engineering team is always willing to learn from others. They cited external engineers, architects, the group procurement team, brand engineers and the Alliance CAP meeting and verification visits as crucial for improved understanding of building safety.

Affordable Financing: Making Resources Available

As the Alliance began working with factories on remediation, it became clear that many factory owners lacked access to affordable financing. Remediation is estimated to cost approximately \$250,000 to \$350,000 per factory on average, and many factories will require external financing to make the necessary safety improvements. Interest rates are often prohibitively high in Bangladesh—especially for small- and medium- size producers—and loans are difficult to secure. The Alliance determined that affordable finance would likely improve the chances for successful remediation.

As laid out in the [Alliance Members' Agreement](#), individual Alliance Members have already committed to making financing available to factories in their supply chains through direct loans, loan guarantees and other supplier financing. Members have committed to providing a combined total of \$100 million in financing to factories in their supply chains.

However, the Alliance was determined to improve access to finance for Alliance factories. The Alliance worked with the IFC and USAID to develop two separate credit facilities that will be available to qualified garment factories in Bangladesh. The net effect of both facilities will be to reduce the cost of credit for Bangladesh factories from 18 percent to less than 7 percent.

As these financing facilities are launched, the Alliance team in Bangladesh has also been training the banks currently lending to garment factories on the remediation and corrective action plan process, while providing insights into the cost of addressing fire safety and building structural issues. The Alliance will provide technical support to the banks going forward, as they make additional loans to factory owners. The Alliance has also developed a process to respond to factories interested in learning more about affordable financing.

Partnership with the IFC

The Alliance has partnered with the IFC to provide financing to local banks to increase lending to garment factories as they undertake remediation. This partnership with the IFC, the first of its kind, will provide a total of \$50 million in low-cost, long-term financing.



Five banks in Bangladesh will each receive \$10 million from the IFC to make low-cost loans to factory owners undertaking safety repairs. This facility will offer factory owners lower interest rates and longer payback periods, dramatically lowering the risk of borrowing money. In addition to playing a catalysing role in establishing this facility, the Alliance has directly contributed \$250,000 to fund its operation.

Partnership with the USAID Development Credit Authority

The Alliance also worked with the USAID Development Credit Authority (DCA) to create a facility targeting smaller factories which may not be eligible for the IFC program. This facility will make \$18 million in financing available to small- and medium-size, export-oriented factories. The partnership marks the first time that a DCA credit facility was established directly with an industry coalition.

DCA will work with two local banks to extend credit to factories. Loans will only be available to factories that supply Alliance Members, and that have already undergone an inspection and have a CAP in place. The Alliance contributes \$1.5 million to the risk-sharing facility and provides technical assistance to the factories from which the Alliance sources, as well as the partner banks, to support the factory remediation process.



Training: Raising Safety Awareness

Training is a key component of the Alliance's work in Bangladesh. Training workers on fire safety empowers workers to protect themselves in an emergency and raises safety awareness, creating safer workplaces for everyone.

Since launching our training program in year one, the Alliance has trained 1.1 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: the Alliance trained a group of facilitators, who then delivered the training to factory workers using [training materials](#) provided by the Alliance. The Alliance made training materials publicly available on our website so that other initiatives could take advantage of the work done to develop the program. The training program has two key objectives:

1. Equip workers, supervisors, guards and management with knowledge of 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.

While the training program has substantially improved the understanding of fire safety and risk, a single training is not enough.

Security guard training

The Alliance has initiated comprehensive training for security guards in our factories, focusing on fire safety and the unique roles and responsibilities of security guards during an emergency. 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. Providing specialized training to security guards and other employees in key positions is critical to the long-term sustainability of the Alliance's safety reform efforts. To date, the Alliance has trained 13,800 security guards in 650 factories.

Impact assessment

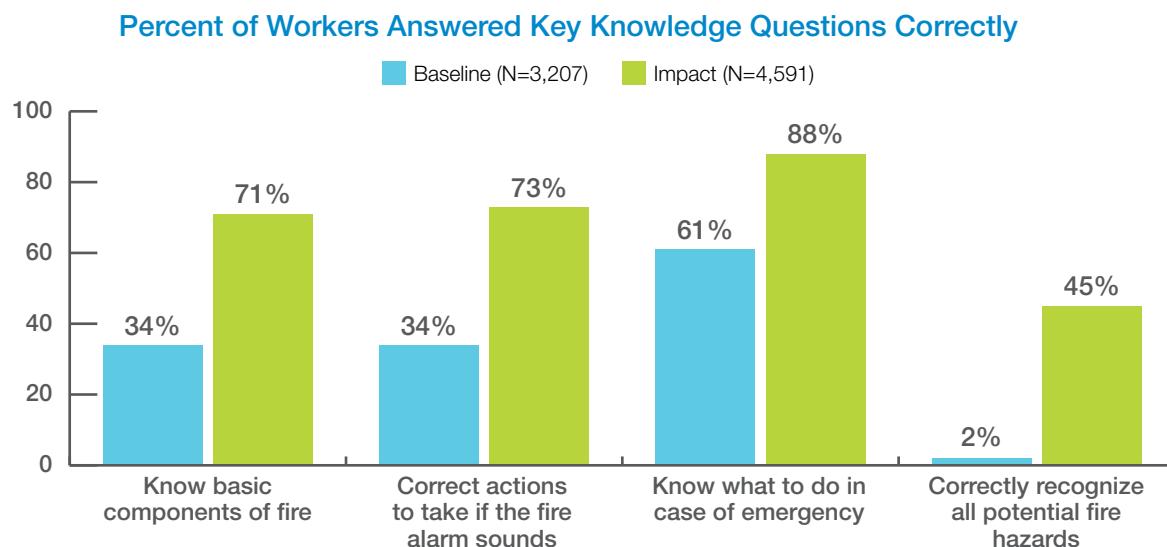
To ensure our training efforts are effective, the Alliance engaged the University of Texas-Houston, in partnership with Dhaka University, to do an in-depth impact assessment of our training methods to measure their effectiveness and suggest improvements. The assessment involved targeted surveys of 4,591 workers, as well as focus group discussions in which 220 workers offered additional perspectives on health and safety within their factories. The goal of the assessment was to evaluate whether the Alliance's training activities were achieving the stated objectives. The results were compared with a baseline study that was conducted one year before these training initiatives were undertaken.

To foster local capacity building, the study was conducted in collaboration with the University of Dhaka. A faculty member and a team of students from the university were closely involved in the study design and data collection.

The assessment found that knowledge and awareness on fire safety had improved among the workers after participating in the Alliance training. Following the training, workers had a much better understanding of fire hazards and their roles in emergencies and evacuations:

- In the baseline assessment, only 2 percent of surveyed workers were able to correctly identify all fire hazards; 67 percent did not see an overfilled storage room as a fire risk and 52 percent did not think that electrical wires under mats or carpets could constitute a fire hazard. In the impact assessment, 45 percent of workers correctly recognized all fire hazards—a significant improvement over the baseline.
- 96 percent of workers reported in the impact assessment that they would leave the area using a designated escape route in case of an emergency, an increase from 82 percent in the baseline. The percentage of workers who said they would take shelter in a safe place inside of the building had decreased from 24 percent in the baseline to 8 percent, and the percentage of workers who thought they should exit the building by taking an elevator decreased from 17 percent to 3 percent.

The impact assessment also made clear areas where the Alliance could improve our Basic Fire Safety Training Program. In addition to focusing on specific issues—like evacuation of high-rise buildings and high-hazard areas—the assessment emphasized the importance of continued training. Although the impact assessment showed that the training has made positive changes, training is not a one-time endeavor. The Alliance will work with factories to provide new and refresher training courses to existing workers and managers.



Source: University of Texas-Houston

Worker Empowerment: Emphasizing Worker Involvement

We believe that Bangladesh's garment workers are essential to improving workplace safety. In year two, the Alliance continued to build on our commitment to worker empowerment. We furthered our engagement with local labor groups through our Board Labor Committee, which advises the Alliance Board of Directors on labor issues. We continued our policy of providing financial support to workers displaced by factory closures due to safety risks or remediation. We also expanded the Alliance Helpline, which gives workers an independent outlet to report safety violations. Workers in more than 400 Alliance factories have now been trained on how to use the Helpline. Finally, the Alliance launched a pilot program of occupational safety and health committees, in keeping with the commitment in our Members' Agreement to support democratically elected worker structures in all factories from which Alliance Members source.

Board Labor Committee

In year one, the Alliance appointed local labor leaders in Bangladesh to serve on the Board Labor Committee, which advises the Alliance Board of Directors and local team on labor issues. In year two, we continued our engagement with the committee. In December 2014, the Alliance Board of Directors met with the labor committee in person in Dhaka to consult with them on the Alliance's labor engagement strategy.

Support for displaced workers

No worker in the ready-made garment sector in Bangladesh should have to put him or herself at risk in order to earn a living. In line with our commitment in this regard, the Alliance works with factory owners to pay 50 percent of workers' salaries for up to four months when workers are displaced due to closures for safety risks or remediation. Payments are disbursed through the Worker Displacement Fund. Since beginning our work, the Alliance has made payments to more than 6,000 displaced workers.

Amader Kotha: the Alliance Helpline

In year one, the Alliance piloted a helpline, *Amader Kotha*, or "Our Voice," to provide a third party channel for workers to anonymously report immediate safety concerns. In year two, the Helpline expanded to serve more than 400 factories. By the end of July 2016, we expect 100 percent of Alliance factories to be trained on the Helpline.

The Helpline, which is staffed 24 hours a day, receives an average of 1,700 calls a month. Factory workers are trained to use the Helpline during the Alliance Basic Fire Safety Training. During the training, workers are given a card with the Alliance Helpline number, which is also posted publicly in the factory.

In addition to alerting the Alliance team to safety risks, the Helpline has also allowed workers to report other concerns regarding labor issues—such as working hours and wages—anonymously and without fear of retribution. The non-safety issues reported through the helpline are referred to factory management to address, while maintaining the callers' anonymity. Many factory managers have reported that they are now learning more about workers' concerns and questions, and identifying ways to improve internal communication.

The goal of the Helpline is not to undermine existing management or replace worker grievance mechanisms, but to provide an alternate channel for the Alliance to work with factory management and member companies to ensure that immediate safety concerns are raised and swiftly addressed.



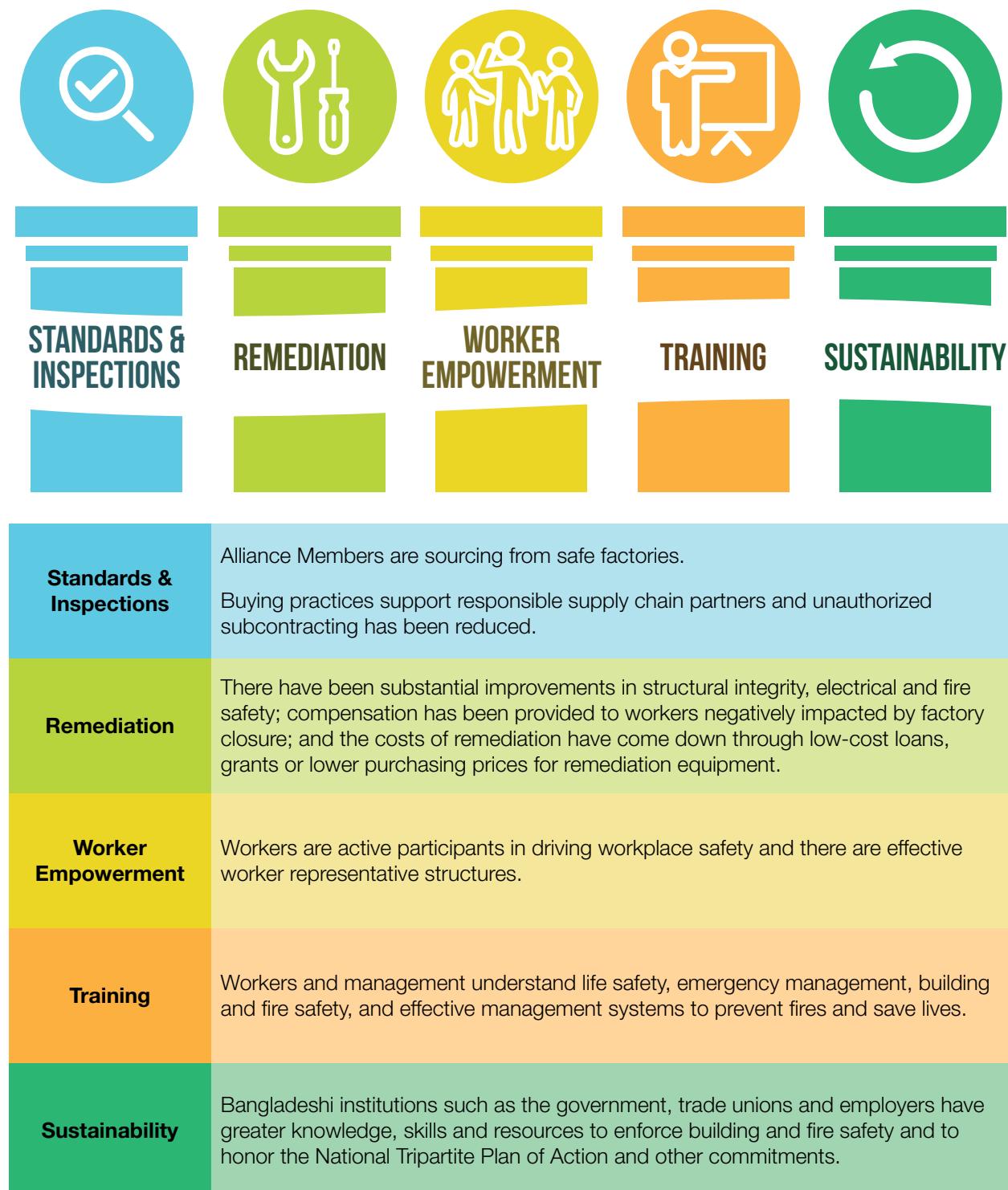
Pilot occupational safety and health committees

The Alliance [Members' Agreement](#) includes a commitment to support the establishment of democratically elected worker representative structures where occupational safety and health issues can be identified, notified to management and effectively addressed in all factories producing for Alliance Members. The new Bangladesh labor law requires factories to establish occupational safety and health committees. In year two, the Alliance took an important step toward these requirements, beginning a pilot safety committee program.

The Alliance partnered with the ILO's Better Work program to launch pilot safety committees in 12 Alliance factories. The goal of this program is to begin building the foundation for effective and sustainable worker representative structures.

One challenge has been the prolonged delay by the government of Bangladesh to finalize critical regulations for the new labor law, which has delayed the launch of the Alliance's pilot program. We have joined with the Accord to ask the government of Bangladesh to finalize and circulate these regulations as soon as possible.

Alliance Five-Year Strategic Pillars and Objectives



Looking Ahead to Year Three

As the Alliance concludes our second year, we are heartened by the progress made in the Bangladesh garment sector in safety awareness, remediation and worker empowerment. We are proud of the progress we have made in year two in the face of significant challenges. Inspections have been completed and corrective action plans are in place for all factories. In most factories, remediation has begun, and financing is now in place so that factory owners can afford to make the necessary safety repairs. Workers, managers and security guards have been trained on basic fire safety, and more workers than ever before have access to the Alliance's Helpline, allowing them to report unsafe conditions in a factory in a manner that does not expose them to retaliation or termination. We continued our commitment to empowering workers with the launch of an occupational safety and health committee pilot in 12 Alliance factories.

We look forward to year three as an opportunity to make greater progress toward achieving a culture of safety in Bangladesh's ready-made garment sector. The Alliance is committed to ensuring that past tragedies are not repeated, and that the government of Bangladesh and all other stakeholders have the resources and tools to provide effective oversight and leadership for the garment sector going forward. In years three through five, we will continue to focus on remediation and final inspections. We gained significant insights during our second year into the difficult and slower-than-expected pace of substantial remediation, and we will continue to learn from our final inspection pilot currently underway. Our dynamic strategies and ambitious goals will evolve as we continue to learn and assess our progress and effectiveness in light of the difficult operating environment in Bangladesh.

Unauthorized subcontracting is an ongoing problem in Bangladesh's garment sector, preventing the establishment of a truly safe and transparent industry. The Alliance will continue to work with member companies to compile and share best practices aimed at eliminating unauthorized subcontracting.

We will also continue to put workers at the heart of our work in year three, expanding our worker empowerment initiatives to include all Alliance factories. By the end of the year, we expect workers in all factories from which Alliance Members source will be trained on the Alliance Helpline, and we intend for all factories to receive refresher basic fire safety trainings. These refresher trainings are important to empower all workers to protect themselves in case of a fire.

Finally, by the end of our third year, the Alliance plans to take steps to make sure this work is sustainable. We intend to develop a strategy to potentially transfer our work to the government of Bangladesh and other stakeholders. All stakeholders have an important role to play in this effort, and the Alliance will continue our efforts to coordinate and collaborate effectively with all groups committed to bringing about sustainable transformation of the garment sector in Bangladesh. The Alliance is committed to building capacity and capabilities within Bangladesh to take charge of this critical work. As we enter the third year of our five-year commitment, we are fully cognizant of the enormity of this undertaking and the absolute necessity of a successful outcome.

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.
Jordache Enterprises, Inc.
The Just Group
Kohl's Department Stores
L. L. Bean Inc.
M. Hidary & Company Inc.
Macy's
Nine West
Nordstrom Inc.
Public Clothing Company
Sears Holdings Corporation
Target Corporation
VF Corporation
Wal-Mart Stores, Inc.
YM Inc.

Supporting Associations

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

Li & Fung, a major Hong Kong-based sourcing company which does business with many Members of the Alliance, serves in an advisory capacity.

Board of Directors

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Board Chair

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Former U.S. Ambassador to Bangladesh and Executive Director

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Mohammad Hatem

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Naimul Ahsan Jewel

General Secretary, Jati Sramik Jot, Bangladesh

Wajedul Islam Khan

General Secretary, Bangladesh Trade Union Kendra

Sirajul Islam Rony

President, Bangladesh National Garment Workers Employees League

Acronyms

BGMEA	Bangladesh Garment Manufacturers and Exporters Association
BUET	Bangladesh University of Engineering and Technology
CAP	corrective action plan
DCA	Development Credit Authority
FFC	Fair Factories Clearinghouse
IFC	International Finance Corporation
ILO	International Labour Organization
RVV	remediation verification visit
USAID	United States Agency for International Development

Contact Information

General Information

www.bangladeshworkersafety.org
info@afbws.org

Media Inquiries

media@afbws.org

Dhaka Office

Rabin Mesbah, Managing Director
BTI Celebration Point — Level 6
Plot- 3 & 5 Road No: 113/A Gulshan- 2
Dhaka-1212, Bangladesh
Phone: +880 02 9861501-3



ALLIANCE
FOR BANGLADESH WORKER SAFETY