

Minutes of Meeting

RSC Annual General Meeting (AGM)

16 November 2021: 16:00 – 17:00 (Bangladesh Standard Time)

Venue: Hybrid Zoom Meetings

11.00 – 12.00 (Central European Time)

Attendees:

	Members	Role	Organisation	Attended / Apologies
Industry Representatives	Rubana Huq	Director	BGMEA	Yes
	Shafiul Islam Mohiuddin	Director, Co-Chair	BGMEA	Yes
	Miran Ali	Director	BGMEA	Yes
	Sharif Zahir	Director	BGMEA	Yes
	Faruque Hassan	Director	BGMEA	No
	Mohammad Hatem	Director	BKMEA	No
Brand Representatives	Masarrat Quader Syeda	Director, Co-Chair	H&M	Yes
	Jorge Alonso Campo	Director	Inditex	Yes
	Michael Bride	Director	PVH	No
	Felicity Tapsell	Director	Bestseller	Yes
	Indalecio Perez	Director	Inditex	No
	Bernardo Cruza	Director	El Corte Ingles	Yes
	Jochen Juetten-Overmeyer	Director	Otto Group	Yes
Trade Union Representatives	Christina Hajagos-Clausen	Director	IndustriALL Global Union	Yes
	Amirul Haque Amin	Director, Co-Chair	National Garment Workers Federation (NGWF)	Yes
	Kamrul Anam	Director	Bangladesh Textile and Garments Workers League (BTGWL)	Yes
	Babul Akter	Director	Bangladesh Garment and Industrial Workers Federation (BGIWF)	Yes
	China Rahman	Director	Federation of Garment Workers	Yes
	Alke Boessiger	Director	UNI Global Union	Yes
Neutral Conveners	Dan Rees	Convener	ILO	Yes
RSC Representatives	Iqbal M Hussain	MD and ACSO	RSC	Yes
	Md. Asaduzzaman	Business and Financial Controller	RSC	Yes
	A. J. M. Zobaidur Rahman	Manager- Media & Communications	RSC	Yes
	Md Erfanul Haq	Acting Communications Officer	RSC	Yes
	Robeul Haque Rana	Head of IT	RSC	Yes

AGM

Meeting Agenda
<ol style="list-style-type: none"> 1. Previous Minutes of Meeting 2. Appointment of BoD 3. Appointment of Auditor (2022-2023) 4. RSC's Annual Audited Financial Report 5. Tax Exemption 6. RSC Budget for 2021-22 7. RSC's Annual Report 8. AOB

ITEMS	DESCRIPTIONS	REMARKS
1	Previous Minutes of Meeting	
	<p>Dan extended everyone a warm welcome to the first AGM of RSC which was being held through online video conferencing (zoom) and physical presence – a popular hybrid method. The requisite quorum being present, Dan called the Meeting to order.</p> <p>Thereafter, Dan read the pre-circulated agenda for the BoD to approve. The BoD unanimously approved the agenda and agreed to follow the meeting proceedings accordingly.</p> <p>Dan then took up the first agenda relating to approval of any pending minutes of previous meeting/s. As this was the first ever AGM of RSC, there was no pending minutes for the BoD to approve. He then proposed to follow the next agenda item for discussion.</p> <p>The BoD agreed to the proposition unanimously.</p>	1.1. The AGM approved the pre-circulated agenda of the RSC Annual General Meeting 2021.
2	Appointment of BoD	
	<p>RSC welcomed the three new members of the BoD, Masarrat Quader Syeda (Brand), Felicity Tapsell (Brand) and Jorge Alonso Campo (Brand). The new members of the BoD introduced themselves and lauded RSC for its accomplishments over the last one and a half years.</p> <p>Jochen informed the members that Jorge represented Indalecio Perez who would remain in the BoD until further arrangement.</p>	2.1. The AGM welcomed the new Board members onboard.

3	Appointment of Auditor (2022-2023)	
	<p>Dan took up the third item relating to the Appointment of Auditor and invited RSC to update the BoD on that.</p> <p>Iqbal informed the meeting that in 2020 after a careful review of the proposals submitted by a number of interested Chartered Accountants, the <i>Zahur & Mostafiz</i> (former Accord Accountant) was recommended to be appointed.</p> <p>For 2022 - 2023, RSC proposed to the BoD to re-appoint Zahur & Mostafiz (Z&M) Chartered Accountants as Statutory Auditor, at the previous remuneration of USD 1,200.00 (approx.)/ annum. The BoD found the financial proposal of the Zahur & Mostafiz (Z&M) as reasonable and lauded RSC for effective price negotiation.</p> <p>Dan wrapped up the discussion and sought approval of BoD on the Appointment of the Auditor. The BoD unanimously approved the resolution.</p>	<p>3.1. AGM approved the appointment of Zahur & Mostafiz (Z&M) as Statutory Auditor.</p>
4	RSC's Annual Audited Financial Report	
	<p>Dan then took up the fourth agenda and tabled the RSC's Annual Audited Financial Report to the meeting. He invited RSC to present the report.</p> <p>On the Annual Audited Financial Report, Iqbal noted that the report was prepared by <i>Zahur & Mostafiz</i>. It was later reviewed by RSC accounts department and comments were shared with the consulting company. The consultant company addressed all the comments and submitted the final audited report to RSC. After a thorough check, the report was accepted by the RSC Accounts department.</p> <p>Iqbal then invited Asad (RSC Business Finance Controller) to present the audited report for two financial years to the AGM. Asad presented the two audited financial reports:</p> <ul style="list-style-type: none"> • June 2020 (1 month) • From 1 July 2020 to 30 June 2021 (12 months) * <p>As of 30 June 2020, RSC's total asset was USD 343,387 (Fixed asset from Accord USD 85,702, security, and advanced deposit USD 127,524, and cash or cash equivalent USD 30,161). Asad added that RSC's total asset was USD 1.92 million as of 30 June 2021.</p>	<p>*Bangladesh Tax Year is July to June</p>

	<p>As per profit or loss and other comprehensive income, from July 2020 to June 2021, RSC received USD 5.68 million as a grant from Accord. However, RSC's total operational expense was USD 4.15 million and an underspent of USD 1.54 million.</p> <p>Industry representatives requested an explanation of using the term 'Grant' for Brands' contribution to RSC and requested to substitute it with 'Contribution'. Later, RSC explained that RSC's legal adviser (Barrister Imtiaz Moinul Islam) suggested using the term 'Grant' to get tax exemption.</p> <p>After detailed discussion on the audited report, Dan called for a motion and vote thereon.</p> <p>Motion being made and seconded, the Annual Audited Financial Report was approved unanimously. However, the BoD advised RSC to keep the word "Grant" under review as the appropriate use of the term would depend on the success of Tax Exemption.</p>	<p>4.1. The AGM approved the Annual Audited Financial Report and advised to keep the term 'Grant' under review.</p>
<p>5</p>	<p>Tax exemption</p>	
	<p>Iqbal noted that the formation of a company under section 28 [The Companies Act (Bangladesh), 1994] could result in a tax liability if any surplus funds are leftover (considered profit) at the end of the financial period. This is notwithstanding the RSC is a not-for-profit organisation.</p> <p>RSC has been working with its legal adviser to obtain tax exemption since March 2021. Iqbal explained that RSC managed its accounts and tried to get a 'net zero' balance by 31 May 2021. Iqbal noted that Bangladesh's tax year is from 1 July to 30 June. However, on 30 June, RSC received USD 1.2 million from the Accord Foundation (Brands) for Q1Y2. The audit consultants picked this up and informed that RSC might need to pay an additional USD 500,000 as income tax for 2020-2021. Jochen noted that as a not-for-profit organisation, any surplus amount for a shorter period in the RSC's account shouldn't be considered as profit money. Iqbal explained to the BoD that any surplus is considered 'Profit' as per Bangladeshi Law.</p> <p>Jochen suggested providing a written explanation from RSC's legal experts on the current liabilities that RSC is facing.</p> <p>Miran noted that the RSC has been pursuing BGMEA leaders to arrange a meeting with NBR on RSC's tax exemption. Miran will assist RSC in setting up a meeting between the Chairman of BGMEA and NBR officials as soon as possible. Mohiuddin noted that the existing law of Bangladesh considers any surplus as profit. However, RSC is a special case because it was formed for</p>	<p>5.1. RSC to provide a written explanation on the status of RSC's liabilities prepared by its legal experts within three weeks.</p>

	<p>the welfare of the workers and to make sure the industry maintains safety. Therefore, RSC should try hard to get the tax exemption and prepare to make provisions for tax liability in the 2021-2022 Budget. Industry representatives noted that negotiating with NBR is time-consuming.</p>	<p>5.2. RSC and Industry to pursue NBR for a meeting to discuss on the tax exemption matter at the soonest.</p>
<p>6</p>	<p>RSC Budget for 2021 – 22</p>	
	<p>Asad noted that RSC's total budget for the year 2021-2022 is USD 6.76 million.</p> <p>Actual expenses for Q1 (June 2021- August 2021) was USD 1.16 million. During that time, RSC could conduct inspection for 23 days only because of the country-wide lockdown. This resulted low operation cost in Q1.</p> <p>In Q2, (September 2021- November 2021) the actual expenses were USD 1.32 million, slightly higher than the previous quarter. A number of staff recruitments and partial resumption of field operations resulted this increase.</p> <p>Q3 (December 2021-February 2022) and Q4 (March 2022- May 2022) budget were USD 2.09 and 2.17 million, respectively. RSC assumed that it would be able to continue its normal operations in Q3. The new items that increased cost in Q3 are - CSO recruitment cost and salary, Head of OSH-CM salary, HR consultant fee, international consultant for engineer's training, office sitting re-arrangement for additional employees, the renewal fee for engineers' software, FFC renewal cost, purchase of engineers' equipment's, printing materials for the training department, and recruitment of 18 new staff.</p> <p>In Q4, employee festival bonus, provision for the employee severance pay and leave encashment in May 2022 were considered. However, Q3 and Q4 budget have been approved by the Finance Committee (FC) members (Brands and Unions) on 8 November 2021. RSC is currently waiting for a response from Industry on that. Iqbal mentioned that an extended spreadsheet was shared with the BoD as reading materials prior to the AGM.</p> <p>Jochen noted that RSC should hire international consultants whenever required depending on the budget provision. Iqbal noted that the actual work of the international consultant can be spread out over a longer period to assist budget and cashflow. He added that to be more cost-effective, RSC will also provide a monthly variance report to the FC starting from November.</p>	

	<p>Iqbal also clarified that Accord and RSC shared the FFC database and RSC pays half of the annual FFC hosting and service renewal fee.</p> <p>Alke noted that when Union representatives approved the budget, they were unaware of the actual figures of tax liabilities (USD 500,000). She proposed to take up the matter again at FC meeting. Christina seconded her proposal.</p> <p>Brands, Unions, and Industry agreed to approve the budget with a provision for final sign off after re-adjustment of the budget upon receipt of the legal explanation by the legal adviser.</p> <p>Iqbal noted that Imtiaz had already submitted all relevant documents. Imtiaz is now expecting a meeting with BGMEA leadership and NBR to guide them through the legal document and audited report. He would also provide an explanation about the special case of RSC as it is a not-for-profit organisation that solely focuses on the betterment of the country.</p> <p>The AGM approved the budget subject to considering adequate tax provision in light with the legal advice. The AGM unanimously mandated the FC to approve the budget.</p>	<p>6.1. RSC to provide a written explanation prepared by the legal adviser on profit and the status of tax liabilities within three weeks.</p> <p>6.2. RSC to make provision for tax liability in the 2021-2022 Budget.</p>
<p>7</p>	<p>RSC's Annual Report</p>	
	<p>Iqbal noted that the RSC compiled its first annual report ahead of the first AGM, with an anticipation that the report to be approved as a key requirement of the AGM.</p> <p>Union representatives noted that the quality of the document didn't meet their expectations. Going forward, Unions suggested RSC to share a copy-edited report Union also noted that three versions of the document made the review process difficult and time-consuming for them.</p> <p>Iqbal noted that RSC has already received a continuous version from Alke, Jorge and Jochen. However, RSC hasn't received a continuous version from Christina or the Industry. RSC later incorporated Christina's and Industry comments on the continuous version. RSC shared the track-changed version, clean version and an excel spreadsheet that completely details out the comments and feedback with the mention of the specific pages and sections along with RSC's responses. Iqbal proposed for a clear timeline for the finalisation of the report.</p> <p>On the content of the Annual Report, Rubana noted that all three parties were sensitive about some words/terms in the document. This made RSC's task difficult, Rubana opined. She proposed to select one representative from each constituent for</p>	

	<p>a final review. Rubana suggested Iqbal to maintain close communications with the three reviewers to bridge the gap, if any. Rubana and Christina both proposed a deadline for finalising the report which is 30 November.</p> <p>Jochen advised to engage a copy editor for proofing and editing of the text. Dan suggested sending the final copy to the AGM attendees for written approval via email.</p>	<p>7.1. RSC to engage a copy editor for reviewing the annual report. RSC will then coordinate with three reviewers from each constituent and send the reviewed report to all AGM attendees for their sign-off by 30 November.</p>
8	AOB	
	N/A	

Dan expressed his thanks to the AGM and RSC members of staff for taking the time to attend the meeting and for their continuing support and showing interest in the affairs of the organisation.

(Ends)