



RSC QUARTERLY AGGREGATE REPORT SEPTEMBER 2021

On remediation progress and status of workplace programmes at RMG factories covered by the RMG Sustainability Council (RSC)

Period covering June 2021 - August 2021

► Issue: 2.1

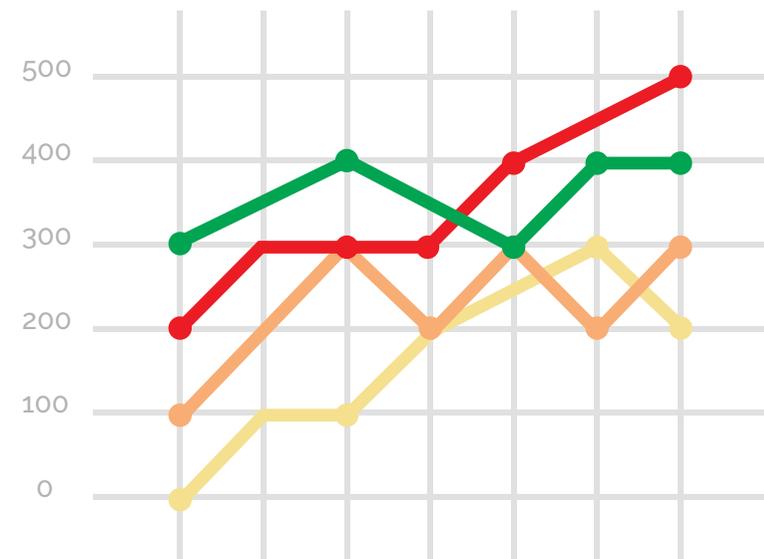


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KEY MILESTONE

INSPECTION & REMEDIATION PROGRAMME

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07&08

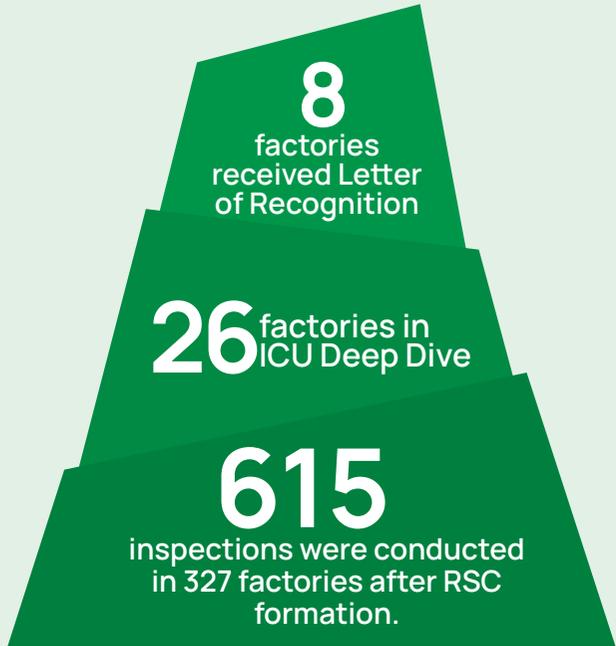
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INSPECTION

 **34** factories received 100% initial CAP pending verification inspection.

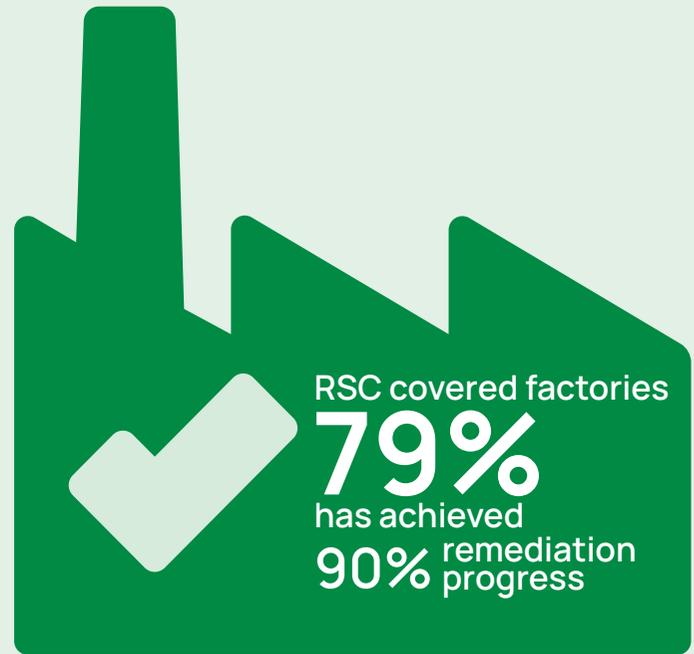
 **8** RSC Letter of Recognition

 **77** factories recently listed and scheduled for initial inspection



REMEDIATION

 **29** factories were De-escalated



KEY MILESTONE

WORKPLACE PROGRAMME

see page
09&39

see page
40

SAFETY COMMITTEE & SAFETY TRAINING PROGRAMME

 **49** RSC Covered factories have completed the final training session #8.



COVID-19 COMPLAINTS

1 June 2021 to 31 August 2021



The Ready-Made Garments {RMG} Sustainability Council (RSC) is an unprecedented tripartite initiative to carry forward the significant accomplishments made on workplace safety in Bangladesh. It is committed to transparency and public accountability. As part of commitment, RSC publishes Quarterly Aggregate Reports (QAR) with information on the progress of the implementation of remedial measures in the RMG factories. The QAR shows that factories are continuing to make progress in remediation. **1,604 Corrective Actions Plans (CAPs)** have now been developed and responded to by factories and brands and technically approved by the RSC. The reporting period for this QAR is 1 June 2021 to 31 August 2021. RSC compiles the generated data at the end of each month.

The RSC is currently covering **1,706** factories in Bangladesh. However, the number may vary due to many different reasons. There are some 1,000+ factories who are designated as CAP behind schedule with a slow progress rate. The RSC is proactively working with the factory representatives and the technical team to lead those specific CAP items into CAP completion. In this reporting period, the RSC issued the Letter of Recognition (LoR) to **9¹** more factories. A total of 107 factories have been issued with LoR since the inception of the RSC. In order to ensure factories are safe it is imperative that remaining remediation is completed to include all initial findings. Through concerted efforts, RSC is working with the factories that are still lagging in executing the remediation. The Occupational Safety and Health (OSH) Complaints Mechanism (OSHCM) (handling of calls) is an investigative process where the remediation of new findings is continually monitored, until resolution has been reached.

Due to COVID-19 pandemic, inspections had to be suspended for six months from late March 2020. The RSC resumed onsite factory inspections in September 2020. The other non-physical operations related to CAP monitoring, engineering documents review, the Safety Committee & Safety Training (SCST) programmes were conducted through online platform to support factories. Due to this, some of the progress data is reported including the Accord term to August 2021² and some of the updates are reported for the months of June 2021, July 2021, and August 2021, based on onsite inspections. At the same time the OSHCM has been fully operational and has received a record number of complaints. The RSC helpline has received much appreciation as workers found that useful to resolve their complaints.



¹As the government imposed countrywide lock-down to minimise the spread of Coronavirus, so the RSC has respected the government's instruction and did not schedule any kind of onsite inspection at the RSC covered factories in July 2021 and first week of August 2021. Thus, it reflects in the reduced number of issuing the Letter of Recognition.

²Some of the progress data are reported since the Accord term as the RSC inherited the Accord's operation and functions in June 2020, the progress data consider of the events that occurred during the Accord term since 2013 with a view to ensure that the safety progress made by the Accord is maintained and potentially expanded by the RSC.

KEY MILESTONE UP TO 31 AUGUST 2021:

Inspection

1. The “ICU Deep Dive” programme aims to investigate and understand any potential for improvement that will help factories to achieve 100% initial CAP completion. The programme is inspired by a continuous improvement cycle (plan-do-check-act). As of August 2021, the RSC conducted 100% initial CAP pending verification inspection (Category 2 inspection) at **34** factories (June 2021: **23** factories, July 2021: **0** factories, August 2021: **11** factories). The number of factories that are ready to be recognised from Category 2 inspections are **8**. Under the ICU Deep Dive programme, RSC is closely working with **26** factories to support them in getting the LoRs, refer to the figure below

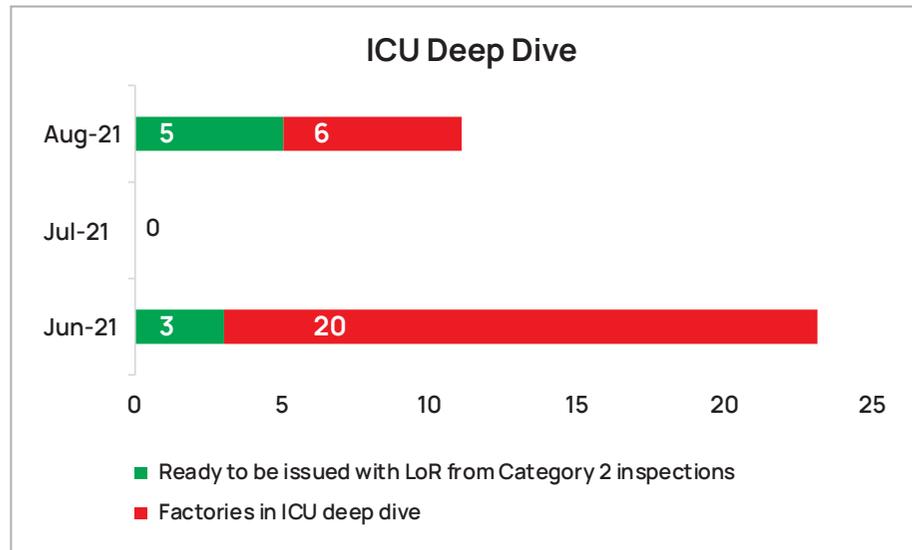


Figure 1: ICU Deep Dive update from 1 June 2021 to 31 August 2021

2. The ready to be recognised pass rate (LoR Pass Rate or RL Pass rate) from Category 2 inspection is **24%**, which was **13%** in the first quarter, **27%** in the second quarter, **28%** in third quarter of 2021, thus representing a decrease of **4%** from last quarter, refer to the figure below. The RL Pass Rate decreased as there were no inspections in July 2021 and first week of August 2021. It is observed that RL Pass rate is correlated with number of inspections.

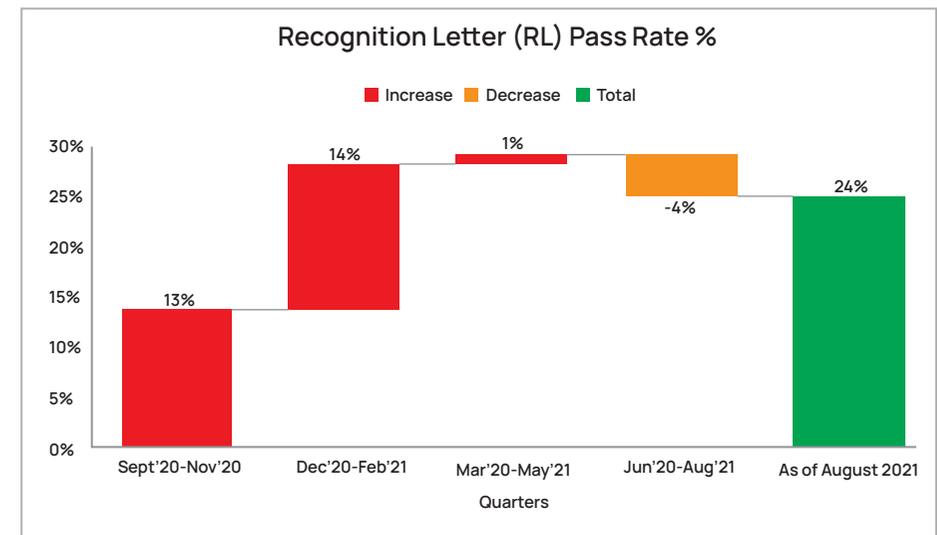


Figure 2: Correlation of LoR Pass Rate

KEY MILESTONE UP TO 31 AUGUST 2021:

3. A total of 8 factories from all category inspections were issued with the Letter of Recognition (LoR) in this quarter (5 factories in June 2021, 2 factories in July 2021, 1 factory in August 2021) refer to the figure below.

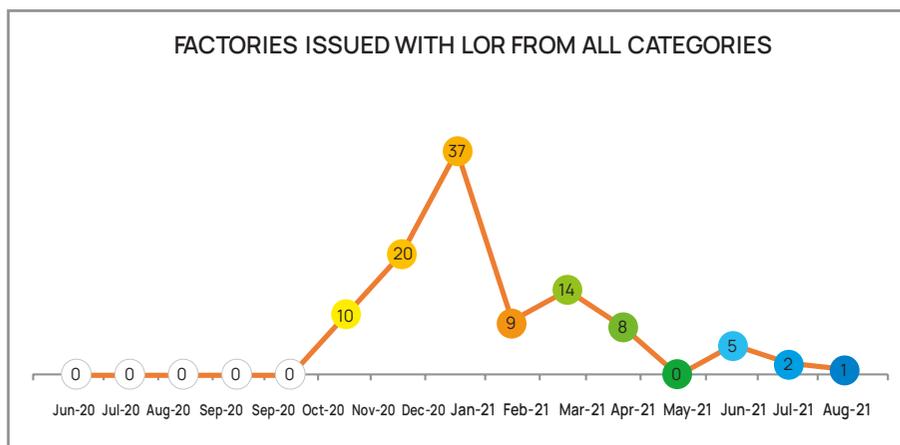


Figure 3: Factories issued with LoR from all category inspections following the Inspection Priority Categorisation table

4. Owing to COVID-19 lockdown restrictions, no inspection was performed in July 2021 and first week of August 2021 (out of 13 weeks, 6 weeks could not be utilised), thus only 615 inspections were performed in 327 factories in this reporting period.

5. The RSC Boiler Safety engineers conducted inspections at 40 factories spanning from June to August 2021.

6. 77 factories were listed and scheduled for initial inspection.

Engineering

1. The Pre-inspection meeting initiative enhanced the efficacy of initial inspection and reduced the delay in preparing the onsite documentations.
2. Initiatives like Pending Technical Queries (PTQ), workshops and online technical meetings involving RSC staff and factory concerns led to implement the remediation programme more efficiently.
3. A total of 58 factories got their (D)EA accepted in three/or less submissions thanks to the initiatives taken to expediate the process.
4. 79.4% of required (D)EA documentations were accepted through on-site verification.
5. 854 factories have completed structural retrofitting required remedial works that were finalised based on (D)EA.
6. 39% Electrical SLDs were accepted among reviewed.
7. 93% covered factories received FADS design approval.
8. 92% covered factories received SUPS design approval.
9. 314 covered factories have their fire alarm and detection system verified as installed to standard.
10. 201 covered factories have their fire suppression system verified as fully functional and installed to standard.
11. 526 factories identified through questionnaire responses to conduct Boiler safety inspections considering risk-based approach.

KEY MILESTONE UP TO 31 AUGUST 2021:

09

Remediation

1. **79.3%** RSC covered factories have their initial remediation progress rate above **90%**.
2. **29** factories were De-escalated, **33** factories were escalated to Stage 1, **12** factories were escalated to Stage 2, and **11** factories were escalated to Stage 3.

Safety Committee & Safety Training (SCST) programme:

1. **49** factories have completed all 8 training sessions, bringing the total to **563** since the RSC was formed.

Occupational Safety & Health Complaint Mechanism (OSHCM):

1. **408** new complaints were received.
2. Total **158** COVID-19 related complaints were received since the RSC inception.



Iqbal M Hussain
Managing Director and
Acting Chief Safety Officer

I joined the RSC as its first Managing Director (MD) and the Acting Chief Safety Officer (ACSO) in September 2020 when the world was confronting the overwhelming impact of COVID-19. Our day-to-day operations were challenged by the pandemic. But I have to say up front that despite the increasing challenging environment, our team rose above task at hand and demonstrated the strength of character to deal with the crisis and the transition to becoming independent in operations. Our colleagues through a number of innovative approaches and the resilience to the pandemic-induced 'new normal' has successfully delivered enduring results. Still the RSC introduced some projects and where we have had to work with creativity. Under the Cooperation Agreement, we worked with Accord Secretariate and enhanced the capacity of our staff. We are now familiar with RACI charts.

In my role as MD, I took the initiative to connect with The Deutsche Gesellschaft für Internationale Zusammenarbeit GmbH, shortly GIZ, and both the RSC and GIZ agreed to a project concept for a new Bangladeshi-German International Cooperation Project named "Skills for Self-Monitoring and Cleaner Production in the Textile and Garment Industry" as discussed during the Appraisal Mission.

Following that, on 25 August 2021, I attended a seminar arranged by the GIZ on "Water Efficiency in Textile Wet Processing Industries" where I shared my experience from Bangladesh's point of view and my vision for the RSC regarding water efficiency measures in Bangladesh.

On behalf of the RSC, I attended the first meeting on 3 August 2021 hosted by the BIDA and RSC was included for the Checklist development committee. On the next sequential 3 meetings held at BIDA office; RSC participated with sharing the observations on the draft checklist.

The RSC took this opportunity positively to be a part of the national initiatives with good objectives to cover up all types of factories & institutions which could be under imminent danger, thus should be evaluated through this initiative to secure every life under minimum safety precautions against any available life-threatening conditions.

The RSC is working with **1,700** (approximately) RMG factories in Bangladesh. These factories are mostly well known as the most compliant entities among others, and we all know that the safety monitoring & evaluation system of RSC is praised all around the world. RSC has gathered a wide range of experience in Bangladeshi RMG industries to ensure the minimum life safety & guided the industry for development of the increasing capacities in advance life safety system installations.

At the beginning of the second year of the RSC, I identified some of key staff positions that required to be filled in. The initiatives include but not limited to HR initiative, Staff training, Vaccination programme and so forth. By the end of August 2021, the RSC HR department finalised to recruit 8 safety engineers and 2 managerial positions. The HR department also discussed to hire a HR review consulting firm and International Consultant. The HR policy is being reviewed by a Legal Advisor.

As the RSC was formed during the COVID-19 pandemic, the management has given special attention to get all the RSC staff vaccinated by encouraging. In addition to this with the help of BGMEA, we are trying to arrange COVID vaccination to all the staff who have not received the 1st dose of the vaccine. Proactively we are monitoring the matter on a weekly basis.

Several training schemes have been implemented under the supervision, to enhance the skills of the RSC staff. We have already completed some of the training activities and we are planning to enhance the skills of the staff in the future. The training schemes are as below:

1. NEBOSH IGC
2. Basic Level Excel Training
3. Office Safety and Health Training
4. English Spoken
5. MEL Training for Boiler inspectors
6. Training on Boiler Inspectors

To connect all the RSC staff through a single social networking system, Microsoft Yammer³ was introduced to keep the engineering team informed about the idea, shared knowledges, and initiatives. Microsoft SharePoint⁴ was also initiated to develop the IT system so that the RSC engineering teams can store, organise, share, and access information smartly. RSC IT department is working on to develop its own intranet system. I initiated to arrange a knowledge sharing session with one of the international vendors on Microsoft Power BI⁵ to develop RSC's own dashboard for reporting purpose.

Project code named 'Grease the Wheel' acknowledged the RSC inherited SOPs. Grease the Wheel helped to create departmental refresher training and team handbooks, leading to better informed team members to assist them to be more effective. Amongst many highlights for the year the standout is we upskilled the safety training team with NEBOSH⁶ training and we recruited additional OSH Complaints Specialists. It is pleasing to see the RSC's website is up and running and we continue to populate the site with more and more content, and we've also managed to publish our Quarterly Aggregate Report (QAR), which is a first for the RSC staff, another success story, and well done. The ICU Deep Dive is a programme championed by the RSC. I cannot overstate how inspiring it is to see the dedication of the RSC family. I see it in our staff, I see it in our Board members and our valuable stakeholders.

Thank you.



Iqbal M Hussain

³Yammer is a social network for businesses built into the enterprise editions of Microsoft 365.

⁴SharePoint empowers teamwork with dynamic and productive team sites for every project team, department, and division.

⁵Unify data from many sources to create interactive, immersive dashboards and reports that provide actionable insights and drive business results.

⁶Globally recognised Health, Safety & Environmental Qualifications

1. ABOUT THE RSC

RMG Sustainability Council (RSC) is a national initiative to carry forward the significant accomplishments made on workplace safety in Bangladesh. It does not claim a regulatory or executionary role that stays unaffected with the Bangladesh Government which it supports and complements in its operational tasks.

The RSC performs structural, electrical, fire & life safety and boiler safety inspections, support and monitor remediation, conduct safety training, and operate an independent occupational safety & health complaints mechanism available to workers in covered RMG factories.

The RSC conducts its workplace safety programmes at the **1,700+** factories and envisages to cover all RMG exporting garment factories. The RSC aspires to also encompass industrial relations, skills development, business sustainability and environmental sustainability initiatives, United Nations (UN) Sustainable Development Goals (SDGs).

Through the work of the RSC, factories can complete their CAPs and ensure that all outstanding safety issues are remediated and verified as correctly fixed, and that Safety Committees, consisting of factory representatives of management and labour in the factories are equipped and empowered to monitor and address workplace safety on a daily basis.

1.1 The specific objectives of the RSC are

1. To promote, govern and oversee the implementation of Occupational Safety and Health standards and to verify the compliance with applicable safety standards in the RMG and related industries in Bangladesh especially in the areas of Structural Integrity, Electrical Safety, Fire & Life Safety and Boiler Safety.

2. To conduct inspections in the areas of structural, electrical, fire & life safety and boiler safety as well as inspections to investigate safety complaints, and special inspections following Safety Committee findings and industrial accidents, and eventually regarding industrial relations, skills development, and environmental standards; to monitor, verify and recognise remediation.

3. To maintain and further develop an extensive fire and building safety training programme to provide extensive and detailed training on Occupational Safety and Health in the factories.

4. To cover effective safety procedures and precautions, as well as enable workers to voice concerns and actively participate in activities to ensure their own safety and to develop a depository of know-how and information regarding existing safety hazards for the industry.

5. To promote, adopt and require compliance with existing or future national and international laws, regulations and standards for fire and building safety applicable for the RMG and other industries in Bangladesh, also through relationships with national and international stakeholders.

6. To maintain and further develop a publicly accessible database with regularly updated aggregated list of all suppliers in Bangladesh with specific details about factory safety standards, inspection reports, remediation status and other relevant non-competitive issues.

7. To supervise exporting RMG industry and related factories and permanently monitor safety, compliance, and sustainability of existing and new factories and to provide recognition of safe workplaces for garment employers and employees.

1. ABOUT THE RSC

8. To maintain and further develop a worker complaint mechanism operating with independence and free from interference from in-and-outside RSC, ensuring that workers from factories can raise concerns about safety and health risks in a timely fashion, safely and confidentially. To provide for quick and effective remedy protecting anonymity, real and perceived impartiality, protection from reprisal and independent decision-making in complaint resolutions.

9. To promote better Industrial Relations (IR), Skills Development, Welfare and Environmental Sustainability, Pollution Control, and other Climate Positive Initiatives.

10. To appoint qualified Safety Officers and support staff as required to implement the RSC programme, and to appoint a Board of Directors, Advisory Council, an Executive Committee, and other necessary subcommittees to support the RSC governance and implementation of its programmes.

1.2 Reporting

Data management at the RSC can be divided into three key areas: factory related information, inspection and remediation data, and data pertaining to the workplace programmes. The Accord and the RSC have been working together with the Fair Factories Clearinghouse (FFC) in New York to securely manage data and publish relevant information through the Accord and RSC website in line with the commitment to transparency.

As of 1 June 2020, the Accord signatories' obligations with respect to inspections, remediation and workplace programmes at their supplier factories are being implemented through the RSC.

The RSC engineers, remediation case handlers, trainers and occupational safety & health complaint mechanism handlers are responsible for implementing the safety programmes, in accordance with the protocols and the procedures that were previously developed by the Accord.

1.3 RSC Reporting and Transparency

As part of its commitment to transparency and accountability, the RSC publishes the Quarterly Aggregate Reports (QAR) and with the following information:

- **The list of RMG and textile factories** covered by RSC and their safety remediation progress, together along with the status of the safety training programmes.
- **The list of ineligible suppliers**, for business with Accord signatory companies, for failure to implement workplace safety measures.
- **The list of factories handed over** to the Department of Inspection for Factories and Establishments (DIFE).
- **The complaints** raised by workers and their representatives through the RSC's Occupational Safety & Health Complaints Mechanism.

1.4 Scope of the RSC

The RSC covers

- Cut, Make & Trim (CMT) process (final steps for all woven garments and knitwear),
- Secondary suppliers (washing, embroidery, printing) in integrated units (part of a CMT factory),

1. ABOUT THE RSC

- Fabric manufacturers only in integrated units (part of a CMT factory),
- Home textiles (upon Accord Steering Committee's decision from 1 June 2018 on a voluntary basis): Textiles used for home furnishing, including but not limited to bedding, blankets, towels, cushion covers, curtains, tablecloths and mats, floor mats.
- Fabric and Knit accessories (upon Accord Steering Committee's decision from 1 June 2018 on a voluntary basis) Accessories made predominantly with fabric and knit materials, including but not limited to bags, hats, hair accessories, scarves, belts, gloves, ties, jewelry, and footwear.

RSC covers **1,706** factories with the status as noted below:

- **1,393** factories are '**active**', meaning that at least one Accord signatory company is actively sourcing from there.
- **87** factories are '**inactive responsible**', meaning that at least one Accord signatory company signatory was sourcing from there within the last 18 months.
- **82** factories are '**no-brand**', meaning that they were covered under the 2013 Accord but had not completed the initial remediation until 1 June 2018, and have not been listed as 'active' by signatories to the 2018 Transition Accord and RSC. The RSC continues to monitor and support remediation at these factories until remediation has been completed.
- **144** factories are '**pending closure**', meaning that they are undergoing the RSC closure procedure. This procedure is initiated when a factory has/is going to be temporarily closed, permanently closed, or relocated.

1.5 Transition of The Bangladesh-Based Accord Functions to the RMG Sustainability Council (RSC)

On 1 June 2020, the functions of the Accord Office in Bangladesh transitioned to a newly established labour-brands-industry initiative under Section 28 of the Bangladesh Company Act 1994, called RMG Sustainability Council (RSC). Based on the Transition Agreement the RSC inherited all operations, employees, policies, infrastructures, and functions regarding the Accord operations in Bangladesh; and will continue under the same standards with factory inspections, remediation monitoring, and workplace programmes. The Accord Steering Committee, the Bangladesh Garment Manufacturers and Exporters Association (BGMEA) and the Bangladesh Knitwear Manufacturers and Exporters Association (BKMEA) agreed to establish the RSC in May 2019, with a view to ensure that the safety progress made by Accord-covered factories is maintained and potentially expanded.

The RSC was officially registered by the Office of the Registrar of Joint Stock Companies and Firms (RJSC), Bangladesh on 20 May 2020 to be a permanent safety monitoring body in the RMG sector in Bangladesh. The RSC is a private initiative of the Bangladesh Industry, Global Brands and Global and Local Bangladeshi Trade Unions. The RSC was set up by three incorporating members representing each of the three constituents:

1. ABOUT THE RSC

Industry: The Shondhi Limited

Brands: Brands Association for Textile & RMG Sustainability in Supply Chains

Trade Unions: Trade Union Association for Textile & RMG Sustainability in Supply Chains

The RSC has a Board of Directors consisting of **18** representatives, **6** from each RSC member organisation.

Transition of Operations in Bangladesh from Accord to RSC

On 14 January 2020, Representatives of the BGMEA and the Steering Committee of the Accord on Fire and Building Safety in Bangladesh signed an agreement on transition to the RSC. Therefore, on 1 June 2020 the RSC inherited the operations, employees, policies, and infrastructures of the Accord office in Bangladesh. The RSC is now equipped to implement health and safety inspections and remediation monitoring, safety training and safety complaints handling functions. The RSC is committed to making key aspects of the programmes publicly available, including initial inspection reports and remediation progress through up-to-date CAPs.

The RSC will operate within the regulatory framework of the laws of Bangladesh, closely cooperating with and supporting the relevant regulatory agencies of the Government of Bangladesh.

2. OVERALL STATUS OF RSC

Under the terms of the RSC, companies sourcing fashions from Bangladesh disclose all their RMG supplier factories and, on a voluntary basis, their home textiles and fabric & knit accessory suppliers in Bangladesh. All factories listed to RSC via FFC, receive initial and periodic follow-up inspections to monitor and verify remedial measures, refer to the table below.

Factories as of 31 August 2021

Covered factories	
Inspected	1,629
Recently listed and scheduled for initial inspection	77
Total covered factories	1,706
Factories no longer covered	
Closed	179
Relocated	171
Made ineligible for business with Accord company signatories	201 ⁷
Out of scope of the Accord/RSC programme	73
Total factories no longer covered	624
Total factories inspected or scheduled for initial inspections	2,330

Table 1: Total RSC covered and not-covered factories up to 31 August 2021

2.1 Inspection

After each factory is inspected for structural, electrical, fire & life safety and boiler safety, the inspection reports are shared with factory owners/concerns, the responsible signatory companies (Brands), and worker representatives. The factory owner/concerns and the brands are tasked to prepare a response to the CAP that details what remedial actions will be taken with a clear timeline and a financial plan. The RSC team of remediation case handlers provide support in the CAP development and implementation and work closely with the RSC engineers to provide any necessary technical guidance. Once a CAP is finalised by the factory owners/concerns and the Brands, it is submitted for review and approval. Prior to 1 June 2020, the Accord Chief Safety Inspector (CSI) was responsible for the review and approval of the CAPs.; Since 1 June 2020, this process has become the responsibility of the RSC Chief Safety Officer (CSO) (for the time being this task lies with the MD). After approval, all 4 inspection reports and the CAPs are uploaded to the database jointly shared by the Accord and the RSC and are made publicly available on the RSC website.

⁷Up to 31 August 2021, among the 201 Ineligible factories, 191 factories were made ineligible due to not showing satisfactory remediation progress within the timelines set for the notice and warning phases. 10 factories were made ineligible due to belonging to the same RMG company group with the non-compliant factory before formation of RSC.

2. OVERALL STATUS OF RSC

2.2 Resumption of Inspection:

RSC communicated with the factory owners/management that RSC will only conduct inspections at factories that provided pictorial evidence of adequate COVID-19 measures to protect workers and the RSC engineers from COVID-19 infections. After getting confirmation from the factories on their COVID-19 preventative measures, the RSC conducted following inspections:

Types of inspections	1 June 2021 to 31 August 2021
Initial Inspections (all scopes)	48
FUIs Boiler	0
FUIs Electrical	118
FUIs Fire	96
FUIs Structural	106
Article 17	0
Boiler Pilot	0
Escalation	4
Factory Remediation Fund	2
Immediate Concern	1
Negative Suction	0
Post Incident	12
Safety Complaint	5
SCWT Finding	0
Settlements	13
Specific Issue	39
Closure	18
DEA	49
Pre-T&CVI Review	63
T&CVI	36
T&CVI Final Verification	5
Total Inspection Conducted	615
Nr Unique Factories Inspected	327
Nr unique factories pending initial inspections	77

Table 2: Total inspections conducted from 1 June 2021 to 31 August 2021

Boiler visual inspections were introduced in March 2021. Since June 2021 to August 2021, RSC Boiler Safety engineers conducted inspections at **40** factories.

2. OVERALL STATUS OF RSC

2.3 ICU Deep Dive

The “ICU Deep Dive” programme aims to investigate and understand any potential for improvement that will help factories to achieve 100% initial CAP completion. The programme is inspired by a continuous improvement cycle (plan-do-check-act).

In addition to the general process, the RSC engineers applied several new steps under the “ICU Deep Dive” programme. The new steps included a detailed review of the CAP with an action plan that is then jointly dispatched to the factory management; and a phone call by the assigned Remediation Case Handler (RCH) to obtain information related to difficulties that the factory management are facing in terms of remediation. In addition, factory managements are encouraged to communicate with the RSC engineers to clarify any confusion and misunderstanding or knowledge gaps regarding the individual remediation requirements. The following is the snapshot of the result derived from the ICU Deep Dive since September 2020:

ICU Deep Dive (100% Initial CAP completion verification leading to Letter of Recognition)

Total number of factories covered in ICU deep dive and received better CAP ⁸ :	26
Total number of factories ready to be recognised:	8
Up to May 2020, total number of Letter of Recognition issued:	275
Since RSC (June 2020 to August 2021):	106
Total (through the inspection & remediation since 2013 to 2021):	381⁹
Recognition Letter increased (from last quarter):	8

2.1% improvement in 3 months (June 2021 to August 2021). There were no inspections conducted in July 2021 and first week of August 2021, so no LoR was issued in July 2021, thus it shows no significant improvement compared to the last quarter which was **5.9%**.

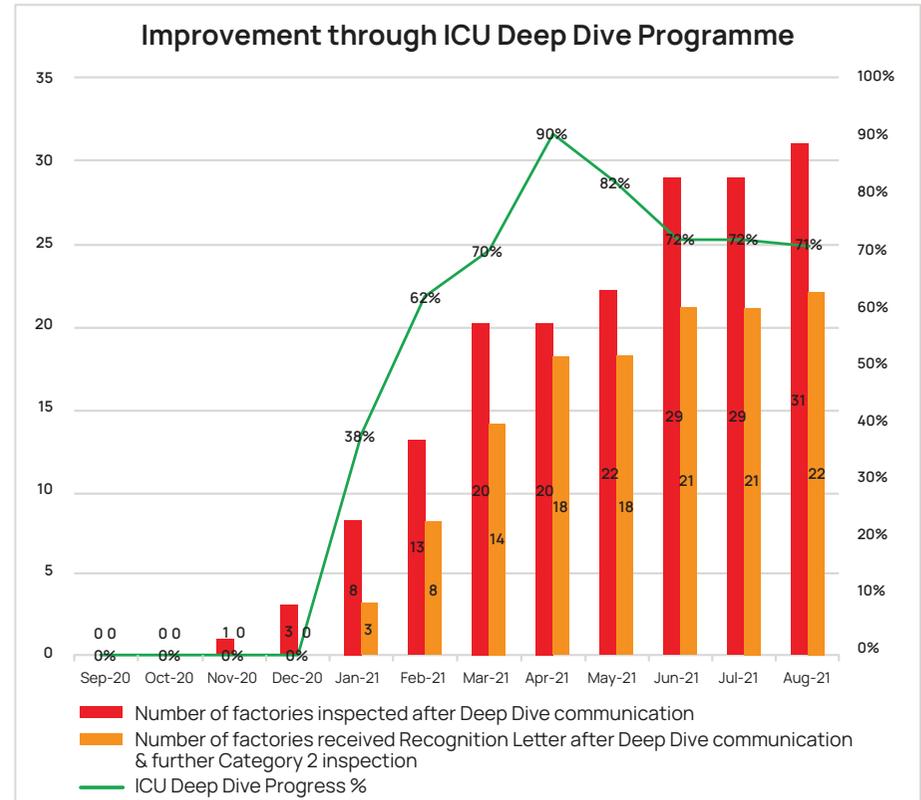


Figure 4: Improvement through ICU Deep Dive Programme during RSC period up to August 2021

⁸Better CAP: Active, Solution Driven, Action Oriented & Concise action plan

⁹Since the Accord term to the RSC, total of 381 factories were issued with Letter of Recognition. As of August 2021, total of 371 factories are in CAP designation as Initial CAP completed. The difference of 10 factories indicates that these factories got Closed or Archived after the LoR was issued.

2. OVERALL STATUS OF RSC

While calculating the overall progress of the ICU Deep Dive Programme, RSC is considering all the factories that received a second initial 100% verification inspection after ICU Deep Dive communication. The current number indicates that 31 factories previously received Deep Dive communication and received a second initial 100% verification inspection from September 2020 to August 2021. The number of factories received LoR after ICU Deep Dive is 22. The 22 LoR represents that out of these 31 factories, 22 factories were able to correct all the initial CAP items during the second initial 100% verification inspection, which brings the total programme success rate to 71%, (see the figure). The above figure is a cumulative representation of ICU Deep Dive communication and second inspection. The second inspection is following better communication and as expected the LoR pass rate went higher after the second inspection. This indicates that the ICU Deep Dive programme is supporting the remediation process at a faster rate (see the table of Inspection Priority Categorisation). The Category 2 inspection or 100% initial CAP pending verification inspections are conducted at factories that reported their FADS/SUPS as already 'Corrected' or ready for full 'T&CVI/Final verification', and Structural remediation completed or ready for Retrofitting Verification. In some cases, some factories reported their CAP items as Corrected. However, the items were not found fully Corrected during the onsite Category 2 inspection.

Factories often find it challenging to remediate the following type of CAP items:

- CAP items related to Fire Alarm and Detection System (FADS)
- CAP items related to Fire Suppression System (SUPS)
- CAP items related to Fire Separation
- CAP items related to Passive Fire Protection to Steel Structure
- CAP items related to Single Line Diagram (SLD)
- CAP items related to Structural Retrofitting

As most of the CAP require significant investment depend on factory consultants' initiatives, the progress of CAP items are often found slow and require multiple verification inspections by the RSC.

We have learnt that to the success on this depend on:

- The improved communication & consultation by the RSC during design review and associated follow-up inspections to resolve un-remediated CAP items,
- Initiatives by the factory management and their engineering teams,
- Continuous improvement cycle (see below the ICU Deep Dive PDCA (plan-do-check-act) cycle for Recognition).

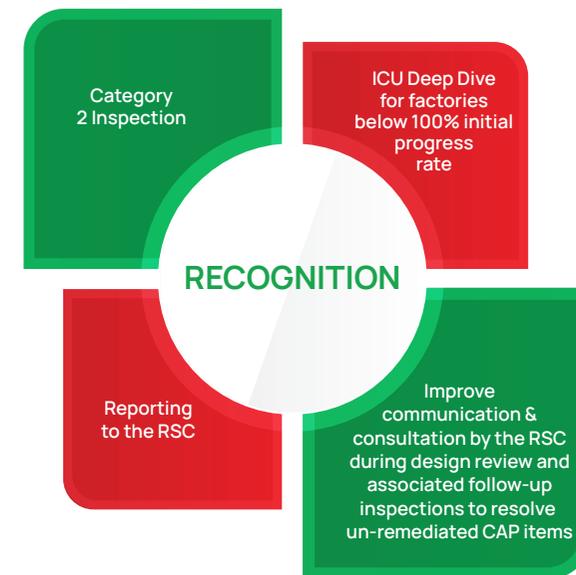


Figure 5: ICU Deep Dive PDCA cycle for Recognition

2. OVERALL STATUS OF RSC

2.4 Revising Inspection Priority Category Table:

The RSC is committed to inspect each covered factory after certain intervals to make sure the remediations are on track and immediate life-threatening issues are remediated by the factories. But during the COVID 19 pandemic (2020 and 2021), the RSC couldn't continue its field operations at a regular pace. This caused RSC to improvise and come up with the inspection priority categorisation. Inspection priority categorisation aimed to make sure that all the covered factory gets the RSC inspection fairly & focus on the cases that need the RSC's most attention. With time the RSC inspection process has been constrained by the COVID-19 outbreak and strictly enforced lockdown across the country in recent months, many factories and associated Brands are keen to receive inspections to verify the remediated CAP items.

That is why on 31 August 2021 the RSC Executive Committee approved 3 new inspection prioritisation categories based on which the RSC would continue scheduling inspection from 5 September 2021.

Please see the below revised inspection prioritisation table:

Revised Inspection Priority Category Table

1	Inspections related to Industrial Accidents and Safety Concerns
2A	Potential 100% Initial CAP completed: Factories ready for recognition: 100% initial CAP pending verification, FADS/SUPS already corrected or ready for full T&CVI/Final verification and Structural remediation completed or ready for retrofitting verification
2B Newly included	(Potential 100% CAP completed factories) 100% Initial verified & completed; all new findings are in Pending Verification
3A	Factories ready for pre-T&CVI
3B	Factories ready for full T&CVI, but not at 100% PV
4	Factories with key remediation outstanding/major delay: In Stage 1 with PV items, in Stage 2 where all NC timelines have passed, Special Escalation Inspections, and factories with Immediate issues outstanding (IP) or Safe Egress issues outstanding (IP)
5	Initial inspections
6	Structural priority factories: waiting for DEA verification, waiting for retrofitting verification, structural evacuation cases, or Structural items PV and Document status is Accepted
7	Other special inspections: FRF, OSH complaints/verification
8	Factories in linked buildings, compounds, or extensions to other priority factories
9 Newly included	(Follow-Up Inspection) Factories that are waiting for RSC inspection for more than 365 days (RSC period) from their last inspection
10 Newly included	(Business order issue) Factories that have been reported to the RSC as those brands are not placing business orders due to the unavailability of a recent RSC inspection

Table 3: Revised Inspection Priority Category Table from September 2021

3. ENGINEERING

3.1 Initiatives taken by the RSC departments: 3.1.1 Developing the Increase in Inspection Capacity:

During the COVID-19 pandemic when RSC continued its field operation especially inspections the RSC maintained. This way on the first week there were three days inspection phase add two days report writing phase and on the next week it would be two days inspection phase and three days report writing phase. This alternative approach was introduced to make sure that the inspection engineer may face less exposure time to COVID 19 as well as the engineers may receive sufficient quarantine time (7 days). But by doing so a lot of factories could not be inspected promptly as RSC had to limit its operation to follow COVID 19 health and safety guidelines.

In August 2021, the government of Bangladesh lifted the restrictions on office operations that were in place to combat the COVID-19 pandemic and reduce further spread. By complying with government regulations, the RSC too resumed its operation and aimed to clear the backlog that was developed due three days and two days alternative inspection each week.

Since, the RSC will be inspecting factories three days each week (Sunday, Monday & Tuesday) that would be the inspection phase and the rest of two days (Wednesday & Thursday) would be called the inspection reporting phase.

Below are some key points about the new approach (Increased inspection capacity):

- Every week, the RSC will schedule the inspection on Sunday, Monday & Tuesday (3 days for inspection & 2 days for reporting).

- In this format, RSC can schedule approximately 400 inspections (From 300 to 400, 36% increase) and can cover around 250 factories every month.
- Initial Inspection capacity per month will be increased (From 20 to 24, 20% Increase)
- Engineers can avail of 4 days quarantine period after conducting 3 days inspection per week

3.1.2 Initiative to expedite the acceptance of (D)EA design review by Structural Safety Engineering Team:

The RSC structural safety engineering team introduced an initiative to expedite the acceptance of (D)EA design review in March 2021. The objective of the initiative was to reduce the number of factory documents submission and increase the documents acceptance rate within three/or less submissions. During the reporting period of June 2021 to August 2021, a total of 45 factory design documents {(D)EA} were accepted in three/or less submissions, only 1 factory design document {(D)EA} was accepted in four submissions, 7 factory design documents that (D)EA are unable to accept after the third submissions and 7 factory design documents {(D)EA} are still being reviewed after being submitted three times.

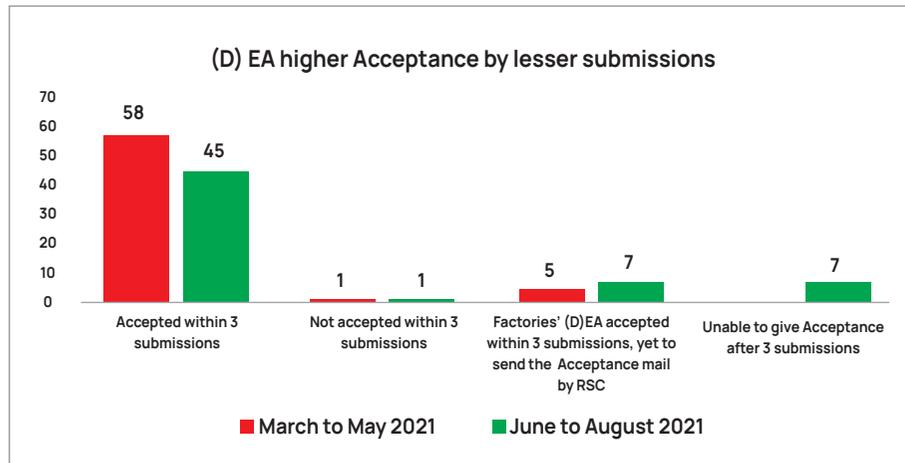


Figure 6: Analysis of factories' (D)EA Accepted by number of submissions

The initiative to expedite the acceptance of (D)EA design review has led to a much higher acceptance rate. This is gain in an increased acceptance rate is offset the engineers' average review times which has also owing to and increased number of technical meetings with factories. The payback here is undoubtedly increased design acceptance which is the desired outcome in our efforts to remediate factories and make them safer and compliant.

Due to COVID-19 pandemic, inspections had to be suspended for 5 weeks from 1 July to 10 August 2021. During this time, the RSC structural safety engineering team concentrated on (D)EA design review and reducing the backlog as much as possible. The number of (D)EA documents awaiting review by the RSC has dropped from 49 to 23 during this reporting period.

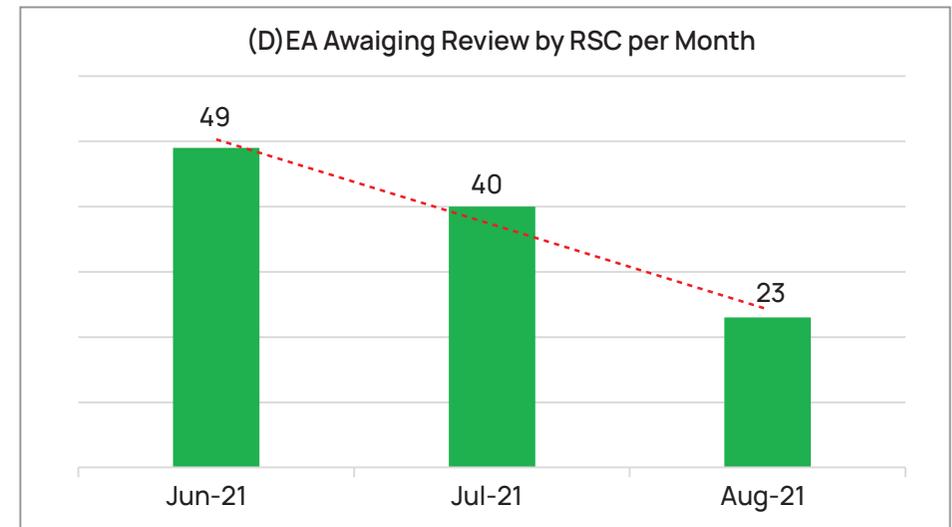


Figure 7: (D)EA Awaiting Review by RSC from June to August 2021

3.1.3 Technical Guidance Notes (TGN)

On 7 April 2020; a technical guidance note was developed by the Accord/ BGMEA Technical Sub- Committee focusing on 7 key remediation issues related to negative suction condition, fire protection water supply duration, acceptable fire pumps and other equipment, suction piping arrangement, temporal code 3 fire alarm signals, structural strength reduction factors, unprotected steel structure. Alternate solutions for all these 7 items are accepted by this Technical Sub-Committee to enhance and expedite the remediation of overdue factories. However, alternate solutions of TSC-GN (Technical Sub- Committee Guidance Note) have not been greatly practiced due to lack of supplementary papers development and pending tasks from the Technical Sub- Committee.

The RSC primarily focused on developing supplementary papers on TSC-GN to initiate the implementation by grouping factories related to TGN items, who waited for long seeking solutions. Within June 2021 to August 2021, the RSC successfully completed the development of technical supplementary papers related to TGN items and started providing guidance to factories towards a proper remediation.

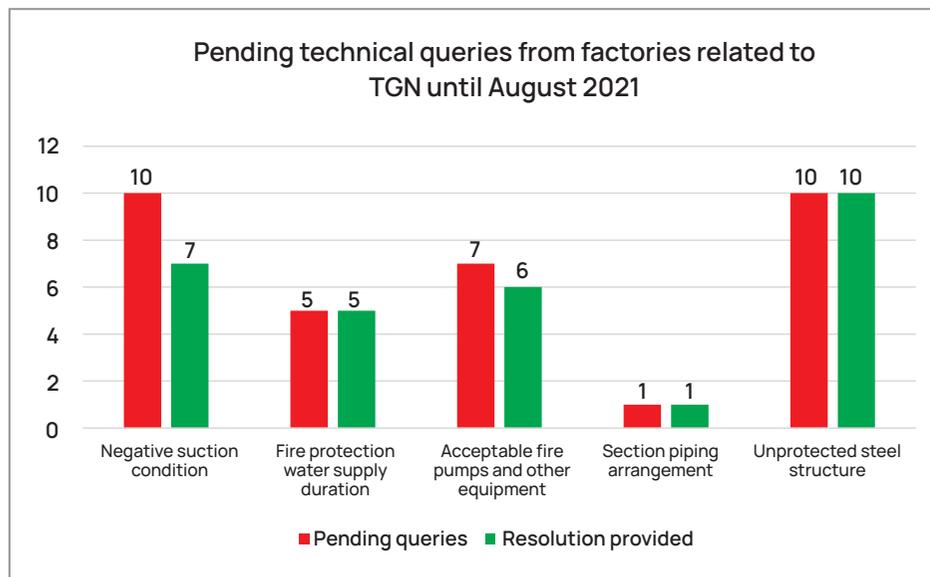


Figure 8: Pending technical queries from factories related to TGN until August 2021

3.1.4 Technical Remediation Guidance (TRG)

The RSC is creating its foundation on solution-oriented approaches and focusing on solving issues to expedite the factory remediation towards ensuring a safe workplace for all. Factories under the remediation program having un-protected steel structures built & occupied post 24 November 2013; are really needed to go through the process to ensure passive fire protection to unprotected steel structures. The mode of applying passive fire protection to unprotected steel may be intumescent paints, cementitious coating, gypsum separation or brick masonry encasements. For example, application cementitious coating and intumescent paints are not widely practiced prior 2017-2018 and was completely new to all industrialists and practicing engineers within this sector. In June 2021, the RSC has developed the technical guidance on design review, application, and verification process for intumescent paint and cementitious coating which is assisting factories and engineers to continue with the remediation. Meantime, the RSC has completed the review of newly gazzetted BNBC 2020 and developed technical guidance for unprotected steel buildings of height up to 11 meter or 3 storeys which are constructed post 11 February 2021. An alternate remediation solution for the condition “Elevator or Lift Shaft Opening in Exit Enclosures” has been prepared which will guide factories to complete their pending issue in shortest possible time.

3. ENGINEERING

3.1.5 Industry workshop

The RSC has taken the initiative arranging bimonthly "Industry Technical Workshop" which is a remarkable step towards remediation. Industry Technical Workshop mainly focuses on addressing industry's technical queries, providing fast track solutions for long pending CAP items considering solution-based approach in line with the standard requirement. Since February 2021 after initiation, the RSC has received a remarkable number of pending queries from industry leadership and created a robust ground by providing pragmatic engineering solutions. Many factories are getting benefited with technical resolutions which certainly added an extra value on standard remediation with the shortest possible time frame.

3.2 Structural

The initial structural inspection is limited to what can be observed during a 1-day visual inspection of the building.

Required Approvals and Technical Support

The RSC engineers review submitted designs, technical information, calculations, and any other relevant information in order to determine if the proposals are compliant with associated legislation and standards. Where the designs are non-compliant a written response is provided indicating areas of non-compliance in order that the designs can be amended accordingly. Where the design is compliant with appropriate legislation and standards, written confirmation is provided on the acceptance of the design prior to commencement of the remedial works. Design reviews are carried out for the following:

- (Detailed) Engineering Assessments {(D)EAs} for structural remediation.

3.2.1 Factories requiring (Detailed) Engineering Assessments (D)EAs

If the initial inspection indicates potential structural weakness, factories are required to undertake a structural (Detailed) Engineering Assessment {(D)EA}, including as-built drawings, engineering test reports, preparing load plans, and developing retrofitting drawings. (D)EAs are conducted by structural engineers or consultants hired by factories and submitted to the RSC for review. Once the (D)EAs are accepted, the factories are required to complete the structural remediation and retrofitting work.

- (D)EA pending submission by factory - Based on the findings of the initial structural safety inspection, the factory is required to undertake a structural (Detailed) Engineering Assessment.
- (D)EA pending review - The factory has submitted their (D)EA and the RSC is in the process of reviewing it.
- (D)EA accepted, pending on-site verification - The RSC has reviewed and accepted the (D)EA based solely on the documentation submitted as part of the (D)EA. The RSC is yet to conduct an on-site verification of the information submitted in the (D)EA i.e., to verify that the documents align with the physical building(s). (D)EA fully accepted - All required (D)EA documentation has been accepted and verified by the RSC to be in alignment with the physical building(s). Structural retrofitting can commence.
- (D)EA partly accepted, partly pending submission by factory/review - The RSC reviewed the (D)EA and accepted part(s) of it e.g., the (D)EA of one building part of a compound with several buildings. The remaining part(s) of the (D)EA must be (re-)submitted and reviewed. Structural retrofitting based on the accepted part of the (D)EA can commence.

3. ENGINEERING

(D)EA Status as of 31 August 2021	
Factories in which conducting a (D)EA is required	1,600
Pending submission by factory	127
Pending review	20
Accepted, pending on-site verification	93
Fully accepted i.e., on-site verification revealed alignment between (D)EA documentation and the physical building(s)	1,270
Partly accepted, partly pending submission by factory/review	90

Table 4: Overall (D)EA status up to 31 August 2021

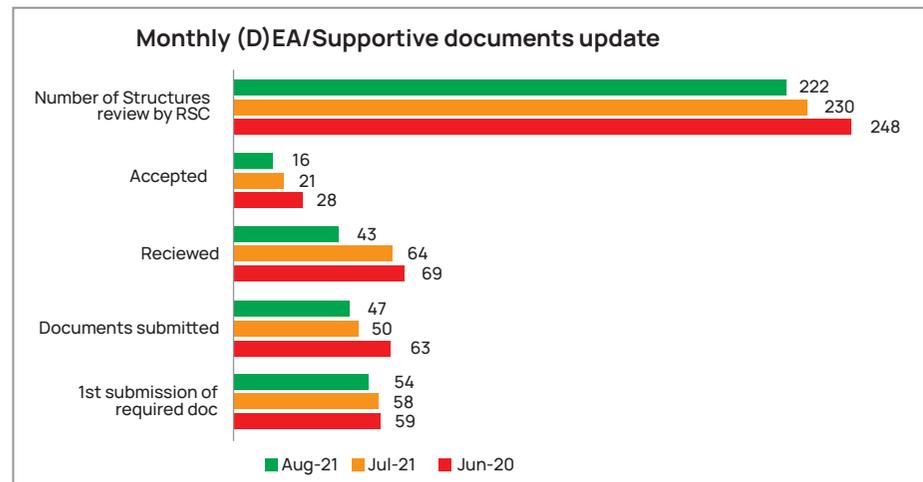


Figure 9: (D)EA/Supportive documents update of June 2021, July 2021 & August 2021

During this reporting period, the monitoring of the number of structures reviewed in factories and the number of first submissions of documents required were continued as introduced in the third quarter of the RSC.

For the reporting period, 79% of required (D)EA documentations were fully accepted through on-site verification up to 31 August 2021.

3.3 Electrical

The initial fire and electrical inspections are scheduled on the same day and take approximately one full business day to complete.

Required Approvals and Technical Support

The RSC engineers review submitted designs, technical information, calculations, and any other relevant information in order to determine whether the proposals are compliant with associated legislation and standards. Where the designs are non-compliant a written response shall be provided indicating areas of non-compliance in order that the designs can be amended accordingly. Where the design is compliant with appropriate legislation and standards, written confirmation shall be provided on the acceptance of the design prior to commencement of the remedial works. Design reviews shall be carried out for the following:

Single Line Diagram (SLD) for the electrical installations.

3.3.1 Why SLD is required

- Eliminate hazards from the system (fire-hazards, shock-hazards)
- Maintenance
- Root cause identification of electrical hazards
- Fault analysis
- Load analysis
- Periodical testing
- Ensuring electrical safety at the workplace.

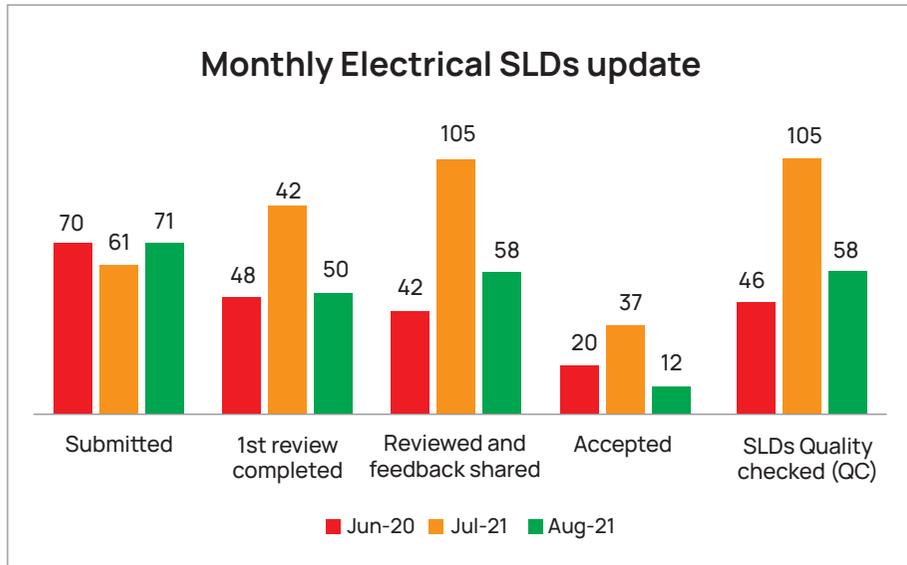


Figure 10: Electrical SLD update of June 2021, July 2021 & August 2021

- Total Electrical SLDs reviewed till 31 August 2021: **4,492**
- Total Electrical SLDs accepted till 31 August 2021: **1,749**¹⁰

3.4 Fire

The initial fire and electrical inspections are scheduled on the same day and take approximately one full business day to complete.

¹⁰In cases if the as-built conditions are found to be modified significantly after follow-up inspections as required, then it will reflect on the status of accepted SLDs. The acceptance number of Electrical SLD increased from last quarter.

Required Approvals and Technical Support

The RSC engineers review submitted designs, technical information, calculations, and any other relevant information to determine whether the proposals are compliant with associated legislation and standards. Where the designs are non-compliant a written response shall be provided indicating areas of non-compliance in order that the designs can be amended accordingly. Where the design is compliant with appropriate legislation and standards, written confirmation shall be provided on the acceptance of the design prior to commencement of the remedial works. Design reviews shall be carried out for the following:

- Designs, Calculations, Specifications, Listed Components and drawings of the Fire Detection and Fire Protection Systems (fire alarm, sprinkler, standpipe, hydrants)

3.4.1 Factories requiring Fire Design and Drawings

The Fire & Life Safety inspections at the factories may result in the requirement of the factory to install a fire alarm & detection system and a fire suppression system. The design drawings for these systems must be submitted for review and acceptance prior to installation of the system to ensure they meet the required standard. Prior to 1 June 2020, the Accord CSI was responsible for the review and approval of the fire systems' design and drawings; starting 1 June 2020, this process has become the responsibility of the RSC CSO.

FADS & SUPS design documents status as of 31 August 2021	Fire Alarm and Detection System (FADS)	Fire Suppression System (SUPS)
Factories where FADS/SUPS is required	1,604	1,320
Pending Submission	74	74
Pending Review	39	33
Accepted	1,491	1,213
% Of Acceptance in total	93%	92%

Table 5: Overall status of FADS & SUPS design documents up to 31 August 2021

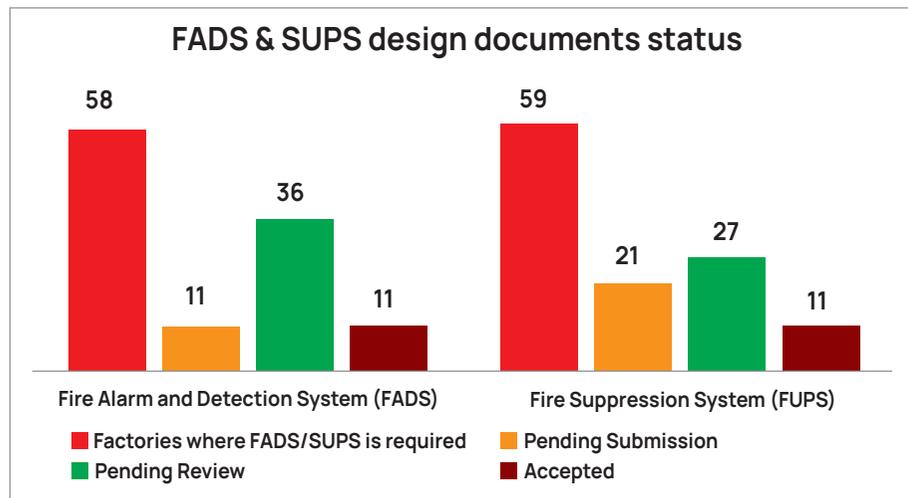


Figure 11: FADS & SUPS design documents update from 1 June 2021 to 31 August 2021

3.4.2 Status of installation of fire detection and suppression systems

Once the fire systems' design is accepted, covered factories are required to follow the steps described below:

1. Commence the installation of the fire system(s): Components of the fire detection and protection systems can be installed by using local components/materials, which are available immediately, where supporting evidence is provided that confirms that they are compliant with relevant standards and tested and certified accordingly by a third-party accredited independent testing laboratory. For example, compliant cabling, the conduits, the pipes, and fittings of a sprinkler system can be purchased locally and installed whilst waiting for the imported components to arrive. For fire system components that need to be imported, the factories need to open a Letter of Credit (LC).

2. Undergo a pre-Testing & Commissioning Verification Inspection (Pre-T&CVI): On-site documentation and equipment review. The goal of such a Pre-T&CVI on-site review is for the engineers to determine whether the factory is ready for a fully functional T&CVI. Pre-T&CVI reviews were introduced by the Accord in May 2019 in an effort to increase the number of factories that 'pass' the T&CVI - meaning that the fire systems are found to be adequately installed to standard and fully functional.

3. Undergo a full T&CVI: The goal of this inspection is to ensure that the systems are fully functional and installed to standard. Where possible, the engineers conduct the T&CVI of both the fire detection and alarm system and the fire sprinkler system during the same inspection at the factory.

3. ENGINEERING

FADS & SUPS installation status up to 31 August 2021	Fire Alarm and Detection System (FADS)	Fire Suppression System (SUPS)
Factories where the fire system has been verified as adequately installed to standard and fully functional	314	201
Factories pending a Final Verification Inspection	37	19
Factories pending Testing & Commissioning Verification Inspection (T&CVI)	230	169
Factories at the stage of pre-T&CVI on-site documentation & equipment review	368	282
Factories where the installation of the system is ongoing	583	548
Factories where the installation is yet to commence	70	76

Table 6: FADS & SUPS installation status up to 31 August 2021

3.5 Boiler

Between 2018-2020, a Pilot Boiler Safety Programme at the covered factories, and initial boiler safety inspections conducted at 20 factories revealed significant boiler safety hazards, including non-compliant or missing boiler components/parts and a lack of certification. The boiler safety findings have been included in the factories' CAPs. Boiler safety has been integrated in the RSC's inspection and remediation programmes, which means that all factories covered by the RSC will receive boiler safety inspections.

The RSC's Boiler Safety Programme was launched in December 2020 as an integrated part of the RSC's inspection programmes. The key achievements in this quarter are:

- Boiler safety training by TÜV-SÜD, a German based international firm, has been commenced from 9 August 2021 and expected to be completed within first quarter of October 2021.
- External visual inspection of 40 factories has been done from June 2021 to August 21.

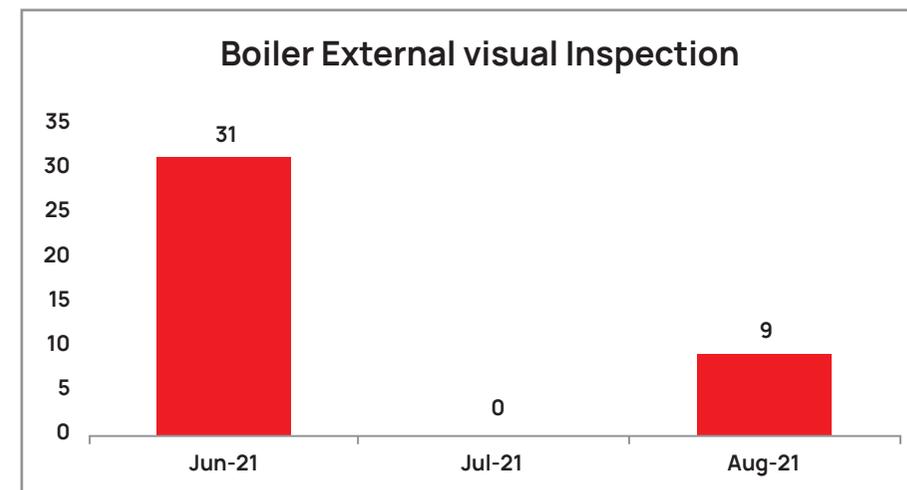


Figure 12: Boiler External visual Inspection

- Agreement has been made with TÜV-SÜD for a professional review of the RSC boiler inspection technical guidelines.
- RSC boiler data survey through questionnaire has been done. 525 out of 526 factories have responded.

3. ENGINEERING

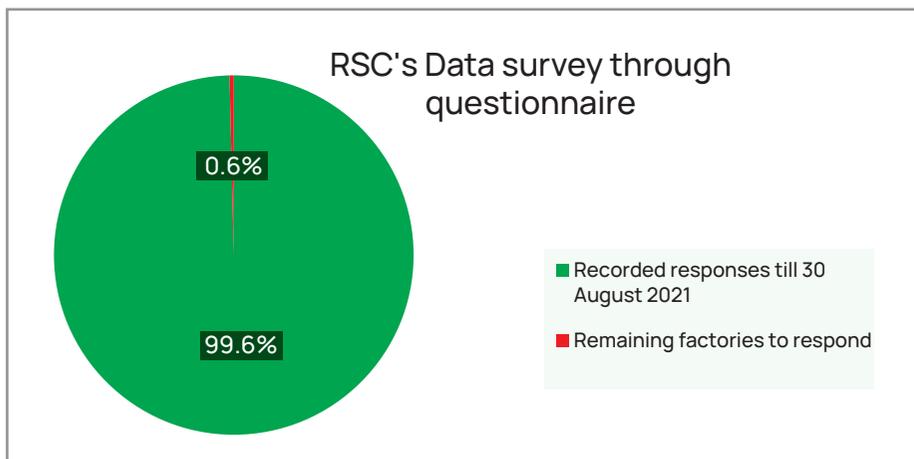


Figure 13: Data Survey status through questionnaire

A prioritisation list considering a risk-based approach has been developed from the gathered data through questionnaire survey.

Category	Description of the category	Category-wise distribution	
		Category	Count
P1	15 years or more older boilers (including P2 to P5)	P1	135
P2	Boilers with capacity 5000kg/hr or more (including P3 to P5)	P2	44
P3	Locally made boiler (including P4 to P5)	P3	159
P4	Without registration (including P5)	P4	0
P5	No water treatment	P5	23
Others	Not matched with any category P1 to P5	Others	106
Total			467

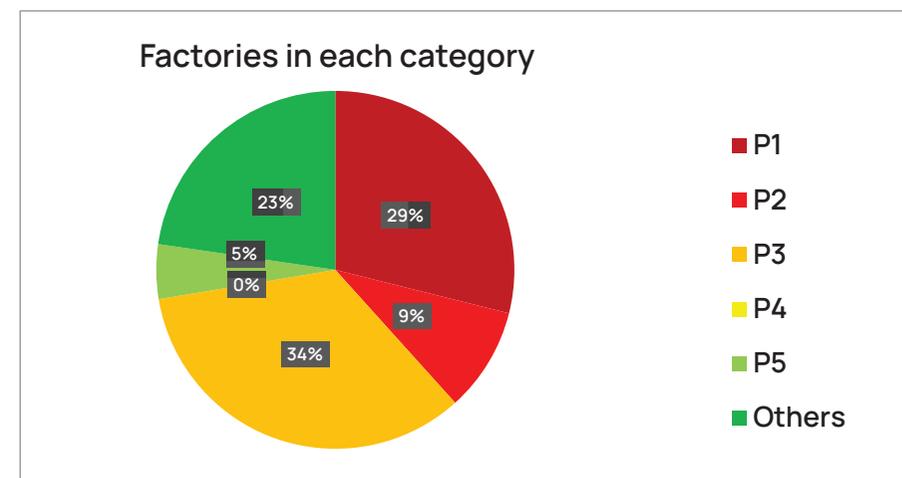


Figure 14: Prioritisation of factories based on survey data

3.6 Factories requiring temporary evacuation

Factory buildings are required to (temporarily) evacuate, if the initial or follow-up inspections revealed a severe and imminent risk of structural failure or severe electrical and fire hazards.

From June 2021 to August 2021, **two** factories were temporarily and partially evacuated as inspections revealed a severe and imminent risk of structural failure.

4. REMEDIATION

The completion of safety remediation at the 1,700+ (approximately) factories are monitored through approximately 400 follow-up inspections each month, involving RSC engineers. Each factory is inspected approximately once in every four months.

4.1 Initial Findings Progress Rate

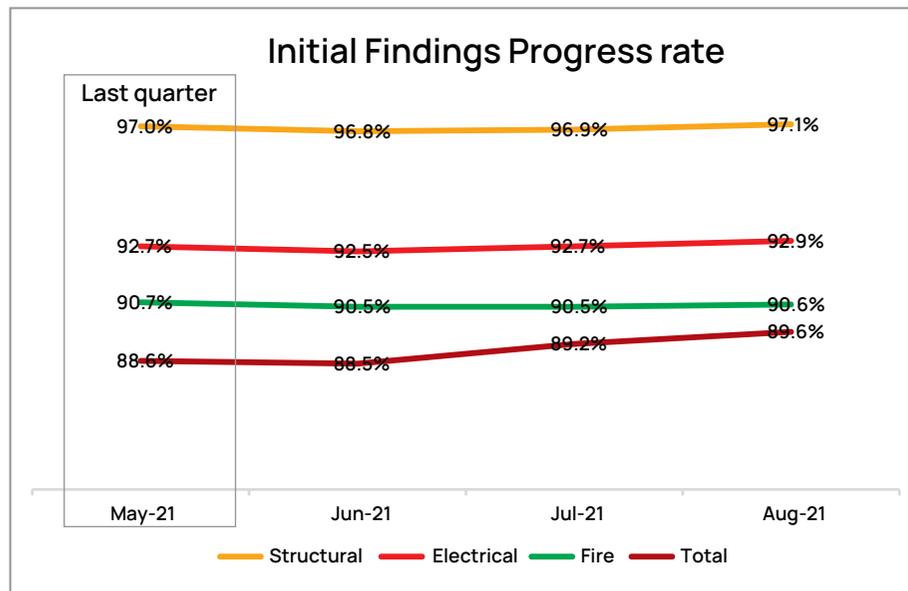


Figure 15: Initial Findings Progress rate from June 2021 to August 2021

From this figure, it is evident that in August 2021, the total initial findings progress rate increased from last quarter.

4.2 Designation

Factory Designations among 1,706 RSC covered factories:

- **CAP behind schedule:** The CAP is in implementation, but one or more timelines have not been met.
- **CAP on track:** The CAP is in implementation and all timelines have so far been met.
- **Initial CAP completed:** All issues identified in the Accord/RSC initial inspections have been verified as corrected by the RSC.
- **CAP Pending/CAP not finalised:** The CAP is either incomplete, absent, or not yet approved by the RSC.

CAP Designation	Jun-21	Jul-21	Aug-21
CAP behind schedule	1,027	1,021	1,008
CAP on track	219	225	225
Initial CAP completed	367	369	371
CAP not implemented	190	193	201
CAP Pending/CAP not finalised	82	84	95

Table 7: CAP status from June 2021 to August 2021

The vast majority of factories behind the schedule is a cause for concern to the RSC. It must be noted that a CAP is marked behind schedule, if just one item has passed the agreed final timeline. Being behind schedule therefore does not necessarily mean that no progress has been made at all. The RSC remains vigilant in accelerating the pace and level of remediation at the large number of covered factories where execution of the remediation is inadequate or too far behind schedule.

4. REMEDIATION

4.3 Number of Covered Factories in Progress Rate Categories

NB: only includes factories with a technically approved CAP

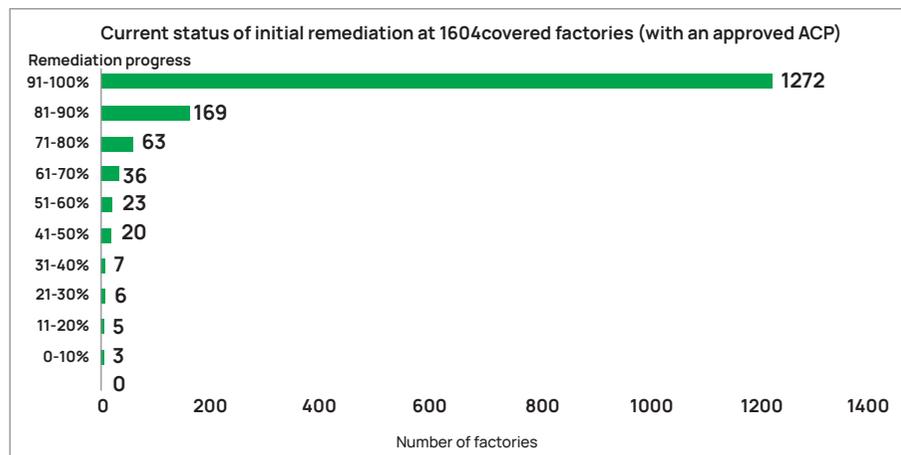


Figure 16: Status of initial remediation at covered factories as of 31 August 2021 (with an approved CAP)

4.4 Remediation status of original/initial & new safety findings (in published CAPs)

- **In progress:** This is the default status for an inspection finding. It means that remediation of the inspection finding is underway.
- **Pending verification:** The RSC has been informed that the finding has been corrected but the RSC is yet to verify this.
- **Corrected:** The finding has been verified as corrected by the RSC engineers through their follow-up verification inspections.

The total findings in published CAPs include original findings and new findings:

- **Original/Initial findings/issues:** Findings from the RSC Initial inspections.
- **New findings/issues:** Findings from RSC follow-up inspections.

4.4.1 Initial Findings

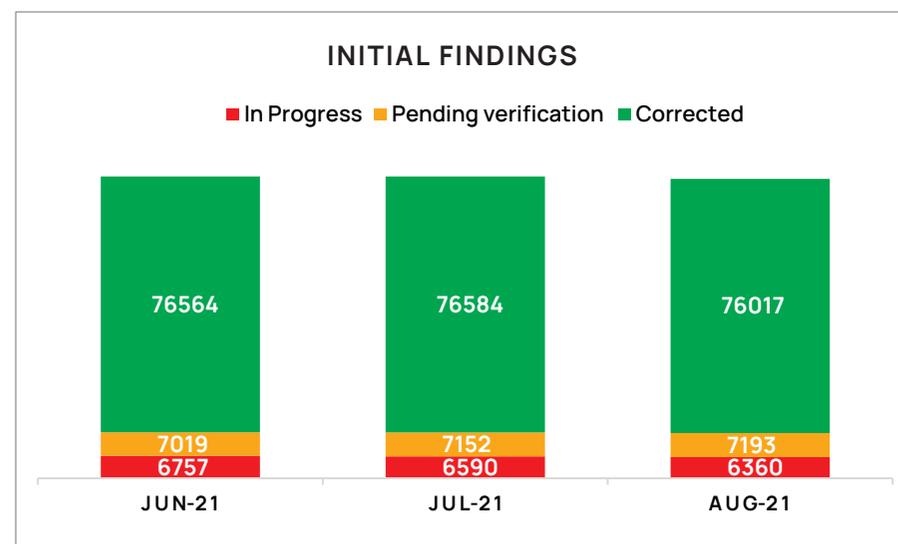


Figure 17: Initial issues/findings status from June 2021 to August 2021

4. REMEDIATION

4.4.2 New Findings

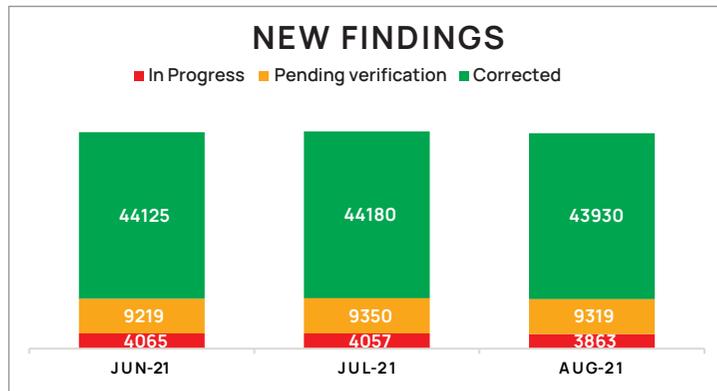


Figure 18: New issues/findings status from June 2021 to August 2021

4.4.3 Scope wise total findings Corrected %

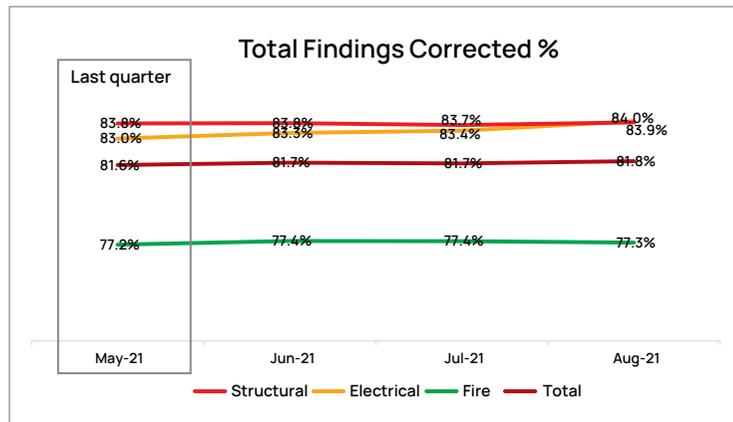


Figure 19: Scope wise total issues/findings corrected rate from June 2021 to August 2021

From this figure, it is evident that in August 2021, the total findings progress rate increased from last quarter.

4.5 Progress and completion rates of common remediation items

Most of the findings that are reported in published CAPs are common to many factories. The RSC tracks the total number of findings¹¹ by categories and subcategories. The structural, electrical and fire categorisation allows for further analysis of the most common safety hazards across all the factories inspected under the RSC prescribed Safety Programme.

4.5.1 Structural

Status of most common Structural findings at covered factories and Remediation Progress rate:

Factory update with the issue status

Findings	No. of factories where the finding was identified	No. of factories where the finding is still outstanding	Remediation Progress rate
Lack of management load plan	982	79	92.0%
Inconsistency with building plan and drawings	1065	125	88.3%
Incorrect implementation of existing load management plan	890	62	93.0%
Lack of design check against lateral load	744	105	85.9%

Table 8: Status of most common structural findings at covered factories up to 31 August 2021

¹¹The changes of the findings number in quarters vary on changes of the covered factory number, as-built design documents modifications, etc.

4. REMEDIATION

4.5.2 Electrical

Status of most common Electrical findings at covered factories and Remediation Progress rate:

Factory update with the issue status

Findings	No. of factories where the finding was identified	No. of factories where the finding is still outstanding	Remediation Progress rate
Lack of cable support and protection	917	16	98.3%
Lack of Lightning Protection System (LPS)	873	46	94.7%
No Single Line Diagram (SLD)	866	161	81.4%
Inadequate circuit breakers	803	37	95.4%
Hazardous accumulation of dust and lint on electrical equipment	777	2	99.7%
Unsafe earthing equipment	732	4	99.5%

Table 9: Status of most common electrical findings at covered factories up to 31 August 2021

4.5.3 Fire

Status of most common Fire findings at covered factories and Remediation Progress rate:

Factory update with the issue status

Findings	No. of factories where the finding was identified	No. of factories where the finding is still outstanding	Remediation Progress rate
Lockable/collapsible gates	1,332	17	98.7%
Inadequate egress lighting	1,365	40	97.1%
Lack of fire separation in hazardous areas	1,277	101	92.1%
Non-compliant exit stair openings	1,360	184	86.5%
Storage in means of egress	1,236	30	97.6%

Table 10: Status of most common fire findings at covered factories up to 31 August 2021

5. Factory Remediation Fund

To support factories that no longer have a brand signatory company as a customer to support them, a Factory Remediation Fund (FRF) was set up in 2017. In July 2019, the fund became available to all covered factories meeting certain criteria. The fund has been exhausted and is closed for new applications.

The funds made available through the FRF were distributed in several instalments, subject to factory cooperation, proof of payment towards remediation works and verified completion of the remediation commensurate with each preceding instalment. Inspections to verify remediation completion under the terms of the Accord Remediation Fund agreements are conducted by the RSC. Applications for FRF from 21 factories were approved¹².

From 1 June 2021, 2 inspections were conducted up to 31 August 2021 to verify that the factory remediation was completed as per funds provided.

¹²<https://bangladeshaccord.org/updates/2020/08/20/overview-of-the-factory-remediation-fund-closed-on-31st-may-2020>

6. NON-COMPLIANT SUPPLIERS

Supplier factories failing to participate in the safety programme prescribed by the legally binding 2018 Transition Accord agreement between Global Brands and Unions, go through a notice and warning (Escalation) procedure under Article 16 of the 2018 Accord, and Article 24(q) of the RSC's Articles of Association.

The Escalation Protocol includes three steps to be followed prior to terminating business with a supplier due to inadequate participation in the RSC programme. The decision to escalate any issue is based on the assessment of information received by the RSC. The Chief Safety Officer (CSO) may escalate for other reasons as he may determine. If an active or inactive supplier does not comply with the remediation requirements set by the RSC's CSO, the RSC must notify the relevant responsible Participating Companies, who will address the non-compliances in a step-by-step manner (Stage 1, 2 and 3) using the RSC's Escalation Protocol. If a no-brand factory requires escalation to Stage 1, 2 or 3 for failure to cooperate with the RSC inspections programme, the RSC will send the Non-Compliance Letter (NCL) to the no-brand factory and will record the applicable stage of escalation in FFC. A factory may be issued multiple non-compliance letters (NCLs) for failure to meet various RSC requirements at different times. A factory will be removed from the escalation process (de-escalated) if they have addressed all the issues identified in the NCLs.

If the requirements are not met, the factory is escalated to stage 3 and signatory companies terminate their business relationship with this factory. In accordance with the Memorandum of Understanding (MoU) signed between the Accord Steering Committee and the BGMEA on 8 May 2019, stage 3 of the Accord Escalation Protocol has been complemented by the withdrawal/suspension of the Utilization Declaration (UD) - which is mandatory to export apparel from Bangladesh, of non-compliant factories by the BGMEA/BKMEA.

In the event that the non-compliant factory is part of an RMG group, should the UD of the non-compliant factory not be withdrawn by BGMEA/BKMEA within four weeks of escalation to Stage 3, Accord signatory companies will be required to terminate their business relationship with all factories under the same ownership with the non-compliant factory. Prior to the signing of the MoU, the Escalation Protocol applied to all RMG companies controlled by the same group owner and was not contingent on UD withdrawal / suspension (failure thereof) at the non-compliant factory.

The RSC continues to implement escalation procedures consisting of three stages as follows:

1. A notification of non-compliance (Escalation Stage 1)
2. A notice and warning letter (Escalation Stage 2)
3. Ineligibility for business relationship with Accord signatory companies (Escalation Stage 3)

Examples of factory non-compliance that trigger the implementation of the escalation procedure include but not limited to:

1. Refusal to temporarily evacuate the factory,
2. A lack of progress in finalising corrective action plans or executing required safety renovations,
3. Refusal to resolve worker complaints on safety issues,
4. A lack of cooperation with RSC trainers, case handlers and engineers,
5. Submission of design documentation including FADS, SUPS, (D)EA, SLD etc.
6. Delay in completion of retrofitting work,
7. Inspection access denial,
8. Failure to comply with closure & relocation protocol.

6. NON-COMPLIANT SUPPLIERS

5. Submission of design documentation including FADS, SUPS, (D)EA, SLD etc.
6. Delay in completion of retrofitting work,
7. Inspection access denial,
8. Failure to comply with closure & relocation protocol.

Escalation status	up to 31 August 2021
De-escalated	352
Stage 1	291
Stage 2	119
Stage 3	191 ¹³

Table 11: Factory Escalation status up to 31 August 2021

The factories which are escalated to Stage 3 are made ineligible as they no longer are eligible for Accord signatory company's production for a minimum period of 18 months and until the conditions for re-qualification have been met. Total number of Ineligible factories is **201**. Among those, **191** factories were made ineligible for their own non-compliances, **10** factories were made ineligible due to belonging to the same RMG company group with the non-compliant factory before formation of RSC. The RSC is committed to enforcing the escalation procedures, in this respect Stage 3 escalation requires the confirmation by Industry of removal of Utilisation Declaration (UD's) in a timely manner.

¹³Total number of Ineligible factories is **201**. Among those, **191** factories were made ineligible for their own non-compliances, **10** factories were made ineligible due to belonging to the same RMG company group with the non-compliant factory before formation of RSC.

Escalation Update	Dec-20	Jan-21	Feb-21
Total reviewed for Design Reviews (DR) and Escalation Assessment Form (EAF) of structural documents	138	67	83
Update on fire and electrical EAF review	81	46	36
Escalation recommended for not cooperating for developing an updated CAP	2	1	1
Recommended for Stage 1	22	10	6
Recommended for Stage 2	5	7	2
Recommended for Stage 3	0	5	0
Recommended for Additional stage	9	13	4
Pending De-escalation review case	20	2	1
Stage 1 issued	17	10	6
Continuation of Stage 1 Issued	0	0	0
Additional Stage 1 issued	6	7	4
Stage 2 issued	1	10	1
Additional Stage 2 issued	0	9	0
De-escalation issued	23	4	2
Number of Stage 2 meeting held	0	3	1
Stage 3 issued	0	3	8

Table 12: Factory Escalation update from June 2021 to August 2021

7. SAFETY COMMITTEE & SAFETY TRAINING PROGRAMME

The roles of Safety Committees (SC) include:

- Conducting safety checks (walk-throughs) at the factory to identify safety hazards,
- Responding to employee complaints and suggestions about safety and health,
- Reviewing company accident reports to learn how such accidents can be prevented,
- Communicating about safety and health issues to the workers,
- Conduct meetings regularly, at least once every three months.

The Safety Committee and Safety Training (SCST) Programme consists of the following key components:

- 1. Initial Meeting with Factory Management and Signatories:** The aim of this meeting is to introduce the Safety Training Programme and to agree on all the all-employee meetings' dates,
- 2. 8 Sessions Safety Committee Training Programme** including the Safety Committee's role in remediation, complaints handling, joint problem solving, hazard identification and safety monitoring systems,

Status of Safety Training programme at covered factories up to 31 August 2021	Number of factories
Factories completed the training	1111
Covered factories are yet to commence the training	273 ¹⁴
Factories where the training commenced but has been put on hold for various reasons ¹⁵	156 ¹⁶

Table 13: Status of Safety Training Programme at covered factories up to 31 August 2021

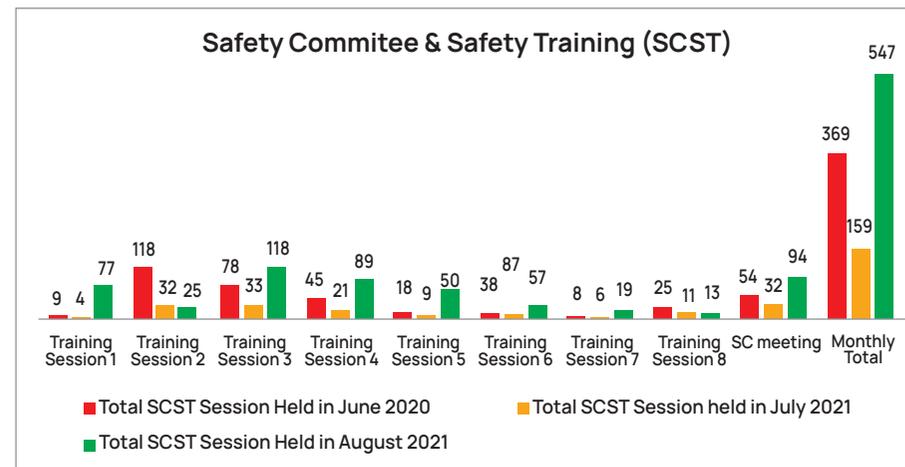


Figure 20: SCST update from 1 June 2021 to 31 August 2021

- Remote Safety Committee Walk-Through (SCWT) conducted **480** sessions ,
- Remote SCWT is now regularly included in the SCST schedules from February 2021.

¹⁴these includes EPZ factories

¹⁵Various reasons include factories undergoing the closure/relocation procedure, labour disputes, or ongoing legal proceedings.

¹⁶Active, Inactive Responsible, Pending Closure factories are included.

¹⁷Safety Committee Walk-Through (SCWT) session was on hold during COVID-19 pandemic.

7. SAFETY COMMITTEE & SAFETY TRAINING PROGRAMME

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7.1 Different initiatives taken by the Training department (June 2021 - August 2021)

To ensure full-fledged work under the RSC SCST programme, the Training department's various activities under the SCST programme are conducted via online sessions as continuation of the initiatives taken in the last quarter.

To enhance and further supplement the capabilities of the SCST department in terms of their knowledge related to workplace safety, the team completed training on occupational safety and health. The team completed the general course on NEBOSH (National Examination Board on Occupational Safety and Health) for Training Staff in May 2021. In continuation to the NEBOSH, the Training Staff have completed part IG 1 of the NEBOSH and submitted the Risk Assessment part IG 2 in August 2021. With the completion of the general course on NEBOSH, the Training Staff are furthermore well equipped in terms of their knowledge related to workplace safety and health.

8. OCCUPATIONAL SAFETY & HEALTH COMPLAINTS MECHANISM

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Workers at covered factories and their representatives can raise their concerns about safety and health risks safely and confidentially, through the Occupational Safety & Health Complaints Mechanism (OSHCM).

Starting 1 June 2020, the OSHCM is being operated by the RSC. Accord Signatory companies and Union Signatories are required to ensure that, through the RSC, the OSHCM continues to provide effective remedy to workers, independently and autonomously. This being a key part of the core objectives of the RSC as detailed in section 1.1 bullet point 8.

During the course of investigation, RSC complaint mechanism handlers determine remediation requirements in regard to safety and health. The RSC works with complainants and Factory Management to ensure that the requirements are fully and smoothly implemented. If the Factory Management does not comply, the RSC will implement a notice and warning process leading to termination of the business relationship if no progress is being made.

Workers in the RSC covered factories have the following rights:

- The right to refuse unsafe work.
- The right to participate in the work of their factory Safety Committee.
- The right to file a complaint when they see a safety problem in their factory.
- The right to protection against reprisal for reporting safety-related matters.
- The right to Freedom of Association in relation to protecting their own safety.

Status of OSH complaints up to August 2021	Number of OSH complaints
Total OSH complaints received by the Accord/RSC	1,615
Total OSH complaints in progress	430
Total OSH complaints resolved by the RSC	144
Total OSH complaints resolved by the RSC in the reporting period (Jun'21-Aug'21)	49

Table 14: OSH Complaints status up to 31 August 2021

Complaint Mechanism	Jun-20	Jul-21	Aug-21
No. New Complaints	160	65	183
No. New OSH Complaints	31	17	40
No. New Non-OSH Complaints	129	46	147
No. New Initial Inspections	2	0	1
No. New Verification Inspections	2	0	2
No. Pending Verification Inspections	1	2	0

Table 15: Complaints Mechanism update of June 2021, July 2021 & August 2021

COVID-19 COMPLAINTS

8.1 COVID-19 complaints

From 1 June 2020 to 31 August 2021, workers at RSC-covered factories and their representatives have filed **158** complaints related to COVID-19 at the Occupational Safety & Health Complaints Mechanism. The allegations raised in these complaints concern the following:

COVID-19 related category	Number of complaints
Non-payment of separation from employment payments	87
Forced resignation	37
Termination of employment	28
Non-payment of maternity benefits	27
Non-payment of wages	30
Retrenchment	13
Lay-off	6
Under-payment of wages	5
Risks to health	0
Worker unrest	3
Threats	3

Table 16: COVID-19 related complaints from 1 June 2020 to 31 August 2021

The total number of unique COVID-19 complaints is lower than the total number of allegations because some of the complaints include more than one allegation.

RSC Quarterly Aggregate Report SEPTEMBER 2021

On remediation progress and status of workplace programmes at RMG factories covered by the RMG Sustainability Council (RSC)

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