



European  
Commission

# **Bangladesh Sustainability Compact**

## ***Technical Status Report***

**July 2016**

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Trade

## **A. Executive Summary**

The **Sustainability Compact** ('the Compact') to promote continuous improvements in labour rights and factory safety in the Ready-Made Garment ('RMG') industry in Bangladesh brings together the European Union ('EU'), the Government of Bangladesh, the United States ('US'), Canada and the International Labour Organisation ('ILO'). The Compact is built on short and long term commitments related to three inter-linked pillars: 1) **respect for labour rights**; 2) structural integrity of buildings and **occupational safety and health**; and 3) **responsible business conduct**.

This **technical status report** follows from the ones published on 8 July 2014 and 24 April 2015. It aims to reflect the state of play in the implementation of the [Compact](#) since its launch in July 2013.

This technical progress report builds on information from a number of sources, including the regular meetings with other Compact Partners (the Government of Bangladesh, the US, Canada and the ILO), in particular the last Compact follow-up meeting which took place in Dhaka on 28 January 2016. The reports also takes into account the inputs from meetings with and/or reports prepared by Bangladeshi and international stakeholders from the private sector and civil society, including the International Trade Union Confederation (ITUC) and Human Rights Watch. However, the report reflects only the views of the European Commission.

As reflected in the joint [conclusions](#) agreed at the last follow-up meeting, progress has been made since the adoption of the Compact. **Tangible improvements** were achieved in enhancing building and workplace safety in the Bangladesh garment industry. The Compact also contributed to open a dialogue and to support exchanges on working conditions in the garment sector with stakeholders, including trade unions, employers, buyers and NGOs in the EU, as well as in Bangladesh. However, progress relating to **workers' rights** has been more challenging. **Sizeable efforts still need to be made**, in particular on workers' rights, to **ensure that real change takes place and is sustained over the long term in Bangladesh**. This is of particular importance and urgency following the deep concerns noted by the ILO Committee on Application of Standards regarding the freedom of association and protection of the rights to organise. It is important that Bangladesh addresses the Committee's recommendations as a matter of immediate priority.

### Key Compact implementation achievements

- **An improved legislative environment:**
  - The Bangladesh Labour Act (BLA) of 2006 was revised in 2013 and has brought some improvements in relation to freedom of association, collective bargaining and workplace safety.
  - The Implementing Rules for the Bangladesh Labour Act were issued in 2015 and provide guidance on central elements of the BLA.
- **An initial increase in trade union registrations:** some 351 new garment industry trade unions have been registered since 2012 bringing the total to 483 unions by the end of March 2016.
- **Completed factory inspections and improved inspections processes:**
  - Based on harmonised standards for inspections and reporting templates, private and public initiatives have inspected all RMG factories recognised as export-oriented.
  - The Government of Bangladesh has strengthened its capacity to inspect factories through an important increase of the budget allocations for the Department of Inspections for Factories and Establishments (DIFE), the number of inspectors as well as the adoption of a labour inspection management reform roadmap and labour inspection strategy. The capacity of the relevant public authorities has been enhanced.
- **Sustained contribution of responsible business conduct initiatives:** over the last years private initiatives such as the Accord on Fire and Building Safety and the Alliance for Bangladesh Worker Safety have made a considerable positive difference for Bangladeshi garment workers.
- **Increased international support:** development partners such as the European Union, including Denmark, Germany, the Netherlands, the United Kingdom, Sweden, as well as Canada, Norway, the US and the ILO have provided considerable support to the implementation of the Compact. Their technical cooperation has notably helped to strengthen regulatory bodies through institutional reforms, while also raising the capacity and awareness of industry associations, trade unions, factory management and workers on workplace safety and workers' rights.

**Key follow-up actions in the short and medium term**

- To improve **respect for trade unions' rights and industrial relations**, by acting urgently on the recommendations by ILO supervisory bodies:
  - Ensure **speedy and non-arbitrary registration of trade unions**: the initial growth in the formation of RMG unions has recently significantly slowed down. This shows the crucial need for **registration processes** to be carried out as a **smooth and expeditious formality, in accordance with objective and transparent criteria**.
  - Ensure the **effective investigation and prosecution of alleged anti-union discrimination and unfair labour practices** in a timely and transparent manner, including by upgrading the Directorate of Labour with additional staff and resources to carry out its role effectively.
- To ensure **labour legislative frameworks** are in **full conformity with international standards** and are **effectively implemented**:
  - Adopt the necessary changes to labour legislative frameworks, including the legislation covering **Export Processing Zones (EPZs)** to allow full freedom of association and collective bargaining rights in line with ILO fundamental Conventions and with a view to address the conclusions and recommendations of the ILO supervisory bodies.
  - Ensure the effective implementation of the **Bangladesh Labour Act and its Rules**, in line with the relevant ILO Conventions;
- To continue efforts to **ensure that the Government of Bangladesh can take full responsibility for the inspection processes**: notably the recruitment of inspectors needs to be completed and effective inspections in all of the country's active export-oriented RMG factories are to be ensured by all responsible authorities (labour, building and fire), including their subcontracting factories, so that all RMG workers in Bangladesh are afforded a safe working environment;
- To undertake **remediation** to fix the faults in RMG factories identified by inspections:
  - **Remediation work of all export-oriented RMG factories must be prioritised** and firm foundation for the continuation of these efforts by Bangladeshi public authorities needs to be ensured. Repairs and other inspection follow-ups must be undertaken and transparently monitored by the relevant public authorities, in a timely and effective manner in cooperation with relevant stakeholders, recognizing the usefulness of the funds mobilized by donors and the importance of effective financial support.
  - To take action to **facilitate the dispatch of available remediation funds** to the neediest factories.

**All Compact partners and other key actors - such as Bangladesh's development partners, the international brands/retailers and the Bangladeshi private sector - need to stay engaged in order to promote decent working conditions for**

**Bangladeshi garment workers. It is important that joint work continues over the long-term to bring lasting improvements to Bangladesh's garment industry.**

## **B. Background**

Sustained economic growth over the past two decades has helped to reduce poverty in Bangladesh by nearly one third. However, 31.5% of the population (53 million people) still live under the poverty line, which represents a considerable development challenge. The ready-made garment (RMG) industry is one of the main contributors to economic growth in Bangladesh, and it is the country's main export industry (81.68% of total export revenue) thanks in large part to its duty-free quota-free access to the EU market via Everything But Arms (EBA) trade preferences. The EU is Bangladesh's largest export market for RMG products (59.78% by value), followed by the US (21.27%). Together, the EU, the US and Canada account for almost 85% of Bangladesh's total exports to the world.

The RMG industry also contributes to the empowerment of women and related social changes. It directly employs 4.2 million people – of whom approximately 55% are women – and indirectly supports as many as 40 million Bangladeshis (about 25% of the population).

The Rana Plaza collapse, which claimed 1,136 lives, led to intense global scrutiny of the Bangladesh RMG sector and highlighted the need for fundamental change relating to safety inspection and compliance as well as the respect for workers' rights. As a result, intense collaboration has taken place between the Government of Bangladesh, the RMG industry associations, global and local unions, international retailers and brands, civil society and development partners to address the situation.

In this context, the EU's trade relations with Bangladesh and the importance of the RMG industry to the country's development gave the EU a special responsibility to act. Therefore, the EU forged together with Bangladesh, the US and the ILO, the Compact in July 2013.

## **C. Monitoring of the implementation of the Sustainability Compact**

As a partner in the Bangladesh Sustainability Compact, the EU - together with the government of Bangladesh, the US, Canada and the ILO, **regularly assesses progress in the Compact implementation through different channels.**

Since the launch of the Compact, the Compact Partners have held regular **follow-up meetings** and **videoconferences**.

In particular, two high-level meetings took place to take stock of progress and identify further areas of work on 20 October 2014 in Brussels and on 28 January 2016 in Dhaka,

Bangladesh. Outcome documents from these two meetings are [publicly available](#). The Compact Partners have agreed to meet again in 2017.

At the local level, a high level group, referred to as the **3+5+1 Group**, also regularly reviews progress in the implementation of the Compact. This group is comprised of three Secretaries of the Government of Bangladesh of Labour, Commerce and Foreign Affairs, as well as the ambassadors of the EU, the US, Canada, the United Kingdom - as the chair of the Private Sector Development (PSD) Working Group of the Local Consultative Group (LCG)<sup>1</sup> - and one other EU Member State on a rotating basis, together with the ILO.

In addition to its development cooperation programmes with Bangladesh, the EU has provided funding to a specific project with the ILO to monitor the Compact since the end of 2013 which includes the review of achievements and input into the preparation of technical progress reports such as this one.

Other actors and instruments are also providing assistance in monitoring and reviewing the situation of workers in the Bangladeshi RMG industry. In this regard, the LCG PSD group plays an important coordinating role.

## D. Compact Commitments – Achievements since the launch of the Compact

### Pillar 1: Respect for Labour Rights

#### Key Achievements:

- Improved legislative environment:
  - Adoption of **amendments to the 2006 Bangladesh Labour Act (BLA)** on 22 July 2013, which conform more closely with core international labour standards, particularly regarding certain aspects of freedom of association and collective bargaining (including a requirement for the election of Worker Participation Committees, an improvement in union registration procedures and access to external experts during collective bargaining), and improve occupational safety and health standards (e.g. the establishment of Occupational Safety and Health Committees).
  - Adoption of the **implementing rules of the BLA** in September 2015 which set out how the provisions of the BLA are put into practice, such as elections at

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<sup>1</sup> The Government of Bangladesh and all its development partners meet regularly through the Local Consultative Group (LCG) mechanism to discuss development priorities in Bangladesh. The Private Sector Development (PSD) group is a working group of the LCG. It was co-chaired by the Netherlands until April 2016 when the function was taken over by the United Kingdom.

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factory-level of Participation and Safety committees. Lapsing of the outright ban on strike action by Workers Welfare Associations in Export Processing Zones (EPZs) as of 1 January 2014.

- Launch of the **Better Work Programme in Bangladesh<sup>2</sup>** (BWB): this partnership between the ILO and the International Finance Corporation (IFC) aims at improving the country's ready-made garment industry conditions. As of April 2016, the programme was working with 101 RMG factories employing 196,624 workers.
- **Initial increase of trade union registrations:** Registration of 351 new trade unions in the ready-made garment industry, increasing the total number of unions from 136 before the Compact to 483 as of March 2016.
- **Enhanced capacity of relevant public authorities and improvements in processes to ensure the respect for labour rights:**
  - Upgrade of the Directorate of Inspection for Factories and Establishments (DIFE) to a Department with enhanced mandate, resources and personnel. DIFE has seen an increase in budget from US\$ 0.97 million in FY2013-2014 to US\$4.1 million for 2015-2016. As of August 2015, 199 new labour inspectors had been recruited with the proportion of women inspectors rising to 20 percent.
  - Establishment of a hotline in March 2015 operated by the Department of Labour and DIFE to receive grievances from workers and management in RMG and other sectors. By early April 2016, 7,121 calls had been received. Of complaints received 146 had been resolved out of 1,020 and a further 361 are being processed. Four instances of job reinstatement have occurred as a result of the hotline.

### Key steps to be taken include:

- Ensure the **speedy and efficient registration of trade unions:** the rate of approvals in RGM trade unions has recently significantly slowed. The Government of Bangladesh must ensure that registration processes are carried out as a smooth and expeditious formality, afforded due process, and protected against arbitrary rejections.
- Ensure the **effective investigation and prosecution of alleged anti-union discrimination** and unfair labour practices in a timely and transparent manner
- **Further amendments** are needed to Bangladesh's **labour legal frameworks**, such as the laws applicable to EPZs as well as the BLA and its rules, towards ensuring full compliance with core ILO Conventions and to address the conclusions and recommendations of the ILO supervisory bodies.
- **Promoting social dialogue:** the Government of Bangladesh should focus on strengthening social dialogue mechanisms to ensure more effective labour relations. The BLA and its Rules are to be effectively implemented, in line with the relevant ILO Conventions, including with regard to Worker Participation Committees and Worker

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<sup>2</sup> [http://betterwork.org/global/?page\\_id=5581](http://betterwork.org/global/?page_id=5581)

Safety Committees, which have yet to be formed in many RGM factories according to a recently published survey of the Department of Inspection for Factories and Establishment.

- Further **strengthen the capacity of Bangladeshi labour authorities** for them to carry out their role effectively, including by:
  - Upgrading the Bangladeshi Directorate of Labour with additional staff and resources
  - Addressing the high turnover in newly recruited labour inspectors at DIFE.
  - Finalising the Standard Operating Procedures (SOPs) to guide labour inspectors and their supervisors and widening DIFE operations to the informal sector.

### **Recent ILO supervisory bodies conclusions and recommendations**

Despite progress being made in some areas, the Committee of Experts on the Application of Conventions and Recommendations (CEACR) highlighted in its reports from 2015 a lack of meaningful progress in many areas of relevance to the Compact. It notably noted with deep concern that the Government of Bangladesh has failed to make progress on the repeated and consistent conclusions of the Committee on the Freedom of Association and Protection of the Right to Organise Convention, 1948 (No. 87). Due to the lack of action on the side of the Government of Bangladesh on these deep concerns, the Committee decided to include its conclusions in a special paragraph in its 2016 report (i.e. a procedure by which the CEACR singles out cases of special concern and automatically places it on the working schedule for examination of the Commission on the Application of Standards).

The Committee on the Application of Standards (CAS) at the 104th Session of the International Labour Conference requested the Government of Bangladesh to accept a high-level tripartite mission in relation to the Freedom of Association and Protection of the Right to Organize Convention, 1948 (No.87). On 6th January 2016, the Government of Bangladesh accepted the visit of the high-level tripartite mission, which took place in Dhaka from 17th to 20th April 2016. The report noted a number of areas of progress had been made and the Government's continuing commitment to improve the realisation of freedom of association and social dialogue in Bangladesh. However, the report also noted with concerns a number of important shortcomings in ensuring the respect for freedom of association, in particular in the areas of the formation and registration of trade unions, anti-union discrimination and the specific situation in Export Processing Zones (EPZs) and Special Economic Zones (SEZs).

#### **Observation (CEACR) - adopted 2015, published 105th ILC session (2016):**

[http://www.ilo.org/dyn/normlex/en/f?p=1000:13100:0::NO:13100:P13100\\_COMMENT\\_ID:3256622](http://www.ilo.org/dyn/normlex/en/f?p=1000:13100:0::NO:13100:P13100_COMMENT_ID:3256622)

**Report of the High-Level Tripartite Mission to Bangladesh:** [http://www.ilo.org/wcmsp5/groups/public/---ed\\_norm/---relconf/documents/meetingdocument/wcms\\_488339.pdf](http://www.ilo.org/wcmsp5/groups/public/---ed_norm/---relconf/documents/meetingdocument/wcms_488339.pdf)

### Commitment 1.a - Amendments to the Bangladesh Labour Law

**Bangladesh has introduced a number of important legislative and regulatory changes which provides for a more solid framework for sound labour practices.** Notably, Bangladesh has amended its Labour Act of 2006 with a total of 87 sections of amendments. The amendments were passed by Parliament on 15 July 2013 and notified in the Bangladesh Gazette on 22 July 2013. Main improvements relate to occupational safety and health, freedom of association and collective bargaining.

Several provisions to improve workplace safety have been included in the law, such as the creation of mandatory Occupational Safety and Health (OSH) Committees in factories with 50 workers or more. Provisions now require the establishment of safety welfare officers in workplaces with more than 500 employees and workplace health centres in workplaces with over 5,000 employees. On freedom of association, an important amendment deleted a provision in the labour law requiring the Registrar of Trade Unions<sup>3</sup> to provide employers with the names of union officials before registration of a trade union.

The amended BLA also allows workers and employers to consult with external experts for advice during collective bargaining at the enterprise level. The process of formation of Worker Participation Committees has also been improved by adding a provision specifying that such Committees must be directly elected by workers rather than selected (e.g. by employers). Furthermore, in the public industrial sector, workers will now be allowed to elect 10% of their trade union officials for their union's executive committees from outside the workplace, if the members of the trade unions so wish. Emphasis is also now to be paid to the effective implementation of these key improvements.

While the BLA of 2006 as amended in 2013 includes several improvements, **it does not address the longstanding concerns expressed by stakeholders and the ILO with regards to ILO Conventions 87 and 98 on Freedom of Association and Collective Bargaining. Further amendments to the law are therefore needed to bring it into conformity with fundamental labour rights** (c.f. Commitment 1.c below). For instance, the revisions do not address a number of concerns, including a 30 per cent minimum membership requirement to form trade unions and the extension of the freedom of association and collective bargaining to workers in labour-intensive export processing zones.

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<sup>3</sup> The Director of Labour acts also as the Registrar of Trade Unions. On his behalf, the Joint Directors of Labour perform the responsibilities for respective administrative divisions.

*Important legislative and regulatory changes have been made but more needs to be done in law and in practice to ensure that the Bangladesh Labour Law is fully compliant with the ILO fundamental rights to freedom of association and the rights to collective bargaining. Notably, the requirement that Worker Participation and Safety Committees representatives are elected as per the BLA implementation rules should be enforced.*

**Commitment 1.b - Conforming to all the existing ILO rules, procedure and practices in appraising the actions taken with respect to the implementation and enforcement of the revised Labour Law<sup>4</sup>.**

**On 16 September 2015 the Government of Bangladesh issued the implementing rules for the BLA of 2006 as amended in 2013 which constitutes another key step in the Compact's implementation.**

The rules clarify certain issues relating to central elements of the BLA, including the formation and activities of safety committees, festival bonuses and contributions to Worker Welfare Funds amongst others.

The ILO reviewed their compliance with international labour standards. The observations Committee of Experts on the Application of Conventions and Recommendations are included in its [report](#) to the 105<sup>th</sup> ILC session (2016). The Government is expected to submit its report within the regular supervisory process.

**However, concerns have been raised that the rules are not in full compliance with ILO fundamental Conventions. It is argued that they fail to give full effect to the fundamental rights of workers, including in relation to the definition of a supervisor, or to the role of employers in the committee for the election of representatives to Participation Committees and broad prohibitions on worker activities, including the right to strike.**

*Review of the implementing rules to the BLA is currently underway in the framework of the ILO's supervisory mechanism. Bangladesh should ensure that the implementing rules are applied in full compliance with the fundamental rights to freedom of association and the rights to collective bargaining*

**Commitment 1.c - Develop and adopt additional legislative proposals to address conclusions and recommendations of the ILO supervisory monitoring bodies, in particular with reference to ILO Convention No. 87 (Freedom of Association and Protection of the Right to Organise) and Convention No. 98 (Right to Organise and Collective Bargaining).**

**Although the revised BLA includes several positive reforms, it still falls short of international standards with regard to freedom of association and collective bargaining, among others.**

The ILO has provided to the Government of Bangladesh detailed feedback on further amendments required to make the law compliant with international labour standards. Areas of concern that remain to be addressed include: the high minimum membership requirement (30%) to form a union; the limitations on the trade unions' right to elect representatives in full freedom (including from outside of their enterprises); broad discretionary powers of the administration to reject a trade union's registration, and severe limitations on the right to strike (prohibition of strikes for a period of three years from the date of commencement of production in a new establishment, or an establishment owned by foreigners or established in collaboration with foreigners; penalties of imprisonment for participation in, or instigation to take part in unlawful industrial action or go-slow).

International partners and stakeholders therefore continue to advocate for **further amendments by the Government of Bangladesh (GoB) to the law with respect to full compliance with ILO Conventions 87 and 98 on freedom of association and collective bargaining.**

The Government of Bangladesh has expressed that revision of the BLA is a continuous process and that necessary steps will be taken for further amendment of the BLA in due course, in consultation with tripartite partners considering the socio-economic conditions of the country, and with the ILO's assistance.

The Government of Bangladesh, Sweden and ILO have undertaken a US\$5.4 million initiative entitled 'Promoting Social Dialogue and Harmonious Industrial Relations in the Bangladesh Ready-Made Garment Industry' from November 2015 to December 2020. Additional contribution from Denmark is expected in the course of 2016. The project will enhance labour relations through improved dialogue between employers and workers, particularly at workplace level. Conciliation and arbitration mechanisms will be strengthened to become a more effective, trusted system and the capacity of workers and employers enhanced to engage in social dialogue and collective bargaining as well as to make effective use of dispute prevention and resolution mechanisms.

The Government of Bangladesh **should take further steps to promote social dialogue and collective bargaining** and continue to participate in and facilitate the initiative entitled 'Promoting Social Dialogue and Harmonious Industrial Relations in the Bangladesh Ready-Made Garment Industry' launched together with the ILO and Sweden.

*The Government of Bangladesh should take the necessary steps to further bring its labour-related laws in full compliance with fundamental labour rights through tripartite consultation with the support of ILO.*

**Commitment 1.d – Further improve exercise of freedom of association, ensure collective bargaining and the application of the national Labour Law to Export Processing Zones (EPZ), including ensuring that the Ministry of Labour inspectors and other regulatory agencies have full authority and responsibility to conduct inspections.**

Eight Export Processing Zones (EPZs) have been established throughout Bangladesh which employ roughly 400,000 workers. A distinct labour law applicable only in the EPZs allows for the creation of Worker Welfare Associations (WWAs). However, workers in EPZs do not enjoy the same rights as trade unions outside EPZs and limitations on freedom of association and collective bargaining have been reported.

A new law entitled "Bangladesh EPZ Labour Act 2014," was approved by the Cabinet of the Prime Minister on 7 July 2014. The new law regulates all aspects of industrial relations between individual employers and worker representatives.

The ILO has forwarded CEACR comments to the Government of Bangladesh. The ILO International Standards department also undertook a mission to Dhaka in December 2014 and held consultations with the Government of Bangladesh, including the BEPZA, to explain the changes that would need to be made to the EPZ Labour Act to bring the law into conformity with international labour standards.

There are noticeable shortfalls in the Act. For example, WWAs are the only means to engage in industrial relations, while affiliations or engaging in any way with trade unions or other actors outside of the zones is prohibited. In addition, the labour inspectorate has no authority within the EPZs; instead labour inspection and enforcement is vested in the hands of the General Manager of BEPZA. In addition, under the EPZ Labour Act, workers within EPZs would still not be entitled to compensation for dismissal from service or severance pay on resignation, nor profit participation schemes, unlike workers outside EPZs.

**The Bangladesh EPZ Labour Act needs to be revised to provide rights and protections at least commensurate with the national labour law (BLA) and to be fully compliant with core labour rights.** All relevant stakeholders, including trade union organisations not currently permitted to operate in the zones, must be consulted and observations by the ILO supervisory bodies taken into account.

*The Bangladesh legislation applicable to EPZ needs to allow for full freedom of association and the right to collective bargaining in line with ILO core labour conventions.*

### **Commitment 1.e - Education and training programmes on fundamental principles and rights at work and on occupational safety and health.**

**Education and training programmes continue to take place for relevant constituents.** They aim to enhance awareness of basic labour rights and obligations, to address unfair labour practices, to introduce the concept of workplace cooperation and to build a culture of occupational safety and health.

The ILO in cooperation with the Compact partners and other donors, has notably carried out a number of initiatives in collaboration with stakeholders such as the Bangladesh Employer's Employers Federation (BEF), the Bangladesh Garment Manufacturers and Exporters Association (BGMEA) and Bangladesh Knitwear Manufacturers and Exporters Association (BKMEA) the National Coordination Committee for Workers Education (NCCWE) and IndustriALL Bangladesh Council (IBC) Federations.

These initiatives include:

- The ILO has developed a comprehensive strategy and implemented workers activities to strengthen institutional capacity of trade unions in Bangladesh through awareness raising, advocacy work and capacity building of workers education programmes.
- The RMG Project in collaboration with International Training Centre (ITC) in Turin and ACTRAV (the ILO's Bureau for Workers Activities) conducted a series of trainings on Occupational Safety and Health (OSH), workers organizing and collective bargaining targeting both NCCWE and IBC affiliated federations that prepared 60 core trainers in 2015. The core trainings are expected to roll out OSH training targeting at least 2,700 potential organizers at factory level to advocate for safer workplaces and participate in OSH committees in the factories.
- The ILO is implementing a comprehensive programme jointly with the DIFE and in collaboration with the International Training Centre (ITC-ILO) and Bangladesh Institute of Administration and Management (BIAM) – a national training institute to train labour inspectors. This includes a comprehensive labour inspection training programme (40 days) that came to an end on 7 March 2016. In total 160 labour inspectors followed a training to be able to carry inspections and help to improve working conditions and worker safety in Bangladesh. The course will run on a regular basis for new inspectors and forms a part of the reform of DIFE operations.
- Staff from the Department of Labour has been trained to better understand what constitutes anti-union discrimination and how to systematically address it. These skills will be put to use to help enhance the effectiveness of the online trade union registration systems.
- Workshops with trade union leaders and organizers from the National Coordination Committee for Workers Education (NCCWE) and IndustriALL Bangladesh Council (IBC) on how to make online applications for a new union registration and how to appeal in the event of an application being rejected.
- A core group of 28 staff from factory management, industry organizations, unions and management colleges trained to become master trainers in workplace cooperation. This trained group is carrying out follow up training activities.

- Training of a core group of 114 senior master trainers in Occupational Safety and Health who have trained 7,500 supervisors and managers in some 500 RMG factories. They in turn will pass on OSH awareness to close to 800,000 workers.
- ILO is supporting the refurbishment of the premises of Industrial Relations Institutes (IRIs) while also helping to enhance the curriculum of various courses the IRIs will offer.
- The ILO supported a radio show titled “My Labour, My Rights” which was broadcast weekly from September to December 2015 on commercial radio. The radio has since maintained the show on its own account. The show provides basic information on various workers’ rights related topics while also giving an opportunity for listeners to call in with questions.

*Education and training programmes on labour rights and OSH for relevant stakeholders should continue, be facilitated and expanded.*

### **Commitment 1.f – Establishing the Better Work Programme, Registration of independent trade unions, Ensuring protection of unions and their members from anti-union discrimination and reprisals.**

The **Better Work Programme**<sup>5</sup>, a partnership between the ILO and the International Finance Corporation (IFC), aims to improve both compliance with labour standards and competitiveness in global supply chains. It focuses on building factory-level industrial relations so that management and workers are together better able to prevent, identify and solve problems in the workplace.

Following the adoption of the amendments to the BLA in July 2013, **the Better Work Bangladesh (BWB) Programme**<sup>6</sup> was launched in October 2013. As of April 2016, **101 factories** were taking part in the programme which employ a total of **196,624 workers**, 54% of whom are women. Eighteen buyer partners, and over 70 other buyers sourcing from BWB registered factories also participate. By 31 March 2016, a total of 68 factory assessments had been completed. Of these, 42 assessment reports are available for review by external stakeholders. BWB has carried out a wide range of capacity building activities aimed at senior managers, supervisors and workers. These include industry seminars, supervisory skills training and life skills training for workers. By working closely with the participating factories, BWB will help them to become compliant with core labour standards, enhance productivity and improve working conditions.

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<sup>5</sup> <http://betterwork.org/global/>

<sup>6</sup> [http://betterwork.org/global/?page\\_id=5581](http://betterwork.org/global/?page_id=5581)

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### Better Work Bangladesh activity statistics (as of April 2016)

<i>Factories participating in BWB</i>	101
<i>Buyers participating in BWB</i>	18
<i>Workers in BWB factories</i>	196,624
<i># of advisory visits</i>	215
<i># of factory assessment completed</i>	68
<i># of industry seminars (# participants)</i>	11 (252)
<i># participants received supervisory skills training</i>	211 (female 35)

### *Registration of trade unions*

Trade union registration in the RMG industry **had seen a strong growth initially**, with the total number of unions increasing from 136 in **December 2012** to 483 as of 31 March 2016. However, it should be noted that newly registered unions only represent a small fraction of the approximately 4 million workers in the RMG sector and that **there has been a marked increase in rejections of registration requests and a decrease in registration of trade unions over the last months**. During 2015, only 71 unions were registered compared to 187 in 2014. The **reasons for this decline need to be understood and addressed as a matter of priority, ensuring that trade unions registration processes are protected against arbitrary rejections**. The ILO high level tripartite mission noted that the heavily bureaucratic procedure for registration and some control measures could discourage and intimidate the workers.

#### Formation of RMG sector Unions 2012 – 2016 (by 31 March)

	2012	2013	2014	2015	2016
<b><i>Newly formed</i></b>		<b>83</b>	<b>187</b>	<b>71</b>	<b>10</b>
<b><i>Total</i></b>	<b>132</b>	<b>215</b>	<b>402</b>	<b>473</b>	<b>483</b>

An on-line registration system for trade unions and trade union federations was launched by Bangladesh's Department of Labour (DoL), in March 2015, to allow both online and paper-based submissions to maximize the ability of workers groups to make applications. The on-line trade union registration system is expected to promote transparency and accountability in processing related applications. The system will gradually be expanded to include information on registered trade unions and trade union federations.

The ILO has undertaken a number of activities which aim to enhance this process. In addition, training was provided by ILO to officials of the DoL in March 2015 so that they are able to more effectively use the online system and better understand what, under the law, constitutes discrimination. The goal is to develop Standard Operating

Procedures covering trade union registrations and to deal with cases of anti-union discrimination. ILO also held workshops with IBC (IndustriALL Bangladesh Council) and NCCWE (National Coordination Committee for Workers' Education) trade union federations as well as the Department of Labour in October 2015 to consider obstacles that have been reported on trade union registration and to develop an action plan to improve the union registration process.

### ***Protection of unions and their members***

A telephone '**help line**' for workers to make and resolve grievances relating to workplace safety or workers' rights **was launched** in May 2015 by DoL with ILO support.

Calls received by the Help Line will be logged and forwarded to either DIFE or the Directorate of Labour to be dealt with. The caller will then be contacted with a response. In the initial phase, the help line targets ready-made garment workers in the Ashulia area. Should it prove successful, it will be promoted to workers nationwide. To date, the line has received 6,159 calls.

**Despite these efforts, numerous allegations of anti-union discrimination and unfair labour practices cases have been reported.** These include dismissals, threats, intimidation, harassment and violence (physical and verbal abuses) against trade unions leaders or workers who attempt to organise or form a trade union, together with lack of remedy and redress and delays in judicial proceedings.

The Government of Bangladesh **needs to address these reports without delay and notably by taking the necessary steps to ensure the effective investigation and prosecution of these cases, by ensuring reinstatement of those illegally dismissed and by imposing fines or criminal sanctions according to the law.**

*Trade union applications are to be acted upon expeditiously and are not to be denied unless they fail to meet clear and objective criteria set forth in the law.*

*The Government of Bangladesh should ensure the effective investigation and prosecution of alleged anti-union discrimination and unfair labour practices in a timely and transparent manner to ensure that all workers are free to organise and exercise their right to collective bargaining without interference or fear of anti-union discrimination, harassment, intimidation, or harm.*

*Reinforcing the capacity of the Ministry of Labour and Employment will be instrumental in this regard.*

**Commitment 1.g - Upgrading the Labour Inspectorate to a Department, with a strength of 800 inspectors and with adequate annual budget allocation, development of required infrastructure.**

The Government of Bangladesh has taken a number of significant steps since 2013 to enhance the labour inspection system and strengthen the capacity of the Department of Inspections for Factories and Establishments (DIFE). These include improving its structure and processes, changes to legislative and policy frameworks, and providing training and equipment to inspectors and management.

On 15 January 2014, the Government of Bangladesh upgraded the Office of the Chief Inspector of Factories and Establishments to a full Department - DIFE. The leadership of DIFE was enhanced by upgrading the post of Chief Inspector to Inspector General. DIFE now is authorised to hire up to 575 inspector positions, as compared to 183 authorised posts before the Compact.

The government has continued to recruit labour inspectors. A total of 199 inspectors (of whom 51 are women) have been recruited since June 2013. The proportion of women inspectors had risen to 20% in October 2015 (57 women out of 284 inspectors) from 11% in June 2013 (10 women out of 92 inspectors).

**Recruitment of new labour inspectors**

	As of June 2013			2014			2015			Total		
	Total	Male	Fem	Total	Male	Fe m	Total	Male	Fem	Total	Male	Fe m
Newly recruited				76	65	11	123	83	40	199	148	51
Total	92	82	10	168	147	21	291	230	61	284	227	57

The Government of Bangladesh has consistently increased the budget allocation for DIFE since 2013. This has increased by 322% from USD 0.97 million in financial year (FY) 2013-14 to USD 3.02 million in FY 2014-15 and to US\$4.1 million in 2015-16.

***Capacity building for DIFE and its labour inspectors***

The ILO and development partners have provided support to this process. Capacity building and training of labour inspectors has notably been carried out, in collaboration with the ILO International Training Centre (ITC). All inspectors, including new recruits have received basic foundational training. A comprehensive labour inspection training programme was launched on 16 August 2015 for 160 labour inspectors and was completed on 9 March 2016. The course covered a wide range of subjects that will enhance the professional skills of inspectors. These include labour market-related policies and programmes, Occupational Safety and Health (OSH),

International Labour Standards and Bangladesh Labour Laws. It also covers areas such as the Bangladesh and global economy, government service rules, procedures, team work and office management.

During March 2016, 20 labour inspectors took part in a five-day training session organised by the ILO's Country Level Engagement and Assistance to Reduce Child Labour (CLEAR Project) to enhance their capacity to better recognise and deal with cases of child labour.

As part of the support provided by ILO to enhance the capacity of DIFE to carry out inspections at garment factories, inspection equipment and personal protective equipment has been provided to inspectors. In September 2014, 95 motorcycles were handed over to the DIFE to make it easier for them to travel to do inspections while a further 50 motorcycles were handed over in November 2015 including 40 vehicles suitable for women inspectors to ride.

### *Support to the DIFE reform process*

An **annual inspection plan was developed** by DIFE in December 2014, in collaboration with ILO and with input from social partners. The inspection plan focuses on five major areas: inspection of RMG factories; occupational safety and health, accident-related investigation, working condition and occupational diseases.

A **labour inspection strategy was drafted by the DIFE** with support from the ILO which is awaiting finalization in consultation with the workers and employers.

**A labour inspection management reform and road map has been agreed between ILO and the Ministry of Labour that forms the basis for ILO support to this reform process.** Standard operating procedures for DIFE, an inspection check list as well as more effective information management systems are all being developed. These will significantly strengthen the systems which form the foundation upon which DIFE operates.

Between October 2014 and March 2015 DIFE formed seven Working Committees to implement the labour inspection roadmap: (a) Training and capacity building, (b) database and information management, (c) inspection reporting, (d) Labour Inspection Policy, (e) Standard Operating Procedures, (f) transparency, accountability & monitoring and (g) Occupational Safety and Health (OSH). These committees are in operation.

In October 2015 DIFE established an OSH unit headed by the Inspector General. This new unit will implement OSH related actions such as developing training manuals for factory safety committees, setting up OSH standards for Bangladesh, delivering OSH training for DIFE staff, employers and workers while also contributing to the implementation of national OSH policy. In this regard, it should be noted that DIFE surveyed a total of 841 ready-made garment units during the period between January and April 2016 on Safety Committee.

The ILO is also providing support to build capacity of DIFE to establish internal management processes to effectively follow up on the findings of fire and structural inspections in a systematic, comprehensive and transparent manner. This includes the skills needed to assist RMG factories under the national initiative to develop Corrective Action Plans for remediation work. The Fire Service and Civil Defence Department (FSCD) as well as the Capital Development Authority (RAJUK) have also been involved in this process in view of their important role relating to fire and building safety (c.f. Commitment 2.a below).

To modernize DIFE, the Government of Bangladesh, from its own budget, has also taken up a development project “Modernization and Strengthening the Department of Inspection for Factories and Establishments and Establishment of 9 District Offices”. The project is being implemented by the Department and is operational for the period Jan 2013 to December 2016.

*The Government of Bangladesh has taken important steps to reinforce the capacity of relevant public authorities. These efforts should continue and be reinforced. Notably, recruitment and training of inspectors need to continue in view of reaching the target of 800 inspectors. Standard Operating Procedures (SOPs) need to be finalized for the RMG as well as other priority sectors. The recruitment and the development of a strategy for the retention of new labour inspectors needs to be taken as matter of urgency.*

### **Commitment 1.h – Creating a publicly accessible database listing all RMG and knitwear factories, as a platform for reporting labour, fire and building safety inspections.**

Progress under this commitment is covered under Commitment 2.c below.

### **Commitment 1.i - Skills training and rehabilitation of victims.**

**A number of training and rehabilitation programmes for workers who sustained serious injuries have been set-up.**

The Rana Plaza **Coordination Cell** under the Ministry of Labour and Employment (MOLE) in Savar to provide support to the survivors and dependents of the deceased workers in Rana Plaza has been established with support from the ILO. It has been operational since November 2013 and had by December 2015 communicated with more than 4,231 victims to explore their specific needs and linking them to various rehabilitation services. On 31 December 2015 the RPCC closed its office in Savar and now operates from the office of the National Skills Development Council in Dhaka.

A **helpline for victims** has been in place since November 2013. Most callers inquire about medical support, job and business opportunities and are provided with

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information and support or, as appropriate, referred to relevant organisations and institutions.

In addition, the ILO collaborated with GIZ and Action Aid Bangladesh to carry out an assessment of the needs of Rana Plaza victims. As a result, it was possible to develop a reintegration and rehabilitation programme that met the needs of victims and to identify active partners able to provide such services.

The ILO also supported 300 injured workers who received counselling and livelihoods training in collaboration with NGOs Action Aid and BRAC. As of March 2016, 289 of these workers were either in paid employment or self-employed. Although most workers are in employment many continue to require ongoing medical assistance and support to cope with the challenges of returning to work after the trauma of Rana Plaza while others, who have set up small businesses require further mentoring. For this reason, ILO in collaboration with Action Aid is carrying out ongoing support to this group including psychosocial counselling and entrepreneurship/livelihoods skills.

**Vulnerability assessments and after award services are being provided to Rana Plaza victims and family members.** These assessments are being carried out with the collaboration of the International Organization for Migration and various civil society organizations. By the end of March 2016, 3,137 people had taken part in the assessments where they received career, financial and family counselling to help them better utilize compensation awards and develop a re-employment strategy.

The Rana Plaza Coordination Cell, with the support of ILO's RMG project has organized two training sessions on health and safety for rescue workers and community volunteers who took part in the Rana Plaza Collapse. Around 50 volunteers have received training on how to provide ongoing support to Rana Plaza survivors to prepare them to combat any future accidents in the Savar area.

Rehabilitation related actions (supported by ILO)	Men	Women	Total
Training for reemployment	68	231	299
Employed/self employed	84	205	289
Victims/relatives received information and counselling from RPCC	1,626	2,605	4,231
Received career, financial and family counselling as part of vulnerability assessment (March 2016)			3,137
Business development training	6	44	50
Medical support	18	124	142
Psychosocial counseling support	16	50	66
Career Guidance Workshop	26	94	120

*Psychosocial counselling and entrepreneurship/livelihoods skills support should continue to be provided on an ongoing basis involving the Government of Bangladesh and the private sector.*

**Commitment 1.j – Conducting a diagnostic study of the Labour Inspection System and developing and implementing a resulting action plan, including appropriate measures.**

The development of a roadmap for the 2014-16 period on inspection management reform has been undertaken jointly between DIFE and the ILO. Seven working committees were subsequently formed in October 2014 to implement the Road Map: Training; IT/database; Inspection Reporting; LI Policy, Standard Operating Procedures; OSH and Transparency Accountability; and Monitoring. The committees are operational.

A labour Inspection strategy has been drafted by DIFE in collaboration with ILO and shared with the Ministry of Labour and Employment. DIFE has also prepared a draft inspection checklist with technical support from ILO, which is being field tested by the inspectors in different sectors.

DIFE, MOLE and the ILO, participated in a Labour Inspection Strategic Planning Workshop in Savar on 7-8 March 2016 to update and revise the Labour Inspection Management Reform Roadmap. The DIFE governance structure and organigram were discussed, including roles and responsibilities and establishment of management processes and various technical units. Emerging priorities and key medium and long-term activities were considered in the context of recommendations from the October 2015 ILO Committee of Experts Direct Contacts mission on Labour Inspection and the January 2016 Sustainability Compact Review.

*Institutional reform is underway in DIFE. The Road Map and new inspection strategy will make a substantial boost to the future inspection process.*

## **Pillar 2: Structural Integrity of Buildings and Occupational Safety and Health**

### **Key Achievements:**

- The **inspections of the export-oriented RMG factories have been completed** through a joint private sector and government efforts. A total of 3,632 active, export-oriented garment factories had received structural, fire and electrical safety inspections as of 31 March 2016, going beyond the original 3,508 target.
- **Collaboration and coordination has been strengthened** with harmonised inspections standards and common reporting templates.
- **Positive developments** in relation to **follow-up on audits and remediation work:**
  - The development of Corrective Action Plans and Detailed Engineering Assessments under the national initiative has been taken forward under DIFE leadership with relevant stakeholders. Capacity of DIFE and FSCD to follow up on inspection report findings has been greatly enhanced.
  - A review panel for closures of vulnerable and risky factories has been established by the NTC, under which, as of 31 March 2016, 39 factories have been closed by national authorities as a result of significant safety concerns and another 42 factories have reduced operations as a result of safety concerns. The Review Panel is chaired by the Inspector General of DIFE, and composed of Accord, Alliance, BUET and BGMEA/BKMEA representatives.
- **Transparency has been reinforced:** a publicly accessible database has been created by the Government of Bangladesh as a platform for reporting on labour, fire and building safety inspections. As of 31 March 2016, 1,633 full sets (all inspection reports from the Government of Bangladesh, the Accord and the Alliance) have been made available (<http://database.dife.gov.bd/>)

### **Key steps to be taken include:**

- **Remediation measures** of fire, electrical and structural hazards **must be carried out without delay** to ensure safety in the sector. No factory can be considered fully safe until it has carried out all actions highlighted in the inspection reports.
- **Corrective Action Plans (CAPS)** need to be **developed**, in a timely and effective manner in cooperation with relevant stakeholders, recognizing the usefulness of the funds mobilized by donors and the importance of effective financial support
- Efforts in **monitoring these processes** should continue by regulatory authorities in a systematic and transparent manner.
- A **strategy/plan** needs to be developed that sees the **Government of Bangladesh** progressively **take full ownership of the inspection/remediation process**.
- The **dispatch of available remediation funds** to the neediest factories needs to be facilitated.

***Commitment 2.a – Implement the National Tripartite Plan of Action on Fire Safety and Structural Integrity in the RMG industry in Bangladesh with the support of the ILO, in accordance with the established milestones and timelines, as stipulated in the Programme of Action.***

The Ministry of Labour and Employment through the Department of Inspections of Factories and Establishments (DIFE) is following up inspections completed under the government's National Initiative established by the National Tripartite Plan of Action. The ILO has worked to build capacity of the DIFE to establish internal management processes to effectively follow up on the findings of fire and structural inspections in a systematic, comprehensive and transparent manner.

In collaboration with ILO, DIFE is working with other government regulatory authorities (notably FSCD and RAJUK) in developing a harmonised remediation strategy for factories already assessed under the national initiative. The support of industry associations (BGMEA and BKMEA), brands and retailers as well as financial institutions and development partners is crucial to complete the remediation.

An online programme in DIFE website to track records of the handover of assessment reports to factories has been developed.

The ILO has facilitated a diagnosis of RAJUK and FSCD's capacity in order to identify how these regulators should best be strengthened so as to effectively carry out their role. The two regulatory bodies have started developing plans to strengthen their respective departments to monitor fire and building safety related work in the garment sector. The ILO is working closely with them to enhance cross-institutional communication and collaboration in this regard through various training initiatives and dialogue.

The ILO and GIZ have provided capacity building to the FSCD. A core of "master trainers" has been created and fire service staff can now more effectively inspect factories, develop emergency action plans and carry out evacuation drills.

*The Government of Bangladesh needs to place high importance on the role of DIFE to take remediation for RMG factories to completion. Effective collaboration between the three key regulators is necessary for remediation work to be carried forward under the national initiative.*

**Commitment 2.b - Assess the structural building safety and fire safety of all active export-oriented RMG and knitwear factories in Bangladesh by June 2014 – with the most populated factories assessed by the end of 2013 – and initiate remedial actions, including relocation of unsafe factories.**

***Factory safety assessments***

The inspection of the 3,632 export-oriented RMG factories has been carried out by **three initiatives**:

- the **Bangladesh Accord** on Fire and Building Safety and **the Alliance** for Bangladesh Worker Safety - representing international brands and retailers – which have carried out inspections of the factories which their member companies source from.
- **the national initiative** of the Government of Bangladesh, which inspected the remaining factories, including through initially the Bangladesh University of Engineering and Technology (BUET). Two private sector engineering firms were subsequently hired to speed up the inspection process.

By 31 December 2015, **100% of the RMG factories identified as export-oriented had been assessed** by the efforts of the three initiatives.

**Assessments carried out under the national initiative**

<b>Assessment type</b>	<b>Number</b>
<b>Structural Integrity (buildings)</b>	1,379*
<b>Fire Safety (factories)</b>	1,517
<b>Electrical Safety (factories)</b>	1,517

\*Certain buildings contain more than one factory

**Assessments carried out under three inspection initiatives**

<b>Assessment type</b>	<b>Number</b>
<b>Accord</b>	1,390
<b>Alliance</b>	857
<b>National initiative</b>	1,549
<b>Total</b>	3,632*

\*Total includes reduction of 164 factories which fall jointly under both Accord and Alliance

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### Decisions of the review panel

	National initiative		Accord		Alliance		Total	
	Factor y	Buildin g	Factor y	Buildin g	Factor y	Buildin g	Factor y	Buildin g
<b>Referred to Review Panel</b>	33	18	52	24	65	28	150	70
<b>Partially Closed</b>	16	7	14	7	12	5	42	19
<b>Closed</b>	3	3	26	10	10	6	39	19
<b>Allowed operation</b>	14	8	12	7	43	17	69	32
<b>Pending Decision</b>	0	0	0	0	0	0	0	0

In addition, a number of significant actions have taken place to underpin the inspection process and overcome challenges. These include the harmonization of inspection standards, the establishment of the review panel to assess factories identified as dangerous, and capacity building for, as well as enhanced collaboration between, labour inspectorate and fire service staff who will follow up on inspection reports.

### *Remediation work*

While the completion of inspections represent a key achievement, no factory can be considered fully safe until it has carried out all the actions highlighted in the inspections reports. Emphasis should now be placed on carrying out the remediation work.

The National Tripartite Committee (NTC) which oversees the progress of NTPA's implementation, endorsed a draft protocol for remediation under the national initiative of 23 December 2014. Two taskforces - one dealing with structural safety and one with fire and electrical safety - have been formed to oversee the remedial measures of RMG buildings.

### Corrective Action Plan (CAP) status of national initiative (March 2016)

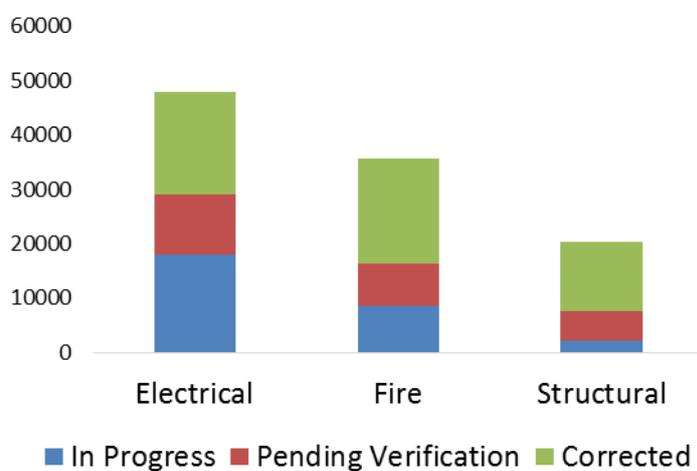
Assessment Type	# Reports Sent to Factories	# CAP Received from Factories	# CAP Reviewed by Task Force	# CAP Approved by Task force
Structural Integrity	1,379	90	90	5
Fire Safety	1,517	105	105	0
Electrical Safety	1,517	105	105	0
<b>Total</b>	<b>4,413</b>	<b>300</b>	<b>300</b>	<b>5</b>

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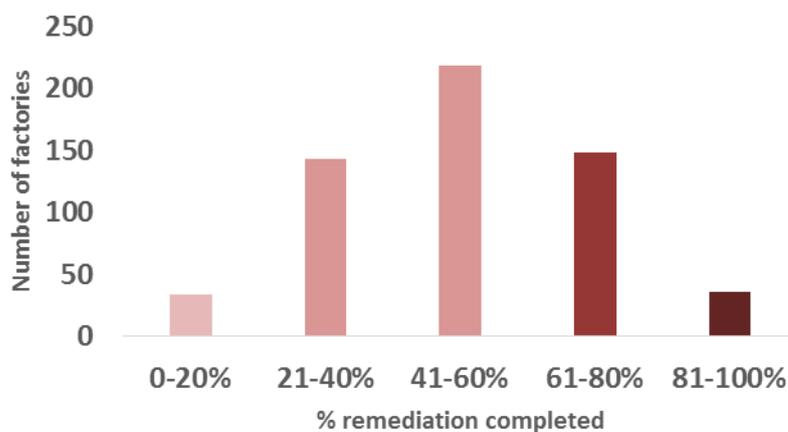
### Corrective Action Plan (CAP) Status of Accord (Feb 2016)

CAPs completed	2
In progress	161
Delayed	1,182
Not implemented	7
Not finished/no CAP	306

### Status of safety findings in Accord factories (as published in CAPs)



### Remediation progress of Alliance factories



In order to support remediation actions by reducing the cost of compliance with fire safety standards, the Government of Bangladesh, as of 1 July 2014, eliminated customs duties and other charges on import of fire resistance doors, sprinkler systems and equipment, and emergency light and steel materials for factory buildings.

DIFE inspectors have been trained in how to support factories to develop Corrective Action Plans (CAPs) with a pilot initiative taking place to help a first batch of factories to do so. Guidelines for Detailed Engineering Assessments are being developed while transparency has been increased by making 1,633 full sets (structural, fire and electrical) inspection report summaries available online.

Considerable progress has been made to develop more accurate lists of RMG factories which are operational in collaboration with the Bangladesh Garment Manufacturers and Exporters Association (BGMEA) and Bangladesh Knitwear Manufacturers and Exporters Association (BKMEA).

The ILO has taken a strategic approach to improving fire and general building safety. As a result of the capacity development efforts and training of FSCD inspectors (there are now 265 fire inspectors, compared to 55 end of 2013) fire inspectors in each district are able to conduct inspections based on modern techniques, and assist factory safety managers to adopt internationally accepted practices on fire safety and emergency evacuation plans. Enhanced institutional collaboration has also seen the FSCD work closely with DIFE relating to the follow up of RMG factory inspections.

With the shift from conducting assessments to handing over reports to factories and the preparation for remediation through CAPs and Detailed Engineering Assessments (DEAs), a new strategy for the post inspection period is needed.

Supporting RMG factories to carry out remediation requires considerable resources and expertise. While the Accord and Alliance are able to bring the expertise needed to support remediation of their factories, the challenge is greater for the National Initiative. The ILO is working with the government and other stakeholders to establish a Remediation Coordination Cell (RCC). Staffed by members of the key regulators as well as by specialist engineers, the RCC would oversee the process of remediation for factories not covered under the Accord and Alliance. It is expected that the RCC should be established in late 2016.

**High priority** should be placed on **developing DEAs and finalising CAPs** so that remediation of RMG factories can be completed without delay. The Government of Bangladesh should also focus on taking steps towards **harmonisation of and addressing inconsistencies and gaps** in laws, rules, etc. relating to **building approvals, fire safety clearances and factory licences**. The **capacity of regulatory bodies** needs to be enhanced further so that they are able to effectively assume a full oversight role.

*The Government of Bangladesh and industry associations need to take a lead role in developing a coordinated remediation strategy for the RMG sector, swiftly complete remediation work, in collaboration with financial institutions and other stakeholders.*

**Commitment 2.c** – Develop, with the assistance from the ILO and other development partners, the publicly accessible database described in paragraph 1.h) of the Compact (this part also covers progress under Commitment 1.h).

**A publicly accessible database has been set-up and is being upgraded.** Indeed, in March 2014, the DIFE website (www.dife.gov.bd) for the RMG factories was launched containing data on 3,508 factories. The publishing of Summary Reports started later in the year. As of 31 March 2016, the database contains information on 4,808 RMG factories which goes beyond export-oriented ones.

The NTC decided to publish all assessment reports in a harmonised common reporting format and as of 31 March 2016, 1,633 full sets of reports from the national initiative, the Accord and the Alliance have been published. Findings and recommendations of the assessment reports are being codified to add to the database to facilitate tracking towards remediation and analyse the findings.

The capacity of DIFE, RAJUK, FSCD and the Ministry of Labour and Employment is being enhanced with regards to data and information management. A software firm has been engaged to prepare requirements and system specification documents for information and knowledge management systems for DIFE, DOL, FSCD and RAJUK. The consulting firm has developed draft requirements documents and system specifications that will be used to tender out the system development works. In this context, **efforts in upgrading the database should continue, notably by ensuring that all relevant data is made available, including on violations identified, fines and sanctions administered and follow-ups.**

*The Government of Bangladesh should sustain efforts on transparency on factory inspections and towards the upgrading of the publicly accessible database of RMG factories should be sustained. The database should notably include: detailed information on all factories in the sector, results of labour inspections regarding anti-union discrimination and unfair labour practices, structural integrity, fire, and electrical inspections (including fines, sanctions and remedial action), as well as information on all*

### **Pillar 3: Responsible Business Conduct**

#### **Key Achievements:**

- The **Accord** on Factory and Building Safety in Bangladesh and the **Alliance** for Bangladesh Worker Safety - gathering more than 250 brands and retailers from over 20 countries - have **been fully operational since 2013**. They have agreed with national authorities on a common approach, including standards for inspections. Together, the Accord and the Alliance have carried out inspections of more than 2,000 factories. Remedial work is underway to address shortcomings.
- **Better Work Bangladesh** is **working with 18 buyers** sourcing from **101 RMG factories** which have registered with the programme. The programme is carrying out a series of actions with participating factories to improve both compliance with labour standards and competitiveness in global supply chains. It also helps build capacity of management and staff in numerous areas ranging from technical issues to life skills.
- A first ever **Better Work buyers' forum** took place in Dhaka 6-7 March 2016. The events enabled constructive discussions on the Better Work programme and its partnerships, achievements and challenges relating to working conditions and competitiveness in the Bangladesh RMG sector.

#### **Key steps to be taken include:**

- **Continue encouraging and facilitating private sector involvement** in contributing to better working conditions for RMG workers, including in relation to remediation work in RMG factories.
- Continue to **promote the uptake of responsible business practices** and facilitate transparent and coordinated mechanisms between relevant initiatives.
- Encourage Multinational enterprises (MNEs), brands and retailers to **deepen discussions on Responsible Business Conduct** in accordance with internationally recognised guidelines and principles, including the OECD Guidelines on MNEs and the ILO Tripartite Declaration of Principles concerning MNEs.
- **Encourage industry associations** such as **BGMEA and BKMEA** to **actively promote sectorial social dialogue** and focus on capacity development of their member factories in this regard.
- Encourage the continuation of the work of the global retailers and brands to adopt a **unified code of conduct for factory audit** in Bangladesh.

**Commitment 3.a – Continued promotion of socially responsible supply chain initiatives and facilitation of transparency and coordination between them. Encourage all stakeholders to stay engaged in Bangladesh.**

Major fashion and retail brands sourcing garments from Bangladesh are coordinating their efforts to help improve safety in the Bangladeshi factories which supply them. The Compact partners have recognised their important contributions to the Compact's implementation<sup>7</sup>, including through developing implementation plans and have underlined the importance of engaging with stakeholders to ensure effective implementation of and consistency amongst the various initiatives.

*It is necessary to continue encouraging all stakeholders, including brands and retailers, to stay engaged in Bangladesh, including beyond 2018.*

**Commitment 3.b – Multi-national enterprises and retailers engage in discussion on responsible business conduct along the supply chain.**

**The responsible business conduct initiatives launched in response to the Rana Plaza tragedy are operational.** Over 250 brands and retailers from over 20 countries are members of either the Accord on Factory and Building Safety in Bangladesh or the Alliance for Bangladesh Worker Safety.

**The Accord** is a legally binding agreement which include independent safety inspections at factories, identifying safety issues and enabling remedial action. It has been signed by over 200 apparel corporations from around 20 countries in Europe, North America, Asia and Australia; two global trade unions (IndustriALL and UNIGlobal), and numerous Bangladeshi trade unions. Clean Clothes Campaign, Worker Rights Consortium, International Labour Rights Forum and Maquila Solidarity Network are NGO witnesses to the Accord. The ILO acts as the independent chair.

**The Alliance** was founded by a group of North American apparel companies and retailers and brands who have joined together to develop and launch the Bangladesh Worker Safety Initiative, a binding, five-year undertaking with the intent of improving safety in Bangladesh's RMG factories in a transparent, results-oriented, measurable and verifiable manner. Collectively, the Alliance members represent the overwhelming majority of North American imports of RMG from Bangladesh, produced at more than 700 factories.

**These initiatives have agreed with national authorities on a common approach, including standards for inspections.** In all, Accord and Alliance have carried out

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<sup>7</sup> Joint Conclusions , Second Follow-up Meeting on Bangladesh Sustainability Compact - Dhaka, 28 January 2016 - [http://trade.ec.europa.eu/doclib/docs/2016/january/tradoc\\_154181.pdf](http://trade.ec.europa.eu/doclib/docs/2016/january/tradoc_154181.pdf)

inspections of more than 2,000 factories while remedial work is underway to address shortcomings.

The Accord is ensuring that workers can make an effective contribution to the inspections, monitoring and implementing CAPs, building functioning Safety and Health Committees. Awareness activities are taking place to help workers understand the functioning of safety committees. Accord also provides access to a credible safety and health complaint mechanism. Factory employees who utilize the safety and complaints mechanism will be protected from discrimination or reprisal for submitting a complaint to the Accord.

Alliance has carried out a significant programme of fire safety training which aims to equip workers and management with fundamental knowledge and awareness about basic fire prevention, fire protection, and emergency evacuation. Alliance has also established a telephone helpline ‘Amader Kotha’ (“Our Voice”) in July 2014 to provide factory workers with the opportunity to voice safety concerns so that they can be heard and acted upon in a timely manner. Since its launch the helpline had received 55,544 calls (as of April 2016).

A monthly Brand Forum meeting takes place in Dhaka organised by IFC. This brings together all interested brands and retailers to discuss various issues relating to business activities in Bangladesh including responsible business conduct.

In some cases, international brands and buyers have also contributed to mediate conflicts between factory management and workers.

The brands and retailers have established a data sharing facility under the auspices of the Fair Factory Clearance House<sup>8</sup>. This provides web-based software to manage and share information about workplace conditions on labour, ethics, health & safety, environmental and security issues which should lead to improved supply chain/workplace efficiency, oversight, accountability and economy.

*International brands and retailers need to continue to emphasise responsible business conduct with a view to addressing issues along the supply chain in Bangladesh.*

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<sup>8</sup> <http://www.fairfactories.org/Main/Index.aspx>

**Commitment 3.c – Retailers and brands to deepen discussions on RBC. Encourage to adopt and follow a unified code of conduct for factory audit in Bangladesh.**

The Accord on Factory and Building Safety in Bangladesh and the Alliance for Bangladesh Worker Safety have agreed with national authorities on a common approach, including standards, for inspections and have used them for all the inspections they have carried out. Further to these efforts, **International brands and retailers are encouraged to develop a unified code of conduct for factory audit in Bangladesh.**

**Commitment 3.d – Bangladesh and the EU take note of the work by European social partners in the textile and clothing sector started on 26 April 2013 to update their 1997 Code of Conduct on fundamental rights, in the framework of the European Sectoral Social Dialogue Committee for Textile and Clothing.**

Following the finalisation of their project to develop a **CSR risk assessment tool**, the European social partners of the textile and clothing sector have started working on a follow-up project on "CSR Risk assessment model development, implementation, and dissemination". The project aims at fine-tuning and finalising the tool developed during the first project for increased use and dissemination amongst SMEs and other various stakeholders. In the first stage of the project, the data collected for the elaboration of the country profiles will be used to feed the underlying model of the risk assessment tool. Consequently, a number of companies will be identified, based on an appropriate profile selection, to be involved in testing the tool. It is also foreseen to create a dedicated online platform and a communication strategy.