



Protecting and Empowering Bangladesh Garment Workers

Alliance for Bangladesh Worker Safety

Third Annual Report

September 2016



ALLIANCE
FOR BANGLADESH WORKER SAFETY

Message from the Chair

Dear Colleagues,

The Alliance was formed in 2013 on the principle that every garment worker has the fundamental right to a safe workplace. More than three years have now passed since Alliance member companies launched one of the most ambitious and significant safety programs in Bangladesh history. Despite countless challenges, the reforms achieved to date are saving lives and building a safer garment sector in Bangladesh.

From our efforts to inspect and remediate factories to our fire safety training and 24/7 confidential worker Helpline, we know that our work and that of our partners is making factories safer, empowering millions of workers, achieving a sea change in safety for the entire garment industry, and most importantly, saving lives.

But our work is far from complete—we are pushing full steam ahead to ensure that our ambitious goals are achieved by the end of our five-year initiative.

As we enter year four, I am pleased to report to you on the ongoing work in Alliance factories and with Alliance workers, the priorities and objectives that lie ahead, and our plans to ensure that we leave behind an industry that is unquestionably safer—one in which prioritizing worker safety is nothing short of a golden rule.

Sincerely,

A handwritten signature in black ink, reading "Ellen O'Kane Tauscher". The signature is fluid and cursive, with a large loop at the top.

The Honorable Ellen O'Kane Tauscher
Independent Chair

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By the Numbers

Total Factories	765
Currently Active Factories	685
Total Workers	1,274,612
Initial Inspections Completed ¹	759
New Factories Currently Undergoing Inspection	6
Factory Verification Visits to Assess Progress:	
First Verification Visit Completed	571
Second Verification Visit Completed	466
Third Verification Visit Completed	295
Factories with All Critical CAP Items Completed ²	40
Factories Suspended	97
Workers Trained in Initial Basic Fire Safety Training	1,290,971
Workers Trained in Refresher Training	799,125
Security Guards Provided with Fire Safety Leadership Training	22,759
Total Factories with Access to Helpline	802
Total Workers with Access to Helpline	1,045,670
Worker Safety Committees in Formation ³	54
Workers Receiving Wage Compensation	6,676

1. Includes all inspections of Alliance factories, including those shared and executed under agreement with the Accord.

2. Includes Alliance factories that completed their CAP under the Accord program, per our agreement with the Accord.

3. Program initiated in April 2016.



Safety in the Workplace: A Fundamental Human Right

Ongoing Factory Inspections

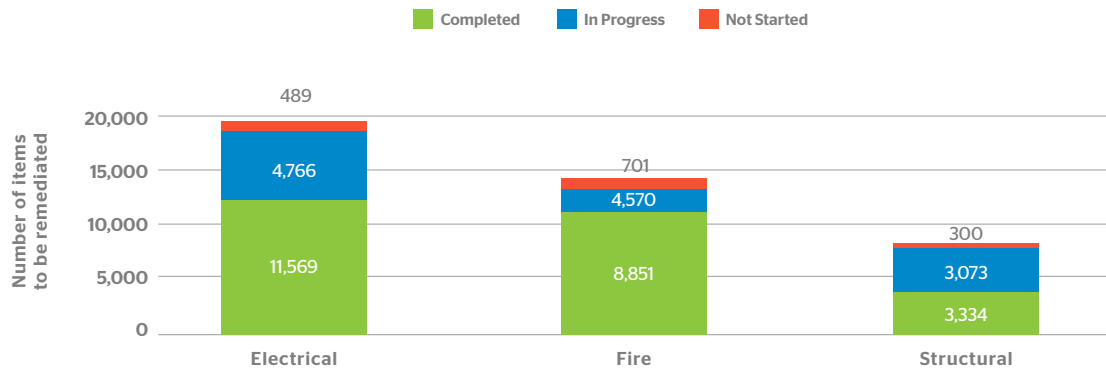
No garment worker should have to risk his or her life to make a living. For the Alliance, this principle is nothing short of fundamental—it is what drove Alliance member companies to join forces in Bangladesh with a commitment to help guide and finance significant, far-reaching safety reform across the Bangladesh garment industry.

The primary objective of the Alliance continues to be ensuring that the 1.2 million men and women who work in Alliance-affiliated factories do so in an environment free from safety hazards. As such, all factories from which Alliance member companies source have undergone rigorous initial inspections for fire, structural, and electrical safety.

The findings of these inspections—which are carried out by independent assessment firms—are then incorporated into Corrective Action Plans (CAPs) that provide a plan of action for each factory to address all safety concerns identified during the inspection process.

All three inspection reports for each Alliance factory—fire, structural, and electrical—are posted in full on our website, as are the approved CAPs for each factory once developed. Factory owners are also required to share inspection results with worker representatives and trade unions present in their factories to ensure that all workers are aware of any possible risks and the steps being taken to mitigate them.

Status of Items to be Remediated by Discipline as Identified in Initial Inspections

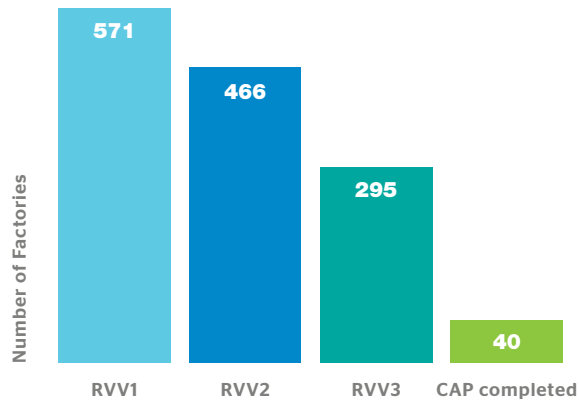


All factories from which Alliance member companies sourced upon our formation in July 2013 were inspected during the Alliance's first year in operation. All new factories brought on board since that time also require initial inspection and must follow the same process in order to be included

on the Alliance-compliant factory list. Finally, any factory looking to add new buildings or floors must submit pre-construction structural designs for approval by our team, and new inspections are required when the expansion is completed.



Remediation Verification Visits (RVVs) Completed to Date



Remediation

Leaving behind factories where the workers are demonstrably safer is at the heart of the Alliance’s work. Significant remediation is now underway in all active Alliance factories—and those unwilling or unable to comply are suspended and removed from our compliant factory list. Our current focus is on working with factories to prioritize the most critical repairs—those most important for life safety, yet often the most costly and time-consuming for factories to achieve—including the installation of fire doors, reinforcement of structural beams and columns, and installation of sprinkler systems.





Remediation in Focus **Babylon Washing Ltd.**

Garment factory safety enhancements take place in an ever-changing and dynamic workplace environment—and improving safety and sustaining safe workplaces requires commitment, effort, and adaptation. The remediation process for any factory is a combination of goal-setting, progress updates, factory communications, and diligence.

For example, Alliance inspectors and engineers assessed the Babylon Washing factory twice in May and June 2015 to assess progress made in addressing building safety issues. In that time, remediation improved from 67% to 98%, but a third verification visit in November indicated that remediation had decreased to 90% due to internal structural changes the factory had made.

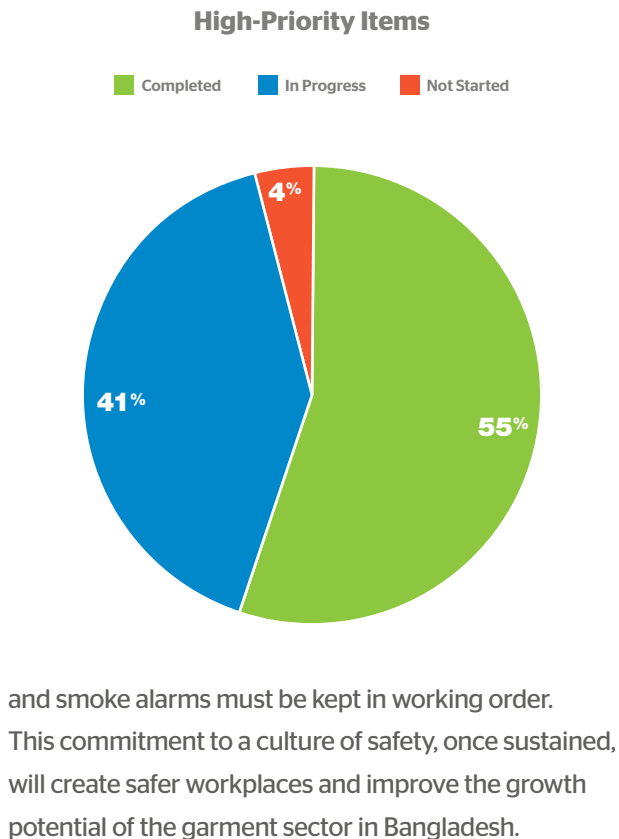
Maintaining safe factories requires sustained commitment by the factory owner and the management to maintain structural, fire and

electrical standards, and requires that workers be trained and empowered to protect themselves in case of an emergency.

Changes will happen in garment factories as a routine part of business—machines break, new equipment is installed, products are stored differently—and all Alliance factories are required to continue safety maintenance after remediation inspections have been completed. After the November back-sliding, the Alliance team held a roundtable meeting with Babylon Washing management to help them better understand how physical alterations to their building may impact worker safety. Following the meeting, Babylon Washing management took that learning back to the factory and made the necessary safety updates based on the new factory layout. During the CAP closure verification visit in December 2015, the Alliance confirmed that Babylon Washing had substantially completed its CAP, and today the factory remains active in the Alliance program.

Ongoing assessments continue in our factories in the form of multiple on-site remediation verification visits (RVVs), during which Alliance engineers assess progress against factory CAPs and confirm adherence to our remediation requirements. To date, 55% of high-priority repairs across all Alliance-affiliated factories have been completed.

Once a factory has completed all material items in its CAP as verified during its official CAP closure verification visit, the Alliance deems the factory substantially compliant. However, just as with any workplace anywhere in the world, safety will never simply be a destination for factories—it must remain an ongoing journey and sustained commitment shared by factories, management, and workers together. Manufacturing equipment must be tested and periodically repaired. Wires that become worn with use must be replaced. Burdensome equipment loads exceeding recommended capacity cannot be added to floors. Exits must be kept clear, and hydrants



Sample High-Priority Items	Sample Medium/Low-Priority Items
Lightning protection system is installed on the building	Required equipment and safety signs are posted within the room
Exit enclosures are provided with rated, fire-resistant barriers	Certificates of Occupancy for each building have been issued and are on file
Means of egress are free from impediments, obstructions or stored materials	Fire Department pre-planning has been completed
Structural columns are calculated as strong enough to support the weight of the factory structure, machinery, and workers	Floor load plans are posted as required
Structural system is free of distress, settlement, shifting, or cracking in columns or walls	Credible structural design documents are available for review and kept on site

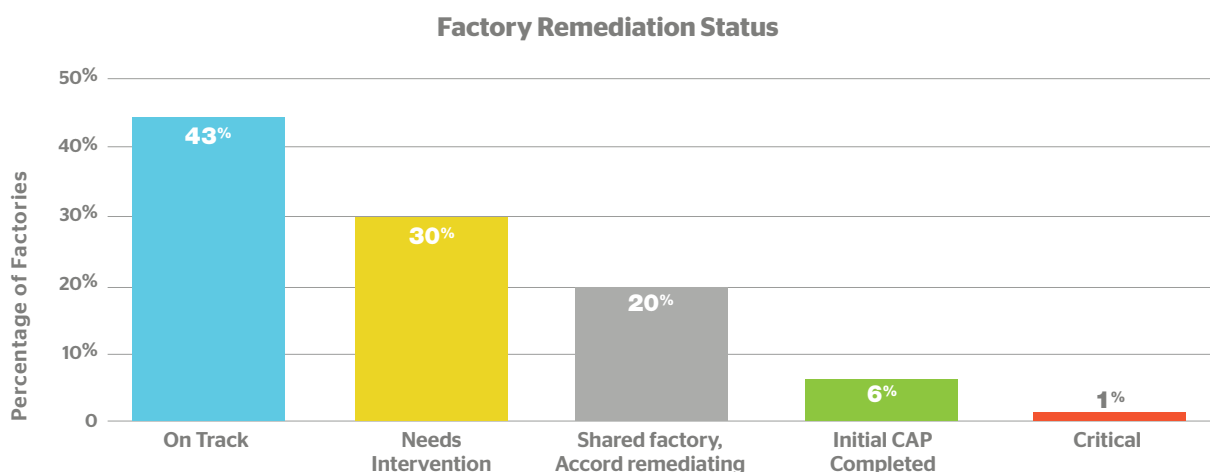
Factory Suspensions

The Alliance is clear that we have a no-tolerance policy for factories that refuse to address safety concerns by undergoing required repairs or participating in Alliance training and worker empowerment programs. Factories that demonstrate an unwillingness or inability to make adequate remediation progress are escalated for suspension, without exception—and suspended factories are removed from the Alliance-compliant list. Those wishing to reestablish themselves as an Alliance-compliant factory must undergo a new inspection, show significant remediation progress, and demonstrate that they can remediate their high-priority items by July 2018; the Alliance will not consider re-applications for a minimum of three months from the time of suspension. To date, the Alliance has suspended 97 factories for failure to make progress on repairs that address safety concerns.

Under the guidance of Country Director James F. Moriarty and through consultation with factory owners, the Bangladesh Garment Manufacturers and Exporters Association (BGMEA), the National Fire Protection Association (NFPA), the Bangladesh Accord on Fire and Building Safety (Accord) and other key stakeholders, the Alliance

has updated its process for evaluating factory progress toward remediation. The Alliance will no longer penalize factories that have made steady progress but may be stalled in some areas due to circumstances outside of their control, such as import delays on necessary safety equipment. Our revised approach also encourages factories to focus their primary efforts on investing in the remediation of issues most critical to life safety, rather than focusing on relatively simple and non-critical fixes to check more boxes off the CAP list.

The Alliance makes public on our website each factory's remediation status, which indicates whether the factory is on track or requires some intervention, such as assistance clarifying remediation requirements or technical review of design documents. Though we engage with all factories on a routine basis, factories that need intervention are given more attention through in-person roundtables and follow-up meetings with our technical staff to discuss obstacles and help the factories get back on track. Factories characterized as "critical" are at risk of escalation, suspension and removal from the Alliance-compliant factory list, absent a dramatic shift in the factory's attitude and capabilities with respect to remediation.





Empowering Workers is Fundamental

Making garment factories physically safer remains central to the work of the Alliance. To truly change the culture of safety in the garment sector, however, the Alliance has taken a holistic approach—marrying factory repairs with sweeping efforts to train, empower and support workers to educate and protect themselves in the case of an emergency.

Worker Training

In an industry characterized by the use of high-powered electrical machinery and fabric, fires will always remain a risk. In a country like Bangladesh that faces frequent power surges, limited water pressure, poor infrastructure and massive traffic jams that can hamper the best efforts of the fire service to respond, it is imperative that workers be empowered with the skills to spot potential dangers and to know how best to react. Therefore, no factory safety program can be truly effective without comprehensive and sustained training of all workers in fire prevention, protection

and evacuation skills. We have trained more than 1.2 million workers in basic fire safety. To date, nearly 800,000 workers have also received the interactive refresher course, led by their Alliance-trained peers in each factory, to make sure that newer employees are covered and those who have taken the training before have an opportunity to revisit the curriculum.

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No worker safety training effort at this scale has ever been tried in Bangladesh—and the results achieved by our safety training program demonstrate the critical role that worker training can play in improving worker safety. A study conducted by the University of Texas before and after the Alliance basic fire safety training showed a dramatic increase in fire safety awareness among workers who participated in the course. The Alliance is now working with potential partners to ensure that the curriculum is standardized and the training program continues in Alliance-compliant factories once the Alliance sunsets in 2018.



Training in Focus Nassa Complex

Through its worker safety and empowerment efforts, the Alliance noted that security guards could play a vital leadership role during emergencies—something they were not already trained to do. In 2014 the Alliance launched a security guard training designed to equip security guards with the skills to help prevent fires, to facilitate the swift and safe evacuation of workers, and to protect life rather than property—without exception—in case of an emergency.

This training was of particular use to more than 80 security guards working at the Nassa Complex, a group of Alliance-affiliated factories, in April

2015. On April 25 at 12:11 pm, these security guards and the thousands of workers in the complex felt the buildings begin to tremble as a powerful 7.8 earthquake in Nepal rocked parts of Bangladesh. The security guards applied their Alliance training, deterring mass panic among the factory workers and ensuring the safe and orderly response and post-earthquake evacuation of more than 5,000 workers. When emergency struck, the security guards knew what to do, and they have credited their Alliance factory safety training with empowering them to play this life-saving role.

Nearly 23,000 guards have received this training to date and now know what to do—and not do—in the event of a fire in order to save lives in their factories.

Worker Helpline

Nearly three years ago, the Alliance piloted its 24/7 confidential worker Helpline—Amader Kotha, or “Our Voice”—with the purpose of providing a safe and anonymous channel for garment workers to immediately report safety and other workplace-related concerns.

Since then, 802 factories have received trainings on and access to the Helpline, generating a total of 88,188 calls from workers—or an average of 4,200 calls each month.⁴ As with the worker training program, this initiative is the first of its kind in Bangladesh, and is proving to be a lifeline for workers who have often felt that they have no means to raise issues of concern in the workplace.

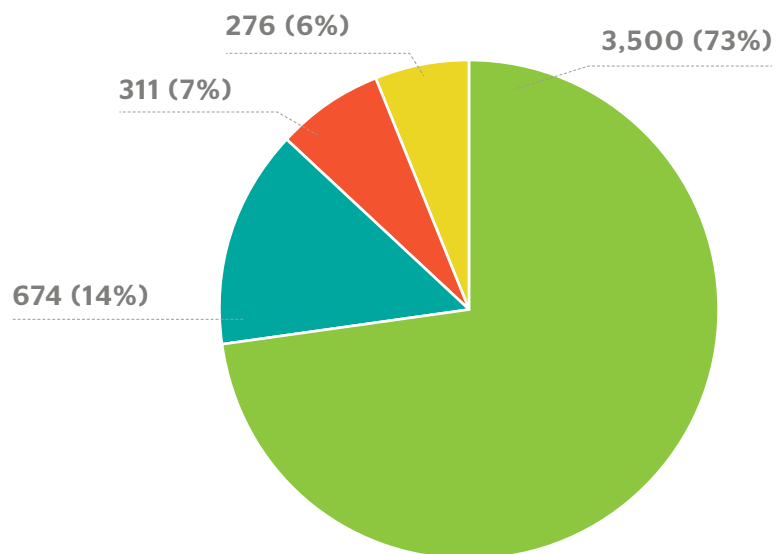
The Helpline directly empowers workers and serves as a practical tool for confidentially notifying the Alliance about issues of concern, urgent and otherwise. Workers in both Alliance and non-Alliance factories have used it to report everything from factory or community fires and earthquake damage to missing persons or unfair

wage cuts. Twenty-four hours a day, seven days a week, Helpline operators take calls and are able to quickly share the information received with factory managers, Alliance leadership, the local fire brigade and others depending on the nature of the call. Many of the calls the Alliance receives are unrelated to matters of urgent safety—which demonstrates how broadly the workforce is utilizing this tool to make their voice heard on a range of issues. The Alliance has adapted and expanded its worker Helpline protocols as the Helpline has been made available in and beyond Alliance factories—and the lessons learned provide a scalable model with proven results that can be sustained and expanded throughout the entire industry.

Furthermore, the Helpline enhances the remediation process in many factories. Factory safety concerns communicated via the Helpline are investigated and, once verified, quickly integrated into a factory’s CAP and tracked until remediation is complete and the safety concern raised on the call has been addressed.

Helpline Calls: A Snapshot

- Non-urgent: Non-safety
- Non-urgent: Safety
- Urgent: Safety
- Urgent: Non-safety



⁴ As of September 1, 2016.



Leading the Helpline **Quamrunnessa Babli**

For Quamrunnessa Babli, every call into the Alliance Worker Helpline—Amader Kotha (“Our Voice”) in Bangla—is an important one, no matter what the issue. Babli is the Alliance’s Senior General Manager for Worker Empowerment, responsible for ensuring the Helpline is staffed 24 hours a day to assist workers at any of the Alliance’s factories.

Factory workers are introduced to the Helpline as part of the Alliance basic fire safety training program, which has been provided to all Alliance factories. During this training, the Helpline is presented as one of the communication channels that workers can use to report safety concerns, and the use of role play demonstrates how the Helpline works. Workers are then given personal cards that feature the Helpline number so that assistance is only a phone call away.

Since its inception in July 2014, nearly 90,000 calls have been made to the Helpline. “There is an

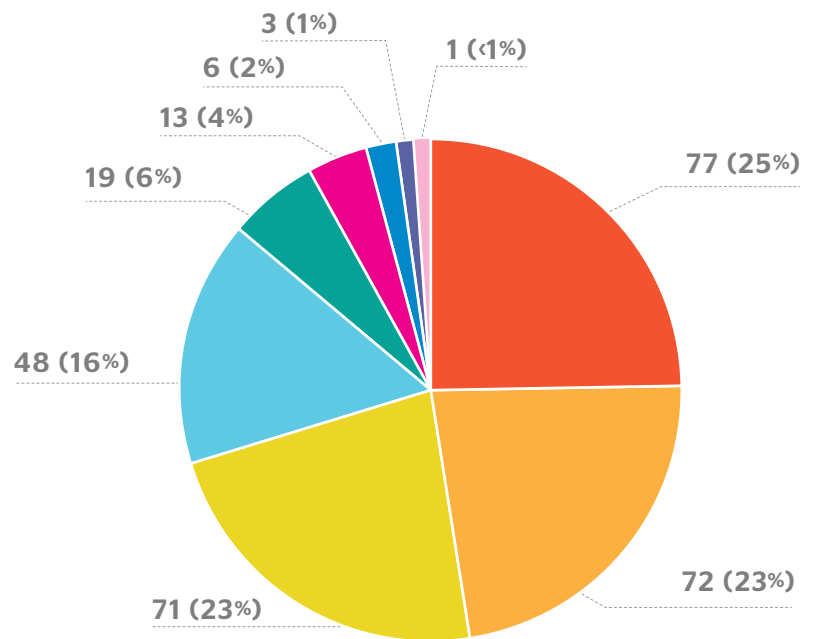
improved sense of empowerment in the factories today, and Amader Kotha is one of the reasons why workers feel they now have a voice, and can report concerns to a third party without fear,” says Babli.

Each call is investigated by Babli and her team based at the Alliance office in Dhaka, who decide how the calls should be escalated based on formal Helpline protocols. Serious safety concerns are immediately routed to the Alliance technical experts, who investigate and ensure a prompt and effective resolution of the issue. In other cases, Babli or someone from her team often travel to the factory personally to speak with owners and managers to achieve resolution.

“Being responsible for making sure the women and men who make their living in garment factories have a team of people ready to help at a moment’s notice is incredibly rewarding,” said Babli. “I am proud that this work has been my life’s calling.”

Urgent: Safety Issues

- Fire: Active (factory)
- Structural: Cracks in beams, columns, or walls
- Structural: Walls or windows shaking
- Locked factory exit or blocked egress route
- Other
- Fire: Danger (factory)
- Sparking / short circuit
- Unattended / bare electric wires
- Unauthorized subcontracting



Helpline in Focus

Masihata Sweaters Ltd.

The Alliance Helpline was designed to provide workers with a direct line to report fire, electrical and structural safety issues that may be present in their factories. With the Helpline now in operation in all Alliance factories, this resource is also being used as a tool to promote accountability, address worker concerns and achieve resolution across a range of issues impacting Bangladesh’s garment sector. Since its initial rollout, workers have utilized the Helpline to seek assistance with a range of complaints—many not specifically related to safety.

In early June, Shamim* called in and explained to the Alliance operator that his supervisor skimmed a portion of bonus pay intended to be awarded to 45 garment workers. Shamim reported that the supervisor told the workers he deserved a “fee” for having recommended the group for a raise. Shamim and his colleagues felt betrayed and taken advantage of by the supervisor. After receiving the call, the Alliance team immediately contacted the factory managers and requested that they investigate the allegation and take appropriate action. Within days, the supervisor was suspended from his post and the bonuses were returned to each worker in full.

*Name changed to ensure confidentiality.



Helpline Success Story

Arunima Sportswear Ltd

While women comprise a large percentage of the garment industry's workforce, relatively few services exist for the safe and confidential reporting of sexual and gender-based violence. So with the introduction of the Helpline, women were finally given a credible and anonymous tool to file complaints and bring action against offending parties.

For example, Sadia* called in anonymously to report that her supervisor regularly touched women inappropriately and without consent—often when they were resting between shifts. Sadia explained that she and her fellow workers had raised multiple complaints to factory management, but the

supervisor's behavior remained unchanged, and management did not take action due to a “lack of evidence.” Upon receiving Sadia's call, the Alliance contacted the factory owner and asked that factory management to monitor the supervisor's interactions with staff and take immediate action to protect workers if he behaved inappropriately. Management responded to the Alliance's request by first relegating the supervisor to an administrative position with little staff interaction while they investigated. Once management confirmed the misconduct, the supervisor was fired. As an anonymous reporting tool, the Helpline was instrumental in allowing Sadia to report sexual misconduct and bring about a safer and more secure workplace for herself and her colleagues.

*Name changed to ensure confidentiality.

Worker Compensation

With remediation well underway in all Alliance factories, wage compensation remains available to workers displaced due to Alliance CAP factory repairs. Together, the Alliance and factory owners provide up to four months' compensation to workers who have been temporarily put out of work due to factory remediation or closure. We have provided compensation to 6,676 workers to date.

Worker Participation

In year two, the Alliance launched an initiative with the Better Work Program of the International Labor Organization to pilot democratically-elected Safety Committees in 16 factories. We have independently launched committees in nearly 40 more since, with the goal of launching committees in a majority of Alliance factories by 2018.

Safety Committees are comprised of both management and democratically-elected worker representatives, and by law are required to meet at least once a quarter. They are responsible for monitoring occupational health and safety issues within the factory, including workplace hazards, accidents, use of personal protective equipment, emergency response, disease and hygiene. Safety Committee representatives are interactively trained in leadership, communication and negotiation skills and ultimately responsible for segregating and prioritizing issues and submitting recommendations when a hazard requires the intervention of factory leadership. These interactive training materials—along with those developed for our basic fire safety training and refresher training—are recognized as highly effective training tools, and have been requested from and provided to numerous factories outside the Alliance program.

*Name changed to ensure confidentiality.



Worker Compensation in Focus Armana Apparels Ltd.

Bangladesh workers and citizens live under the persistent threat of natural disasters, including earthquakes and powerful storms. When natural disasters hit, the Alliance Helpline offers an important platform for workers who return to work after the event to flag new structural hazards within their factories. After a powerful earthquake and its aftershocks rocked Dhaka in April 2015, the Helpline received a call from a distressed worker, Rupkatha*, who said she did not feel safe going back to work after the factory shook during the earthquake.

Following up on Rupkatha's call, the Alliance sent a technical team to investigate the damage. Once on site, engineers found cracks in the walls,

validating Rupkatha's concerns, and the Alliance recommended that the government investigate further. Following inspection, the government closed the factory for a week while the factory conducted structural repairs. In partnership with the factory owner, the Alliance paid wages to workers for the days missed due to closure. In this case, Rupkatha was empowered to take action, the Alliance and the Bangladesh government moved swiftly to address the issue, and the factory owner and the Alliance made sure worker pay was not impacted—turning a potential tragedy into an example of all parties working together to ensure safer working conditions.

*Name changed to ensure confidentiality.





Looking Ahead

In just three years, our initiatives to implement strict safety standards, build regulatory capacity, empower workers and remediate factories have introduced a new culture of safety into Bangladesh's most vital industry. Steady progress on factory remediation has coincided with a substantial drop in fire incidents and deaths since our work began. There were 250 garment factory fires in Bangladesh in 2012—an average of five fires per week—taking the lives of 115 people. Last year, there were just 30 such fires in garment factories, none of which resulted in death. This represents a significant drop in incidents and fatalities—and many lives saved.

Going forward, achieving closure on the issues most critical to life safety remains our primary focus, and by July 2018, all Alliance factories will have either completed their high-priority repairs or have been

suspended from the Alliance's list of compliant suppliers. We are laying the groundwork now to help ensure that our worker empowerment initiatives—the Alliance training program, safety committees and confidential worker Helpline—are financially supported, professionally managed and continue to evolve and expand.

With an ever-increasing global demand for Bangladeshi garment exports, the Alliance continues its commitment and efforts to drive positive and sustainable safety changes in Bangladesh. Despite the challenges that lie ahead, the significant worker safety improvements in Alliance factories over the past three years strengthen our conviction that the ongoing work of the Alliance will create a safer and brighter tomorrow for the millions working in the garment industry.

Alliance Member Companies and Supporting Associations

Member Companies

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

Supporting Associations

American Apparel & Footwear Association
BRAC
Canadian Apparel Federation
National Retail Federation
Retail Council of Canada
Retail Industry Leaders Association
United States Fashion Industry Association
Li & Fung, a major Hong Kong-based sourcing company which does business with many Members of the Alliance, serves in an advisory capacity

Board of Directors

The Honorable Ellen O'Kane Tauscher

Board Chair

Sean Cady

Vice President, Global Responsible Sourcing, VF Corporation

Tapan Chowdhury

Founder, Square Textiles Limited; formerly President, Dhaka Metropolitan Chamber of Commerce and Industry

Ed Johnston

Independent Responsible Sourcing Professional

Irene Quarshie

Vice President, Product Safety Quality Assurance & Social Compliance, Target

Jan Saumweber

Vice President, Responsible Sourcing, Wal-Mart Stores, Inc.

Simone Sultana

Chair, BRAC UK

Dana Veeder

Associate General Counsel, Legal, Gap

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Former Managing Director of BRAC Enterprises & Investments

Rick Darling

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

Dan Glickman

Senior Fellow, Bipartisan Policy Center

Mohammad Hatem

Vice President, Bangladesh Knitwear Manufacturers and Exporters Association (BKMEA)

Vidiya Amrit Khan

Director of Desh Garments Ltd. and Director of Bangladesh Garment Manufacturers and Exporters Association (BGMEA)

Nancy Nord

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

Mujibur Rahman

Professor, Bangladesh University of Engineering and Technology (BUET)

Avedis Seferian

President & CEO, WRAP

Jamie Terzi

Country Director, CARE Bangladesh

Melanne Verveer

Executive Director, Institute for Women, Peace and Security
Georgetown University

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Shofiuddin Ahmed

General Secretary, Jatio Sramik Federation Bangladesh (JSFB)

Naimul Ahsan Jewel

General Secretary, Jati Sramik Jot, Bangladesh (JSJB)

Wajedul Islam Khan

General Secretary, Bangladesh Trade Union Kendra

Sirajul Islam Rony

President, Bangladesh National Garment Workers Employees League (BNGWEL)

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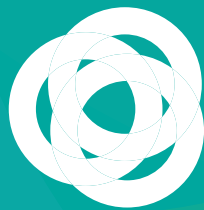
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