

21 June 2017

## **2018 Accord on Fire and Building Safety in Bangladesh: May 2018**

The undersigned parties are committed to the goal of a safe and sustainable Bangladeshi Ready-Made Garment ("RMG") and other related industries<sup>1</sup> in which no worker needs to fear fires, building collapses, or other accidents that could be prevented with reasonable health and safety measures.

The signatories to this Agreement agree to continue a fire and building safety program in Bangladesh until midnight of May 31, 2021, when this agreement will expire. At the end of that time, the work will be handed over to a national regulatory body, supported by the International Labor Organization, to be carried forward from that point. In December 2019, an assessment will be conducted by the Accord Steering Committee of whether there is a national regulatory body ready to take over this role. If the Steering Committee determines that no such body is ready, this agreement shall be extended for a further 12 months. Should such a body be ready to take up the work before the ending date, the Accord Steering Committee may decide to terminate the effort as appropriate to the overall goals of the program.

The program builds on the work of the preceding Accord and the National Tripartite Plan of Action on Fire Safety and Structural Integrity in the garment Sector of Bangladesh (NTPA), The signatories commit to align this program and its activities with the NTPA and the RCC and to ensure a close collaboration, including for example by establishing common program, liaison, and advisory structures, where possible.

The signatories also welcome a strong continuing role for the ILO, through its Bangladesh office, including worker protection efforts (such as their accident insurance program to be implemented by the Government of Bangladesh), as well as through international programs, to ensure that the NTPA, RCC and the program foreseen by the signatories of this Agreement are implemented and effective.

The witness signatories of the preceding Accord on Fire and Building safety (dated May 15, 2013), having stated their intention to support the implementation of this program, shall, at their own election, be signed witnesses to this Agreement, under the same conditions as in the preceding Accord.

Signatories to this agreement recognize that safe workplaces cannot be assured in the long term without the active participation of the people who work in them. For this reason, signatories will continue to promote respect for the right of workers to freedom of association in accordance with relevant ILO Conventions.

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<sup>1</sup> Upon agreement by the SC, the work of the Accord could possibly be expanded to other related industries beyond RMG on a voluntary basis.

This Agreement commits the signatories to finance and implement a program that will take cognizance of the Practical Activities described in the NTPA involving, at minimum, the following elements:

**SCOPE:**

The agreement covers all suppliers producing for the signatory companies. In the event that agents or other intermediaries are part of the signatory's business model, the signatory is responsible to assure that these intermediaries support the signatory's efforts to fulfill obligations of this Agreement, independent of whether the intermediaries have signed this Agreement or not.

**GOVERNANCE:**

1. This agreement replaces the Accord on Fire and Building Safety in Bangladesh of May 15, 2013 ('preceding Accord') that has expired. Governance structures, regulations and policies developed under the preceding Accord shall continue to apply unless revised by the Steering Committee or as otherwise specified in this agreement. These will be consolidated as a single document or set of documents which will be made available on signatory pages of the [bangladeshaccord.org](http://bangladeshaccord.org) website.

The agreement shall be governed by a Steering Committee (SC), which shall have equal representation chosen by the trade union signatories and company signatories (maximum 3 seats each) and a representative chosen by the International Labor Organization (ILO) acting as a neutral chair and independent advisory member. The SC shall be entrusted with overall management of the Agreement, and shall have responsibility for the selection, contracting, compensation and review of the performance of a Safety Inspector and an Executive Director; oversight and approval of the program budget; oversight of financial reporting and hiring of financial auditors and controllers; and such other management duties as may be required. The SC will strive to reach decision by consensus.

2. Administration and management of the program will build on the existing structures, policies and programs developed under the preceding Accord, and shall be implemented in such a way as to not contravene Bangladesh law, and shall be oriented toward the aim of handing the work over to a credible national regulatory body at the end of this Agreement.

**DISPUTE RESOLUTION:**

3. Any dispute between the parties to, and arising under, the terms of this Agreement shall be presented to and decided by the SC.

The Steering Committee shall adopt a revised Dispute Resolution Process (DRP) to specify the timelines and procedures involved when disputes are presented to the SC, with the aim to

establish a fair and efficient process. The decision making process of the SC shall be supported by a member of Accord secretariat who will perform an initial investigation for the parties and present facts and their recommendations.

The DRP will also incorporate the opportunity for parties to participate in a mediation process in order to make arbitration unnecessary where there is no resolution of the dispute by the SC. Upon request of either party, the decision of the SC may be appealed to a final and binding arbitration process. Any arbitration award shall be enforceable in a court of law of the domicile of the signatory against whom enforcement is sought and shall be subject to The Convention on the Recognition and Enforcement of Foreign Arbitral Awards (The New York Convention), where applicable. The process for binding arbitration, including, but not limited to, the allocation of costs relating to any arbitration and the process for selection of the Arbitrator, shall be governed by the UNCITRAL Arbitration Rules (as in its last revision) unless otherwise agreed by the parties. The arbitration shall be seated in The Hague and administered by the Permanent Court of Arbitration.

#### **CREDIBLE INSPECTIONS:**

4. A qualified Safety Inspector, with fire and building safety expertise and impeccable credentials, and who is independent of and not concurrently employed by companies, trade unions or factories, shall be appointed by the SC. Provided that the Chief Safety Inspector (CSI) acts in a manner consistent with his or her mandate under the provisions of this Agreement, the SC shall not restrict or otherwise interfere with the CSI's performance of the technical and Accord regulatory duties set forth in the Agreement as he or she sees fit, including the scheduling of inspections and the publishing of reports. In non-technical matters, relating to administration and finance, the CSI shall be subject to the supervision systems of the Agreement. The CSI may only be dismissed with the unanimous agreement of the SC.

5. Thorough and credible safety inspections of all covered factories shall be carried out by skilled personnel selected by and acting under the direction of the CSI, based on the Accord Building Standards. The Safety Inspector shall make all reasonable efforts to ensure that an initial inspection of each factory covered by this Agreement shall be carried out within the first three months of it being listed by a signatory company, and that follow up and maintenance inspections are carried out during and after the initial remediation process.

6. Written Inspection Reports of all factories inspected under the program shall be prepared by the CSI within two (2) weeks of the date of inspection and shared upon completion with factory management, the factory's Safety Committee, worker representatives (where one or more unions are present in the factory), signatory companies and the SC. Where there is no health and safety committee at the factory the report will be shared with the unions which are the signatories to this Agreement. Within a timeline agreed by the SC, but no greater than six weeks from the date of the completion of the inspection report, the Safety Inspector shall disclose the Inspection Report to the public, accompanied by the factory's remediation plan, if any. In the event that, in the opinion of the Safety Inspector, the inspection identifies a severe and imminent danger to worker safety, he or she shall immediately inform factory

management, the factory's Safety Committee, worker representatives (where one or more unions are present in the factory), the Steering Committee, the signatory companies operating in the factory, and the signatory unions to this Agreement, and direct a remediation plan.

**REMEDICATION:**

7. Where corrective actions are identified by the CSI as necessary to bring a factory into compliance with building, fire and electrical safety standards, the signatory company or companies that have designated that factory as their supplier shall require the factory to implement these corrective actions according to a defined schedule that is mandatory and time-bound, with sufficient time allotted for all major renovations. Where delays beyond the control of the factory occur, the CSI will revise the remediation timeline, provided that reasonable progress in remediation is being made.

8. Signatory companies shall require their supplier factories that are inspected under the Program to maintain workers' employment relationship and regular income during any period that a factory (or portion of a factory) is closed for safety reasons or for renovations necessary to complete such Corrective Actions for a period of no longer than six months. Workers who choose not to maintain their employment with the factory will have their employment terminated and be paid severance in accordance with relevant national law. For factory closures in excess of six months, workers will be paid either full severance benefits or six months regular income, whichever is greater. Failure to do so may trigger a notice, warning and ultimately termination of the business relationship as described in paragraph 16.

Where a factory indicates that the Corrective Actions will not be implemented because the factory intends to move to new premises in order to comply with Accord requirements, the following conditions shall apply:

- a) The factory shall provide documentation to the CSI and all related signatories of the planned move including the date of completion and new location of the factory.
- b) The CSI shall determine which immediate corrective actions must be completed in the existing premises in order for work to be safely continued prior to the relocation as well as the timeframe for their completion.
- c) Workers will be given the option to move to the new premises, retaining all current employment benefits with recognition of length of service. Should a worker be unwilling or unable to continue employment at the new premises due to an unreasonable increase in travel time, the employer will terminate the worker's employment and the worker will receive full severance benefits.

In the above mentioned cases of relocation, Article 17 provisions relating to remediation financing will apply.

In cases where a factory is closed under Article 16, workers will receive full severance benefits.

The payment of full severance benefits under this Article is in accordance with the provisions of Bangladesh law that apply to workers who have had their employment terminated by their employer otherwise than by dismissal.

9. Signatory companies shall make reasonable efforts to ensure that any workers whose employment is terminated as a result of a factory termination or relocating triggered by Accord activities, are offered employment with safe suppliers.

10. Signatory companies shall require their supplier factories to respect the right of a worker to refuse work that he or she has reasonable justification to believe is unsafe, without suffering discrimination or loss of pay, including the right to refuse to enter or to remain inside a building that he or she has reasonable justification to believe is unsafe for occupation. As soon as possible thereafter, the case shall be reported to the Accord.

#### **TRAINING:**

11. Building on the program developed under the preceding Accord, the extensive fire and building safety training program shall be revised and further implemented . The training program shall be delivered by skilled personnel for workers, managers and security staff to be delivered with involvement of trade unions and specialized local experts. These training programs shall cover basic safety procedures and precautions, as well as enable workers to voice concerns and actively participate in activities to ensure their own safety.

12a. Health and Safety Committees shall be required by the signatory companies in all Bangladesh factories that supply them, which shall function in accordance with Bangladeshi law.

12b. Signatory companies shall require their suppliers to provide access to their factories to training teams designated by the Training Coordinator, in accordance with a training plan approved by the SC, that include safety training experts, as well as Accord-certified trade union trainers. Such training shall cover the importance of Freedom of Association and the role of industrial relations in ensuring the functionality and empowerment of effective Health and Safety Committees and protecting workers' health and safety.

#### **COMPLAINTS PROCESS:**

13. The worker complaint process and mechanism established under the preceding Accord will ensure that workers from factories supplying signatory companies can raise concerns about health and safety risks in a timely fashion, safely and confidentially, with the CSI. The SC shall further develop a training and complaints protocol to ensure that workers' rights to Freedom of Association are respected in relation to protecting their own safety under the scope of this agreement.

## **TRANSPARENCY AND REPORTING:**

14. The SC shall make publicly available and regularly update information on key aspects of the program, including:

- a. A single aggregated list of all suppliers in Bangladesh (including sub-contractors) used by signatory companies, based on data which shall be provided to the SC and regularly updated by each of the signatory companies. Information linking specific companies to specific factories will be kept confidential.
- b. Written Inspection Reports, which shall be developed by the CSI for all factories inspected under this program, shall be disclosed to interested parties and the public as set forth in paragraph 6 of this Agreement.
- c. Public statements by the CSI identifying any factory that is not acting expeditiously to implement remedial recommendations shall be issued as per an escalation procedure determined by the SC.
- d. Quarterly Aggregate Reports that summarize both aggregated industry compliance data as well as a detailed review of findings, remedial recommendations, and progress on remediation and training to date for all factories at which inspections and training have been completed.

15. The signatories to this Agreement shall work together with other organizations such as the ILO and the High-Level Tripartite Committee and the Bangladeshi Government to encourage the establishment of a protocol seeking to ensure that suppliers which participate fully in the inspection and remediation activities of this Agreement shall not be penalized as a result of the transparency provisions of this Agreement. The objectives of the protocol are to (i) support and motivate the employer to take remediation efforts in the interest of the workforce and the sector and (ii) expedite prompt legal action where the supplier refuses to undertake the remedial action required to become compliant with national law.

## **SUPPLIER INCENTIVES:**

16. Each signatory company shall require that its suppliers in Bangladesh participate fully in the inspection, remediation, health and safety and training activities, as described in the Agreement. If a supplier fails to do so, the signatory will promptly implement a notice and warning process in accordance with the Escalation Protocol established by the SC leading to termination of the business relationship.

17. In order to induce factories to comply with upgrade and remediation requirements of the program, participating brands and retailers will negotiate commercial terms with their suppliers which ensure that it is financially feasible for the factories to maintain safe workplaces and

comply with upgrade and remediation requirements instituted by the CSI. Each signatory company may, at its option, use alternative means to ensure factories have the financial capacity to comply with remediation requirements, including but not limited to joint investments, providing loans, accessing donor or government support, through offering business incentives or through paying for renovations directly.

18. Signatory companies to this agreement are committed to maintaining a long-term sourcing relationship with Bangladesh, as is demonstrated by their commitment to this three-year program.

#### **FINANCIAL SUPPORT:**

19. In addition to their obligations pursuant to this Agreement, signatory companies shall also assume responsibility for funding the activities of the program as set forth in this Agreement, with each company contributing its equitable share of the funding in accordance with a formula to be established by the SC subject to a maximum contribution of €300,000 per year for each year of the term of this Agreement. The SC shall be empowered to seek contributions from governmental and other donors to contribute to costs. A sliding scale of contributions based on factors such as revenues, number of factories and annual volume in Bangladesh will be defined by the SC with annual revisions, while ensuring sufficient funding for the adequate implementation of the Accord.

20. The SC shall ensure that there are credible, robust, and transparent procedures for the accounting and oversight of all contributed funds. The Accord will verify this by the annual testimony of a chartered accountant.

The SC will propose to the company signatories to invest capital aggregated from funding and not used for the mentioned purposes in appropriate measures to support the Accord aims.

#### **SUPPORT FOR THE NTPA:**

21. The Accord will support the NTPA and RCC through capacity building on inspections, remediation and training. Experience and expertise developed through this program shall be shared with the national partners to assist them to meet their respective obligations in respecting and enforcing safety compliance in the RMG sector.

#### **RELEASE OF RESPONSIBILITY**

22. A signatory is no longer responsible under this agreement with respect to the covered factory if any of the following conditions apply:

- a) A covered factory has committed a “zero tolerance” violation of a signatory’s policy. In such instance, upon providing sufficient evidence to the Steering Committee, the

signatory can exit such factory in accordance with such signatory's policies, and is no longer responsible under this agreement with respect to such factory.

- b) A signatory has not sourced from a covered factory for 18 months and commits to not source from such factory for an additional 24 months. Upon notice to the Accord, the signatory is no longer responsible under this agreement for such factory.
- c) A covered factory is escalated out of the Accord per the Accord's Escalation Protocol.

**TERMINATION OF THE AGREEMENT:**

23. Signatories who completely stop sourcing from Bangladesh will be able to terminate this agreement by giving 3 months' notice to the SC, in writing, at the end of which time the signatory's responsibilities cease assuming:

- a) All covered factories for which the signatory is responsible have been fully remediated;  
or
- b) Responsibility for such factories has ceased in accordance with the provisions of Article 22.

**CHOICE OF LAW:**

24. The Accord shall be governed by the law of the Netherlands.