

Bangladesh Fire and Building Safety Agreement

Core principles of the agreement

The Bangladesh Fire and Building Safety Agreement is a comprehensive, signed agreement between international companies and Bangladeshi and international trade unions, with NGOs supporting, which sets out the respective commitments of the signatories to develop, finance and implement a Bangladesh Fire and Building Safety Program involving, at minimum, the following elements:

SCOPE:

1. **Safety inspections, remediation and fire safety training** at facilities representing, in the aggregate, approximately 30% of each participating company's annual production in Bangladesh by volume ("Tier 1 factories").
2. **Inspection and remediation (but not fire safety training)** at any remaining major or long-term suppliers to each company ("Tier 2 factories"). Together, Tier 1 and Tier 2 factories will represent approximately 65% of each participating company's production in Bangladesh by volume.
3. **Limited initial inspections** to identify high risks at facilities with occasional orders, one-time orders or those for which a company's orders represent less than 10% of the factory's production in Bangladesh by volume ("Tier 3 factories").

GOVERNANCE:

4. A **Steering Committee** with equal representation from trade union signatories and company signatories and [a representative from the International Labour Organization (ILO) as] a neutral chair, with responsibility for the selection, contracting, compensation and review of the performance of a **Safety Inspector** and a **Training Coordinator**; oversight and approval of the program budget; oversight of financial reporting and hiring of auditors; and such other management duties as may be required.
5. An **Advisory Board** involving brands and retailers, suppliers, government institutions, trade unions, and NGOs.
6. Administration and management of the program will be developed in close collaboration with the 'High-Level Tripartite Committee' established to implement and oversee the National Action Plan on Fire Safety, as well as with the MoLE, ILO and GIZ to maximize synergy at operational level; and may make use of the offices of GIZ for administrative coordination and support.

INSPECTIONS:

7. **A qualified Safety Inspector**, with fire safety expertise, who is independent of and not concurrently employed by companies, trade unions or factories, to be unanimously appointed by the Steering Committee.
8. **Thorough, independent safety inspections** of designated facilities, carried out by skilled personnel selected by and acting under the direction of the Safety Inspector, based on internationally recognized workplace safety standards and/or national standards once the review foreseen under the NAP is completed (June 2013). The Safety Inspector will provide input into that legislative review, and will support capacity building work regarding inspections by the MoLE foreseen under the NAP.
9. **Written Inspection Reports** prepared by the Safety Inspector and shared with factory management, the health and safety committee (or the signatory trade unions, where a functioning health and safety committee is not present), worker representatives, and the Steering Committee. Within three weeks the Safety Inspector shall disclose the Inspection Report to the public, accompanied by the factory's remediation plan, if any.

REMEDIATION:

10. **Corrective actions** identified by the Safety Inspector as necessary to bring factories into compliance with building, fire and electrical safety standards shall be **mandatory and time-bound**, with sufficient time allotted for all major renovations.
11. **Termination of business relationship with a supplier**, as a final resort, if a factory fails to remediate any high risk or implement other applicable terms of the Agreement, while ensuring that the total volume of each company's production in Bangladesh is not significantly reduced as a result.
12. **Maintenance of workers' employment relationship and income** during any period that a factory (or portion of a factory) is closed for renovation.
13. All reasonable efforts to ensure that any workers whose employment is terminated as a result of any loss of orders at a factory are offered employment with safe suppliers, if necessary by signatory companies actively working with suppliers to provide hiring preferences to these workers.

TRAINING:

14. A **Training Coordinator** who will establish and deliver extensive workplace-based fire safety training programs at Tier 1 facilities for workers, managers and security staff to be delivered with involvement of trade unions and specialized local experts. Designated

training teams that include union representatives will be ensured access to the factories to provide training to workers and management on a regular basis.

15. **Health and Safety Committees** which will be required in all Bangladesh factories that supply the signatory companies, functioning in accordance with Bangladeshi law, and comprised of workers and managers from the applicable factory. Workers must represent no less than 50% of the committee members, and are to be chosen by the factory's trade union, if present, and by democratic election among the workers where there is no trade union present.

COMPLAINTS PROCESS:

16. A **worker complaint process and mechanism** that ensures workers from factories supplying participating companies can raise concerns about health and safety risks safely and confidentially with the Safety Inspector. This should be aligned with the Hotline to be established under the NAP.

TRANSPARENCY AND REPORTING:

17. **Publicly available and regularly updated information** on key aspects of the program, including:
 - a. a single **aggregated list of all suppliers** in Bangladesh (including sub-contractors) used by the signatory companies, with an indication as to which factories on this list have been designated by one or more companies as Tier 1 factories and which have been designated by one or more companies as Tier 2 factories (however volume data and information linking specific companies to specific factories will be kept confidential).
 - b. Written **Inspection Reports** developed by the Safety Inspector, with reports for factories containing imminent and severe threats disclosed to the public immediately, and those for other factories disclosed to the public, along with the factory's remediation plan, within 3 weeks of their initial presentation to factory management, the factory's health and safety committee, worker representatives, and the Steering Committee.
 - c. **Public statements** by the Safety Inspector identifying any factory that is not acting expeditiously to implement remedial recommendations
 - 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 to date for all factories at which inspections have been completed.

SUPPLIER INCENTIVES:

18. An agreement by signatory companies not to offer prices to, or accept prices from, factories such that the factories would be without the financial wherewithal to maintain safe workplaces and comply with upgrade and remediation requirements instituted by the Safety Inspector.
19. An agreement that signatory companies will continue business at comparable or greater order volumes with Tier 1 and Tier 2 factories at least through the initial two-year term of this program, provided that (a) such business is commercially viable for each company, and (b) the factory continues to substantially meet the company's terms.

FINANCIAL SUPPORT:

20. **Complete funding** for the two-year term of the program, to be provided by the signatory brand owners and retailers, with each company contributing its equitable share of the funding in accordance with a formula to be established in the Agreement. Contributions will be in proportion to the annual volume of each company's garment production in Bangladesh relative to the respective annual volumes of garment production of the other companies, subject to a maximum contribution of \$500,000 per year for each of the two years of the program and, for companies with annual corporate revenue in excess of \$1 billion, a minimum contribution of \$250,000 per year for each of the two years of the program, with a sliding scale minimum contribution based on revenue to be determined for smaller corporations.
21. Credible, robust, and transparent procedures for the **accounting and oversight** of all contributed funds.

DISPUTE RESOLUTION:

22. A process for **binding and legally enforceable arbitration of disputes** between parties to the Agreement including, but not limited to the allocation of costs relating to any arbitration.

CURRENT SIGNATORIES:

Companies:

- PVH Corp. (Tommy Hilfiger and Calvin Klein), New York City
- Tchibo, Hamburg

International labor rights groups and unions

- IndustriALL Global Union (former ITGLWF), Geneva

- Clean Clothes Campaign (CCC), Amsterdam
- The International Labor Rights Forum (ILRF), Washington D.C.
- Worker Rights Consortium (WRC), Washington D.C.
- Maquila Solidarity Network (MSN), Canada
- Maquila Health & Safety Support Network (MHSSN) (not a signatory but supporting with expertise)

Bangladeshi labour rights groups and unions

- Bangladesh National Council of Trade Unions representing 8 garments unions (BNC)
- 4 independent garment unions
- 1 labour NGO