

ACCORD GOVERNANCE REGULATIONS

(Adopted 24th September 2013) –*Amended 18 November 2021*

STEERING COMMITTEE (THE “SC”)

The SC is the executive decision-making body of the International Accord Foundation (“the Foundation”). It exercises all powers of the Foundation, including but not limited to:

- selection, contracting, compensation and review of the performance of the Executive Director.
- oversight and approval of the Budget;
- oversight of financial reporting and hiring of auditors;
- oversight and approval of inspection program;
- such other functions as are provided in the Accord; and
- other such management duties as may be required.

Each SC Member shall be committed to the Purpose of the Foundation and the principles of the Accord. The SC shall adopt an appropriate recusal policy in order to address any potential conflicts of interest.

ALTERNATE SC MEMBERS

Each SC member may appoint one Alternate member from among the Signatories to attend and participate in meetings of the SC and who may vote when the relevant SC member is not in attendance.

CHAIR OF SC

The Chair shall be a representative from and chosen by the ILO.

The ILO will choose an ILO representative to serve as the neutral and independent Chair of the SC, with no voting power. The ILO shall serve as the Chair for the duration of the Accord so long as its service is compatible with ILO’s work in Bangladesh and other countries where the Accord expands.

Nothing in this Arrangement constitutes a waiver of the ILO’s privileges and immunities recognized by its Members, including in The Netherlands, Bangladesh, and any other country where the Accord expands.

The Chair serves in a non-voting advisory capacity and is responsible for convening and chairing meetings of the SC, and encouraging joint working between the Signatories, through the Foundation, towards achieving the goal of the Accord.

In the event that the Chair is not in attendance, then the meeting will be chaired in accordance with Art. 8.8 of the Articles of Association.

The Chair shall publish a public report of each meeting of the SC which shall include key decisions and other information deemed appropriate and agreed by the SC.

TERMS OF SC MEMBERSHIP

SC Company Members shall serve a term of two years. Upon the expiration of this two year period, all SC Company Members shall be (re)appointed by the Company Signatories through an election process by the majority of their votes cast for a candidate applying for an open SC Company Member position.

Any SC Member whose term is expiring shall continue to serve until his/her successor is named.

The same provisions for selecting SC Members shall also apply to replacing them at any time.

FREQUENCY AND FORMAT OF MEETINGS

Except as otherwise specified above, meetings of the SC will be closed. The SC may invite other persons to attend its meetings as it sees fit.

SC SUB-COMMITTEES

Any delegation of powers to a sub-committee shall be recorded in the Minutes and may be made subject to any conditions that the SC may impose, and which may be revoked or altered as the SC shall deem necessary. Members of a sub-committee shall be appointed by the SC and include equal numbers of SC Company Members and SC Trade Union Members or their Alternates.

Committees shall be governed by the relevant provisions of these Articles regulating the proceedings of the SC in so far as they are capable of applying to such sub-committee. The SC may make rules of procedure for all or any sub-committees, which prevail over rules derived from the Articles if they are not consistent with them.

WORKING GROUPS

The SC may establish working groups to assist with the effective operation of the Foundation, but not to exercise powers delegated from the SC. The SC may appoint such members to a working group as it sees fit which may include, but is not limited to: Signatories; Secretariat staff; brands and retailers; suppliers; government institutions; trade unions; NGOs; or anyone else who may provide knowledge or experience to assist with effective implementation of the Accord.

Working groups shall provide regular reports with recommendations to the SC, which the SC shall consider.

COMPANY SIGNATORY CAUCUS

The Company Signatories will meet quarterly (online or face-to-face) to provide feedback and recommendations to the Company Members of the SC.

TRADE UNION SIGNATORY CAUCUS

The Trade Union Signatories (including Witness Signatories) will meet quarterly to provide feedback and recommendations to the Trade Union Members of the SC.

ALL SIGNATORY CAUCUS

The Company and Trade Union Signatories will meet twice a year, or at the request of one of the parties.

EXECUTIVE DIRECTOR

The Executive Director will be responsible for managing the business of the SC, including but not limited to implementing its decisions, managing the funds related to the obligations contained in the Accord, overseeing public communications, and undertaking other duties as prescribed by the SC.

The Executive Director shall be appointed by and report to the SC. The Executive Director shall be supported as required by administrative and technical staff in order to ensure the efficient and effective administration of the Foundation offices.

FINANCIAL SUPPORT

The SC shall set financial contributions for each Company Signatory in accordance with their obligations under paragraph 41 of the 2021 International Accord.

As set forth in paragraph 42 of the 2021 International Accord, a sliding scale of contributions, with annual revisions, will be determined by the SC based on factors such as revenues, annual volume, and number of factories subject to a maximum contribution of US\$350,000 per year for each year of the term of the Accord.

FINANCE / ACCOUNTS

The SC shall establish each year the draft annual accounts of the past financial year, as well as the budget for the next financial year.

The SC shall appoint an independent third party to audit the annual accounts.

The SC shall ensure that there are credible, robust, and transparent procedures for the accounting and oversight of all contributed funds.

The SC shall adopt a budget each year which ensures sufficient funding for the activities of the Foundation and the SC.

DISPUTE RESOLUTION

The SC shall establish and maintain a compliance and dispute resolution process (DRP) in accordance with Article 50, 51 and 52 of the International Accord.

CONFIDENTIALITY

Information that is not public knowledge such as certain financial data or trade secrets and that is viewed as property of the holder shall be treated as confidential insofar as this is not inconsistent with the Accord.

TRANSPARENCY AND REPORTING

There is a need for transparency and public communication in order to build trust and confidence among the workers and the wide community of those who are affected by the implementation of the commitments as set forth in the Accord.

This need for transparency needs to be balanced with the need of Company Signatories for confidentiality of certain information for legal and business reasons.

The SC shall take into account the above when establishing policies on confidentiality, reporting and public communications which are not otherwise specified in the Accord, the Articles of Association, or the Regulations.

CHOICE OF LAW

These regulations and any dispute arising out of or in connection with such regulations shall be governed and construed in accordance with Dutch law.

ANNEX 1: MANAGEMENT COMMITTEE TERMS OF REFERENCE

BACKGROUND

The International Accord on Health & Safety in the Textile & Garments Industry (the “Accord”) is an independent agreement to continue the health and safety work already undertaken in Bangladesh and the expansion of additional country-specific health and safety programs (“Country-Specific Safety Programs”, “CSSPs”) based on the principles of the 2013 and 2018 Accord on Fire and Building Safety in Bangladesh (the “Accord”).

The International Accord is a legally binding agreement. It has been signed by over 150 apparel companies from Europe, North America, Asia and Australia and two global trade unions, IndustriALL and UNI Global Union. Clean Clothes Campaign, Workers’ Rights Consortium and International Labor Rights Forum are NGO witnesses to the Accord. The International Labour Organisation (ILO) acts as the independent chair.

PURPOSE

The Steering Committee (“SC”) is the governing body of the Accord, with the Accord Executive Director reporting to the SC. In order to streamline and expedite the decision-making capacity of the governance structure, it has been agreed to form a smaller Management Team (MC), which will be responsible for coordinating information and collating the opinions of the wider SC team and allowing for greater operational efficiency, in accordance with the Accord Governance Regulations SC Sub-Committees:

SC Sub-Committees

- *Any delegation of powers to a sub-committee shall be recorded in the Minutes and may be made subject to any conditions that the SC may impose, and which may be revoked or altered as the SC shall deem necessary.*
- *Members of a sub-committee shall be appointed by the SC and include equal numbers of SC Company Members and SC Trade Union Members or their Alternates.*
- *Committees shall be governed by the relevant provisions of these Articles regulating the proceedings of the SC in so far as they are capable of applying to such sub-committee. The SC may make rules of procedure for all or any sub-committees, which prevail over rules derived from the Articles if they are not consistent with them.*

COMPOSITION OF THE MANAGEMENT COMMITTEE

The committee will comprise:

- One union SC member
- One brands SC member
- The Executive Director

The MC may appoint another member of the SC or Accord Management team to deputise in their absence (holidays, sickness etc).

The MC may also invite any member of the SC or Management team to partake in any call or meeting as relevant.

THE SCOPE OF WORK

- Act as the day-to-day platform for providing general guidance and support in the execution of the Accord programs dispute resolution or crisis management.

- Review and provide feedback to the entire SC and leadership team on work in progress and areas requiring support in line with the overriding function of the SC as per the Accord Governance Regulations.
- The MC shall meet or conference call as necessary to review the progress and guide the efficient execution of the leadership working plan.
- Between meetings, the work of the MC shall be conducted by email. The Executive Director may also consult individually with the brand representative and the union representative as needed.
- The SC members of the MC will be responsible for performance management of the Executive Director.
- The MC may choose to delegate certain issues in the scope of the above to any other SC members who may have expertise in that area.

PREPARATION FOR SC MEETINGS

The brand and union representatives shall be responsible for consulting their respective caucus in advance of SC meetings with the aim of arriving at a common position on all issues appearing on the meeting agenda.

All issues under the remit of the MC that cannot be resolved by consensus of the MC shall be taken to the SC.

MANAGEMENT COMMITTEE MEMBERS

Joris Oldenziel –Executive Director
Matthias Bolton Trade Union SC Member
Joachim Juetten-Overmeyer - Brands SC Alternate Member

ANNEX 2: CODE OF CONDUCT FOR THE STEERING COMMITTEE AND OBSERVERS

All members of the Steering Committee and Observers of the International Accord on Health & Safety in the Textile & Garment Industry (the “Accord”) recognise that it is the interest of the Accord that certain preferred conduct is established and that all members make their best effort to act in accordance with this. This Code of conduct and resolution process are separate from, do not usurp, and will not delay the dispute resolution process agreed to by the Steering Committee for cases involving alleged violations of the Accord itself.

The elements of this code are as follows:

1. To act at all times with the best interests of the Accord and its implementation.
2. To declare any conflict of interest should this arise.
3. To provide and share relevant information, perspectives and experience in an open, honest and straightforward manner to promote informed discussion and agree actions.
4. To respect confidentiality where this is required by the Accord text, by the Accord Governance Regulations, by other agreement of the Steering Committee, or by a confidentiality agreement that the individual in question has signed.
5. To act in good faith, to seek to develop the mutual trust and confidence required to make the Accord effective, and to refrain from any wilful misinterpretation or misrepresentation of the Accord text.
6. To establish, or where these are already established, to respect suitable timeframes for resolution of issues.
7. To follow the established Accord procedures for issue resolution, code violations and other such procedures that may be established by the Steering Committee.
8. Honour agreements and commitments made to other members in good faith.
9. To avoid actions which could undermine support for or collaboration between members, such as anti-union retaliatory tactics or recourse to legal intervention, until such time as one or other party clearly declares that there has been a failure to agree a process for resolution; however this provision shall not be interpreted to limit the right of a Member or Witness Signatory to raise publicly a matter that he or she believes is worthy of public concern, except where this is prohibited by the Accord text, by the Accord Governance Regulations, by other agreement of the Steering Committee, or by a confidentiality agreement that the individual in question has signed.
10. To respect the individuality and right to act independently of each and every member should they decide that this is in their best interest.
11. Steering Committee members are not permitted to speak on behalf of the Accord unless specifically authorized by the Board. Steering Committee members must ensure that public communication and statements should be identified as the opinion of their company or institution if there is any reasonable expectation that the statements may be interpreted as being made on behalf of the Accord.

BREACH OF THE CODE OF CONDUCT

The issues that the Steering Committee and its Observers seek to tackle are inevitably serious and more often than not urgent for the workers involved and persons affected; but they can also be complex with many different parties and entrenched positions. This means that effective action can sometimes be challenging for all members concerned for different reasons. It is possible from time to time that one or other party acts in a manner that in the eyes of another, or the Accord Executive Director, may constitute a breach of the code of conduct outlined above. In this case there should be well defined steps to make that party aware of this alleged breach and to seek future compliance.

STEPS

In the case that a breach of the code of conduct is believed to have taken place the following steps should be followed.

1. INFORMAL RESOLUTION:

- a. In the case where the breach may be considered to be unintentional, or could be minor, then in the spirit of collaboration this should be raised with the Executive Director to enable an informal approach.
- b. The Executive Director should be informed by meeting, phone or email with a clear description of the nature of the breach with respect to the code provisions described above. The member concerned should be clearly identified.
- c. The Executive Director will raise this with the member concerned with the purpose of raising their attention to the breach and listening to any relevant response.
- d. In the case where the action alleged to be a breach is suitably explained and/or the member accepts the allegation and seeks to ensure that this will not be repeated, no further action will be taken.
- e. The member raising the allegation will be informed of the conclusion of the interaction.
- f. The member who initiated the issue may decide to raise the concern formally if not satisfied.

2. FORMAL REVIEW

- g. Either where the informal process has not successfully resulted in resolution, or where the breach is considered significant then a member or the Executive Director may raise a formal query about a breach of the code of conduct.
- h. The query should be communicated to the full Steering Committee in writing clearly describing the alleged breach in detail with any supporting information that would help substantiate the query.
- i. The Steering Committee will review this query and may seek clarification. If in the opinion of the Steering Committee the query does not amount to a breach then this will be rejected.
- j. If in the opinion of the Steering Committee there is a case to be answered then they will write to the member concerned, present the case and seek a written response.
- k. Recalling that it is in the interests of all parties to respect the code of conduct, the response will be considered to establish if the alleged breach is upheld and whether the member concerned accepts this and reaffirms their commitment to honour the code in the future.
- l. If this is the case then the breach will be filed and no further action taken.
- m. If the member does not accept the case or fails to respond to the letter sent by the Steering Committee then this case will be referred to a sub-committee appointed by the Steering Committee under the auspices of the Chair. No party concerned will be allowed to sit on this sub-committee.
- n. This sub-committee will consider all the documentation and communications received and reserve the right to talk directly to the parties concerned before coming to a conclusion.
- o. This conclusion will be communicated in writing with any remedial action that may be required.
- p. Any party that does not agree with the judgement of the sub-committee may invoke an appeal to the entire Steering Committee. The final decision of the Steering Committee will be binding upon all parties.