












# PROTOCOL PACK

## 2021 International Accord

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## Introduction

Since 1 June 2020, the inspections and remediation program, safety committee and safety training program, safety complaints mechanism, and reporting and disclosure requirements of the Accord have been implemented in Bangladesh through the RMG Sustainability Council (“RSC”), an independent organization in which the union and brand signatories to the International Accord Agreement each hold one third of the Board of Directors alongside Bangladesh industry representatives.

The work of the RSC builds on the standard operating procedures and protocols that have been carried over from the 2013 and 2018 Accord on Fire and Building Safety in Bangladesh.

The role of the Secretariat under the International Accord is to support, coordinate and liaise with the operations of the RSC in order to ensure company signatories fulfil their International Accord obligations.

This Protocol Pack consolidates the governance regulations, protocols and guidance for signatories developed under the 2013 and 2018 Accord agreements, updated to reflect relevant new article numbers in the International Accord and provisions for alignment of protocols between the International Accord and the RMG Sustainability Council in Bangladesh.

\* See Articles 4, 6, 7, 8 and 15 of the International Accord

**Accord Protocol:  
Factory Disclosure**

**Accord Articles 16, 28, 33, 34, 53**



INCLUDES: requirements for company signatories to disclose factory data; procedure for listing factories in other related industries; procedures for release of responsibility; definitions of key terms related to factories and their Accord status.

# International Accord Factory Disclosure Protocol

First approved: May 2018

Last update (International Accord amendments): December 2021

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## Relevant Provisions of the International Accord and the RSC

### International Accord

**Article 16:** “This agreement covers all RMG suppliers producing in Bangladesh 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.”

**Footnote 2, page 3:** “Upon agreement by the SC, the work of the Accord could possibly be expanded to other related industries beyond RMG on a voluntary basis.”

**Article 28:** “The SC shall make publicly available and regularly update information on key aspects of the program. The Foundation’s website shall publish these key aspects, and ensure alignment with the RSC website and RSC articles of transparency and reporting. These key aspects include:

- 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 RSC and to the Secretariat and regularly updated by each of the signatory companies. Information linking specific companies to specific factories will be kept confidential.”

**Article 33:** “Signatory companies to this agreement are committed to maintaining a long-term sourcing relationship with Bangladesh, as is demonstrated by their commitment to the RSC and the terms of this agreement.”

### RELEASE OF RESPONSIBILITY

**Article 34:** “A signatory is no longer responsible under this agreement with respect to the covered factory in Bangladesh 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 RSC as per the Escalation Protocol.”

### TERMINATION OF THE AGREEMENT

**Article 53:** “Signatories who completely stop sourcing from Bangladesh or other CSSPs will no longer be held to the terms of this agreement in respect to the specific country where they are no longer sourcing.”

### RMG Sustainability Council, Articles of Association

(n) The BoD shall make publicly available and regularly update information on key aspects of the program, including:

- i. A single aggregated list of all RSC covered suppliers in Bangladesh (including sub-contractors). Information linking specific brands/buyers to specific factories will be kept confidential.

**Appendix B:** Accord Factory Disclosure Protocol

## 1. REQUIREMENT FOR COMPANY SIGNATORIES TO MAINTAIN ACCURATE FACTORY LIST

Each signatory company is obliged to:

- Provide a full and accurate list of its covered Factories, including sub-contractors producing products for the signatory company;
- Update this list within one month of any Factory becoming active, inactive, or undergoing extension (as per the definitions in Appendix 1); and
- Update the detailed factory information for every Factory on the list (see below) at least on an annual basis.

Factories are considered covered by the Accord as soon as they meet the definition of ‘Active Factory’, regardless of when it is disclosed.

Any Factory that ceases to meet the definition of an Accord Covered Factory will be removed from the list within one month of the date on which it ceases to meet the definition of an Active Factory, with the understanding that the Factory remains a covered Factory until it has been removed from the list.

Each company will make an annual declaration stating that its list of Accord Covered Factories is full and accurate to the extent of its knowledge.

The procedure for company signatories to update their Factory list may change from time to time and a “Guideline for factory list updates” will be maintained in FFC, on the Accord Signatory Login and changes will be advised by email.

### Unlisted Factories

A Factory that meets the definition of an Accord Covered Factory for a given signatory but is not included on that signatory’s factory list, is nonetheless covered by the Accord, regardless of the reason for the omission. When the Accord Secretariat receives clear evidence that an unlisted Factory is or was making products for a signatory company, and is therefore an Accord Covered Factory, the Secretariat will bring this to the attention of the signatory company, which will then be required to update its Factory list.

## 2. REQUIREMENT FOR COMPANY SIGNATORIES TO PROVIDE DETAILED FACTORY INFORMATION

In addition to the name of the Factory, company signatories must provide necessary factory information to enable efficient Accord and RMG Sustainability Council operations in Bangladesh. The following additional information must be provided for each factory:

1. The physical and the mailing address of the factory, including city.
2. The business phone number and the business e-mail address of the Factory. (List the phone number at which the Factory management can be contacted on site and the email address for the most senior Factory manager for whom this information is available.)
3. The number of separate buildings in which work is performed for this Factory on this premises and the number of stories of each building. This information is about the whole Factory, not only the parts of the factory in which your own production is taking place.
4. Whether the factory is housed in a multi-purpose and/or multi-factory building. See Guideline for factory list updates.
5. The number of workers employed at the factory. (List the total number of workers at the factory; if the factory has multiple buildings, provide the total for the entire factory, not the individual buildings.)
6. Factory group name (if the Factory is under common ownership with other Factories, as per the definition of ‘RMG company group’ in the Escalation Protocol), if known.
7. Type of supplier (RMG, other related industry). See Section 5.

### 3. REQUIREMENT FOR ACCORD & RSC TO PUBLISH THE FULL FACTORY LIST

#### Factory Data for Publication

The Accord and RSC will each publish, and update at least monthly, an aggregated list of the covered Factories, along with additional information as regarded necessary by the Accord Steering Committee or RSC Board of Directors. The following information will be disclosed for each covered Factory:

1. The name of the Factory, in English and, where available, in Bangla.
2. The physical address of the Factory.
3. The number of workers at the Factory.
4. The number of buildings at the Factory site(s), the primary activity conducted in each building, and the number of stories of each building.
5. Whether the Factory is in a multi-use and/or multi-purpose building and, if so, the specific floors of the building that the factory uses.
6. The number of signatory companies using the Factory.
7. The type of Factory (RMG/other related industries).

#### Confidentiality

All information not on the list of data to be published is considered confidential for Accord and RSC purposes only and will be treated as such, consistent with the confidentiality agreement signed between the signatory companies with the Fair Factories Clearinghouse, the members of the Steering Committee, and any individuals or organizations granted access to this information by the Accord.

The name of the signatory company(ies) that is/are using each covered Factory will not be disclosed.

### 4. PROCEDURE FOR LISTING FACTORIES IN OTHER 'RELATED INDUSTRIES'

#### Steering Committee Decisions Regarding Inclusion of Other Related Industries

At any time, the Steering Committee may consider allowing signatories to list Factories in other Related Industries.

If a decision is made to cover another Related Industry, the respective industry will be identified by the Steering Committee and communicated to all signatories by email, with an update to this Protocol, and via a notice on the public website.

#### Voluntary Basis for Listing Factories in Other Related Industries

Once the Steering Committee has decided to include another Related Industry, each signatory company may choose to list their Factories in that respective industry on a voluntary basis.

#### Listing Factories in Other Related Industries

If a signatory chooses to list its suppliers in another Related Industry, it will be obliged to list **all** its Factories in this respective industry, not just a selection of them.

The signatory company must first notify the Accord that it intends to list Factories in the respective industry, and from the date of notifying the Accord, the obligation to maintain an accurate Factory list (part 1 of this protocol) will then apply to this category of Factories.

## 5. OTHER RELATED INDUSTRIES IN SCOPE OF ACCORD BEYOND RMG

The Steering Committee has so far decided to include the following Related Industries (from the dates mentioned):

### i. Home Textiles (1 June 2018)

Textiles used for home furnishing, including but not limited to: bedding, blankets, towels, cushion covers, curtains, table cloths and mats, floor mats.

### ii. Fabric and Knit Accessories (1 June 2018)

Accessories made predominantly with fabric and knit materials, including but not limited to: bags, hats, hair accessories, scarves, belts, gloves, ties, jewelry, and footwear.

This protocol will be updated if and when the Steering Committee decides to allow signatories to list factories in other Related Industries.

## 6. PROCEDURE FOR SIGNATORIES TO INVOKE 'RELEASE OF RESPONSIBILITY' (ARTICLE 34)

### a. Zero Tolerance Violation of a Signatory Policy (Article 34a)

If a covered Factory has committed a “zero tolerance” violation of a signatory’s policy, the signatory company will submit evidence of the violation to the Accord at this address: [signatories@internationalaccord.org](mailto:signatories@internationalaccord.org).

Evidence must include: a copy of the policy, evidence that the policy was communicated to the supplier prior to the violation, a description of the violation with accompanying documentary evidence.

The Accord Secretariat will submit the evidence to the Steering Committee. The Steering Committee will appoint 2 members (1 company representative and 1 labour representative) to assess the evidence and respond to the request for release from responsibility within 21 working days of the company signatory submitting the request, copying the Accord Secretariat for information.

If the appointed Steering Committee members find the evidence convincing it will release the signatory company from responsibility for the Factory, the Accord will remove the Factory from the signatory company’s list.

Unless they also submit a request to be released from responsibility as outlined above, other company signatories that have listed this Factory will not be released from responsibility.

### b. Factory Inactive for Last 18 Months and Upcoming 24 Months (Article 34b)

If a signatory made a Factory “inactive” in Fair Factories Clearinghouse 18 months ago and commits to not source from that Factory for an additional 24 months, it can notify the Accord Secretariat at this address: [signatories@internationalaccord.org](mailto:signatories@internationalaccord.org).

Upon notice, the Accord Secretariat will remove the Factory from the signatory company’s list. From the date of notifying the Accord, the signatory is no longer responsible for that Factory as per Article 34b.

**Please note:** If your company stops sourcing from a Factory and therefore updates your Factory list with FFC to show it is inactive, your company remains responsible for the Factory and all Accord obligations still apply. As per the definitions in Appendix 1 of this protocol, your company will be considered ‘inactive responsible’ for this Factory unless and until it is released from responsibility in line with Article 34a, b or c.

### c. Accord Covered Factory is Terminated Following the Escalation Protocol (Article 34c)

If the Accord advises company signatories to terminate business with a Factory following the Article 30 notice and warning process, the Accord will designate the Factory as “CAP not implemented” and the Factory will be automatically removed from each company’s Factory list. Each company signatory will thereafter be released from responsibility in line with Article 34c.

As per the Accord Escalation Protocol, each company signatory must cease production with terminated suppliers as soon as legally feasible after the termination date, but in no circumstances more than 6 months later than the termination date.

## Appendix: Definitions

### “Factory”

A Factory is a facility where product is produced or processed by a supplier. A supplier is the contractual partner of a company signatory. A supplier can own or use more than one factory. “Supplier” and “Factory” are used as a synonym in this document, jointly defined as “Factory”.

### “Complete List of Factories”

All Factories in Bangladesh producing products for the signatory company, including sub-contractors.

### “Accord Covered Factory”

A factory or supplier which is subject to the Accord programme and included in the Accord’s public list of Factories, or which should have been disclosed according to the rules in this protocol i.e. an “unlisted Factory”.

### “RMG Factory”

A factory or supplier where the final steps in the production process take place in terms of the ready-made garment. This includes:

- i. Cut, Make & Trim process (final steps for all woven garments and knitwear).
- ii. Secondary suppliers (washing, embroidery, printing) in integrated units (part of a CMT Factory).
- iii. Fabric manufacture only in integrated units (part of a CMT Factory).

### “Integrated Unit”

A facility on the same premises and providing a service (washing, embroidery, printing) and/or supplying fabric to the CMT Factory.

### “RMG”

Ready-made garment, including: Outer clothing such as workwear and uniforms, leisure wear, sportswear (e.g. suits, pants, dresses), suits, blouses, blazers, jackets, cardigans, pullovers, coats, sports jackets, skirts, shirts, ties, jeans, shorts, T-shirts, polo shirts, sports shirts, tracksuits, bathing shorts, bathing suits, bikinis, hats & caps; Underclothing: jersey goods, lingerie (e.g. underpants, undershirts, briefs, socks, stockings, tights).

RMG does not include household textiles, footwear and accessories. Please see section 4 for the other Related Industries which are in scope of the Accord on a voluntary basis.

### “Related Industries”

All other industries which are related to the production or processing of textile products other than RMG.

### “Active Factory”

An Active Factory meets one of more of the following criteria:

- i. The Factory is currently producing products for a company signatory.
- ii. A company signatory has placed orders at the Factory, but production has not started yet.

Factories will remain listed as ‘active’ until the company notifies the Accord that they are not ‘active’ anymore.

### “Inactive Factory”

A Factory can be listed as inactive if it meets the following criteria:

- i. The company signatory has no pending orders at the factory.
- ii. All orders produced for the company signatory have been shipped out by the Factory.

### “Factory Extension”

Addition of any new floor, roof level, horizontal floor, or new structure.

### “Inactive Responsible”

A signatory company is responsible under the Accord for an Inactive Factory if the Factory was listed as active by the company signatory at any time since the date of initial inspection, or the Factory was listed as active by the company signatory up to 30 days before the initial inspection, and the company signatory has not been released of responsibility following Art. 34 of the International Accord.



## Accord Governance Regulations

Accord Articles 1, 2, 3, 4, 5



- Governance Regulations
- Management Committee Terms of Reference
- Code of Conduct for Steering Committee

# Accord Governance Regulations

Adopted: September 2013  
Last amended by Steering Committee: November 2021

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## 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.





# RMG Sustainability Council Inspections & Remediation Protocol

Approved: January 2020  
Last update (International Accord amendments): December 2021

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## Relevant Provisions of the RSC and International Accord

### RSC Memorandum and Articles of Association

**III. Objectives (MoM):** “The objectives for which the Company is established are all or any of the followings and such related to be performed in the territory of Bangladesh:”

**Article III.2 (MoM):** “To conduct inspections in the areas of fire, structural, electrical and boiler safety as well as inspections to investigate safety complaints, and special inspections following Safety Committee findings and industrial accidents, and eventually regarding industrial relations, skills development and environmental standards; to monitor, verify and recognize remediation.”

**Article III.7 (MoM):** To supervise exporting RMG industry and related factories and permanently monitor safety, compliance and sustainability of existing and new factories and to provide recognition of safe workplaces for garment employer and employees.

**Article 24(n)(ii) (AoA):** (n) The BoD shall make publicly available and regularly update information on key aspects of the program, including: (ii) Written Inspection Reports, which shall be developed by the CSO for all factories inspected under this program, shall be disclosed to interested parties and the public.

**Appendix B (AoA):** Accord Inspections and Remediation Protocol

### International Accord

**Article 28(b):** The SC shall make publicly available and regularly update information on key aspects of the program. The Foundation’s website shall publish these key aspects, and ensure alignment with the RSC website and RSC articles of transparency and reporting. These key aspects include: (b) Written Inspection Reports, which shall be developed by the CSO for all factories inspected under the RSC, shall be disclosed to interested parties and the public.

**Article 30:** Each signatory company shall require that its suppliers in Bangladesh participate fully in the inspection, remediation, health and safety and training activities of the RSC.

## Definitions

### “CAP”

Corrective Action Plan following an electrical, fire, or structural inspection is a time bound, mandatory plan to bring a factory into compliance with safety standards.

### “CSO”

The RSC Chief Safety Officer.

### “Participating Company or Companies”

Brands, importers/agents and retailers that are signatories of the International Accord (the “Accord”), and other participating companies as agreed to by the RSC Board.

### “Factory List”

Full and accurate list of a Participating Company’s covered factories, including sub-contractors, producing products for the company.

### “Factory”

A Factory is a facility where product is produced or processed by a supplier. A supplier is the contractual partner of a Participating Company. A supplier can own or use more than one factory. “Supplier” and “Factory” are used as a synonym in this document, jointly defined as “Factory”.

## 1. PREPARATION FOR INITIAL INSPECTIONS

All Factories are subject to independent safety inspections. When a Factory is first listed on the Factory List of a Participating Company, it will receive separate, thorough initial inspections in each of the following areas:

- Fire
- Electrical
- Structural
- Boilers<sup>1</sup>

### Scheduling of Initial Inspections

The CSO will make all reasonable efforts to complete the initial inspections within 3 months of the Factory being first listed by a Participating Company.

The RSC will schedule the fire and electrical inspections, and whenever possible the structural and boiler inspections, to occur on the same day. Each initial inspection will be scheduled for one day and will take approximately one full business day's to complete. Should the inspection not be completed in 1 day, further inspections shall be scheduled in order to complete the initial inspection

The RSC will issue a written notification to the Factory about the scheduled inspection at least two weeks prior to each scheduled initial inspection. All responsible companies for the Factory will be copied on the notification.

### Appointment of Lead Brand

For Accord company signatories, one Accord signatory company sourcing from the Factory will be appointed by the Accord Secretariat to coordinate the remediation support process and communications with the Factory owner/management, the RSC, the Accord Secretariat and the other responsible Accord signatory companies, from the initial inspection all the way through final completion of remediation, ("Lead Brand").

## 2. INITIAL INSPECTIONS

### Qualification of Inspectors (Engineers)

All inspectors (engineers) who perform initial and follow-up inspections shall be selected by the CSO based on their qualifications and skills and will work under the direction of the CSO.

### The Inspections

Inspections will take place at the site of the Factory. The inspector (engineer) shall have unencumbered access to the entire premises.

### Management and Worker Representatives

A management representative and a worker representative on the Safety Committee will be offered to accompany the inspector in the inspection as an observer of the inspection process and the findings. If there is no credible Safety Committee at the factory, but there is a registered trade union, the trade union will appoint a worker representative at the factory level to accompany the inspectors, as an observer, during their assessments.

### RSC Building Inspection Standards

The standards that shall be used in conducting the initial safety inspection are the RSC Building Standards, which are largely based on the Bangladesh National Building Code and the product of discussions facilitated in November 2013 by the ILO between the Accord, the National Tripartite Plan of Action, and the Alliance for Bangladesh Worker Safety (Alliance). These standards are published on the RSC's public website.

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1. Boiler safety inspections are to be formally integrated as the 4<sup>th</sup> area of mandatory inspections and remediation. It is expected this integration will be formalized by the end of calendar year 2020.

### 3. SEVERE AND IMMINENT DANGER TO WORKER SAFETY

If any inspectors identify a condition that poses a severe and imminent danger to worker safety, they shall immediately inform the RSC CSO, factory management, the factory's Safety Committee, worker representatives (where one or more unions are present in the factory), the Accord Secretariat, the Participating Companies responsible for this factory, and the RSC Board of Directors. In such cases, the CSO will direct a remediation plan.

#### Structural Integrity Issues

In cases where the RSC CSO confirms immediate and critical danger due to safety concerns with the structural integrity of the building, the RSC CSO shall inform the responsible Participating Companies, keeping the above listed contacts in copy. The Accord Secretariat will follow up with Accord company signatories to ensure the owner evacuates the building and ceases Accord company production until it is determined the building is safe for re-occupancy.

Where the CSO has identified immediate and critical danger due to safety concerns with the building's structural integrity, the CSO will simultaneously request the Bangladesh Government to order the evacuation of the building until additional investigations and any necessary testing has taken place or immediate remedial measures are taken. Notification shall also be sent to the DIFE-IG to convene a Review Panel and meeting with Bangladeshi Government/DIFE

In cases where the factory is evacuated under this section, Participating Companies sourcing from the Factory shall ensure the Factory continues paying its workers' regular income and maintains their employment status for a period of up to six months.

### 4. INITIAL INSPECTION REPORTS

The RSC will provide all inspectors' (engineers') reports to the Factory within 2 weeks of completion of the initial inspections, including a description of all remediation and corrective actions that are required. These reports will be sent by email (through hyperlink or attachment) to the Factory owner/representatives, the worker representatives, the factory level union (if present), and IndustriAll Bangladesh Council ("IBC")/and the responsible Participating Companies.

The reports will be shared with the factory owner, worker representatives, and all responsible Participating Companies to review within 6 weeks from the date of the initial inspection.

### 5. FINALISATION OF INSPECTION REPORTS, REMEDIATION PLANS, AND NECESSARY CORRECTIVE ACTIONS

Participating Companies must require each of their Factories to implement corrective actions identified in the initial inspection reports (and follow-up inspection reports, as applicable) to bring the Factory up to RSC Building Safety Standards according to an agreed, mandatory, time-bound Corrective Action Plan (CAP).

The RSC will assign a Remediation Case Handler (RCH) to each Factory to coordinate the external processes with the Factory owner, Participating Companies, labour representatives and to also manage the RSC internal process of CAP approval, technical and engineering support, monitoring and verification and public reporting.

Within 2 weeks of the initial inspection, the RCH will send the inspection reports and CAP template and instructions on completing it to the Factory and to all responsible Participating Companies.

#### CAP Finalisation

After receiving the inspection reports and CAP Template, the factory owner/management, with the coordination assistance of the Lead Brand, is tasked to develop remediation plans and finalise the Corrective Action Plan.

The suggested process for the Lead Brand to coordinate the remediation process with the other brands and Factory owner for all issues identified is as follows:

1. Start discussion with factory management about the corrective actions for each issue.
2. Support the factory management in writing up the CAP.
3. Share the CAP with the other Participating Company sourcing from the Factory and seek their input on the CAP.
4. Seek advice from the CSO if unable to complete the CAP.
5. Send a complete CAP to the assigned CH within 4 weeks of receipt of reports.

### **RSC CH Meeting with Factory and Lead Brand**

In the case of a new Participating Company having listed a new factory, the assigned CH shall offer to organize and facilitate a meeting between the Lead Brand and the Factory owner and/or representative to explain:

- CAP finalisation process and support available from RSC during this process;
- Requirement that Lead Brand and Factory discuss financing remediation;
- RSC Process for monitoring and verification; and
- Public Reporting element of the RSC.

### **Support to Ensure CAP Finalisation**

The RCH does regular follow up with the parties to ensure CAP is finalised with CSO approval. CH coordinates with RSC staff engineers as necessary on technical issues raised by the factory engineers or technical specialists. The RSC can provide facilitation support related to the remediation process, as requested.

## **6. REMEDIATION FINANCING**

Discussions of the remediation plans and necessary corrective actions must include determining the costs and necessary resources that will be required to execute the remediation plans and corrective actions within the given timelines. These discussions include determining how these resources will be secured.

For Accord signatory brands, Accord Article 31 requires that Accord brands negotiate commercial terms with their suppliers which ensure that it is financially feasible for the factories to maintain safe workplaces and comply with the remediation requirements. 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;
- Loans;
- Assistance to access donor or government support;
- Business incentives; and
- Direct payments for renovations.

The RSC and Accord provide facilitation support in case factories indicate that remediation is not financially feasible (see *SOP for Accord and RMG Sustainability Council (RSC) on Processing of Accord Article 31 Finance Requests*). Confirmation of financing for remediation is required for CAP approval by the RSC CSO.

## **7. PUBLIC REPORTING OF INSPECTIONS REPORTS, REMEDIATION PLANS AND CAPS**

Once a Corrective Action Plan is technically and financially approved, but no later than 6 weeks from issuance of the initial inspection reports, they will be published along with the CAP

## **8. REQUIRED APPROVALS AND TECHNICAL SUPPORT**

RSC staff engineers must review submitted designs, technical information, calculations and any other relevant information in order to determine whether the proposals are compliant with associated legislation and standards. Where the designs are non-compliant, a written response shall be provided indicating areas of non-compliance in order that the designs can be amended accordingly. Where the design is compliant with appropriate legislation and standards, written confirmation shall be provided on the acceptance of the design prior to commencement of the remedial works. Design reviews shall be carried out for the following:

- Designs, calculations, specifications, Listed Components and drawings of the Fire Detection and Fire Protection Systems (fire alarm, sprinkler, standpipe, hydrants);
- (Detailed) Engineering Assessments (DEA/EAs) for structural remediation; and
- Single Line Diagram (SLD) for the electrical installations.

Testing and Commissioning Verification is required for all installations of fire detection and protection systems.

Testing and Commissioning Verification by the Accord consists of the following components:

- Desk Based Documentation Review (documentation request is part of this phase);
- Pre-T&CV On-Site Documentation and Equipment Review;
- Full Functional T&CVI; and
- Final Verification (in case only minor issues found at Full T&CVI).

RSC staff engineers will provide other technical support to factory or Participating Companies engineers as necessary.

## 9. CAP IMPLEMENTATION

The assigned RSC RCH manages the CAP implementation for each of their assigned factories including regular requests for CAP updates from the factory and the Participating Companies, and details about specific remediation progress.

Participating Companies shall have their staff or agents inquire about and report on CAP implementation issues after each visit to the Factory and on an ongoing basis.

## 10. VERIFICATION VISITS AND CAP UPDATES

The RCH sends monthly CAP update requests to the Factory and the Lead Brand. Requests for extensions to CAP deadlines or non-compliance issues are raised with the CSO. In cases where reasonable remediation progress is being made, if delays to the CAP timelines occur due to factors outside of the Factory owner's control, the CSO may approve the revisions to the CAP timelines.

### Follow-up Inspections

RSC engineers return to inspected Factories for follow-up inspections approximately every 4-6 months to verify reported completed CAP items. If a factory has been escalated to Stage 2 for failure to comply with remediation or CAP timelines, the follow-up inspections will be scheduled for every 3 months.

The RSC engineers will produce a Follow-Up Inspection Report (FUIR) for each discipline (Fire, Electrical, Structural, Boiler) with an updated CAP format based on the findings of the FUI. The RCH will upload the reports and updated CAP on the Fair Factories Clearinghouse (FFC) Database. The updated CAP will automatically be updated on the RSC website.

The CSO will provide a Quarterly Aggregate Report (QAR) on remedial progress for all Factories. The publicly available CAPs will be updated on the basis of CAP updates by the factory and RSC Follow-Up Inspections.

### Special Inspections

In addition to regular follow-up inspections, RSC engineers conduct targeted inspections, including the following:

- Escalation inspections;
- Accord Remediation Fund and Settlement Fund inspections;
- Testing & commissioning verification inspections (T&C VIs) and Pre-T&CVI On-site Documentation and Equipment Reviews;
- Negative suction non-compliance-related inspections;
- Boiler safety inspections;
- Inspections in response to safety complaints;
- Inspections in response to Safety Committee findings and reports; and
- Inspections in response to incidents such as fires, accidents, earthquakes.

### Publication of Non-compliance with CAPs and Timeframes

The CSO shall publicly disclose factories that are not making the necessary improvements in the required timeframes. The RSC Escalation Protocol provides for a process of notice and warning leading to termination of business relationships if these efforts do not succeed.

## 11. CAP COMPLETION AND VERIFICATION

When all CAP items have been completed and verified, the RSC will update the public CAP to confirm that all elements of the CAP from the initial RSC inspections have been verified as corrected: Initial CAP Completed Factories with their Initial CAP Completed receive a Recognition Letter from the RSC.

The RSC will conduct Testing & Commissioning Verification Inspections at factories requiring Fire Detection and Protections Systems to verify that the systems are fully functional and installed to standard.

The RSC will continue to conduct Follow-Up Inspections at factories that complete their Initial CAP to monitor remediation of New Findings from previous FUIs. The RSC aims to conduct FUIs at Initial CAP Completed factories approximately once every six months.

**RSC Protocol:  
Closures and Relocations**

**Accord Articles 18, 19, 20, 21, 22**



Procedure to verify closure of factory building, worker entitlements in case of (temporary) closure or relocation, circumstances when a factory is not considered 'closed'.



# RMG Sustainability Council Factory Closure & Relocation Protocol

Approved: January 2020

Last update (International Accord amendments): December 2021

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## Relevant Provisions of the RSC and International Accord

### RSC Articles of Association

**Article 39:** The executive committee shall ensure the senior management implement RSC policies, procedures, and strategies adopted by the BoD and deal with operational matters of the company under the supervision and control of the bod. The terms of reference of the executive committee shall be determined by the BoD and reviewed periodically.

**Appendix B:** Accord Factory Closure & Relocation Protocol

### International Accord

**Article 18:** Signatory companies shall require their supplier factories that are inspected under the RSC 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 Article 30.

**Article 19:** 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 RSC requirements, the following conditions shall apply:

- a. The factory shall provide documentation to the CSO and all related signatories of the planned move including the date of completion and new location of the factory.
- b. The CSO 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.

**Article 20:** In the above-mentioned cases of relocation, Article 31 provisions relating to remediation financing will apply. In cases where a factory is closed under Article 18, workers will receive full severance benefits.

**Article 21:** The payment of full severance benefits under Articles 18, 19 and 20 are 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.

**Article 22:** Signatory companies shall make reasonable efforts to ensure that any workers whose employment is terminated as a result of a factory termination, closure or relocating triggered by RSC activities, are offered employment with safe suppliers.

## 1. INTRODUCTION

The Closures & Relocation Protocol outlines the requirements for supplier factories & signatory companies to meet Articles 18 and 19 of the International Accord and the procedure for their implementation. Article 18 of the Accord applies to (temporary and permanent) closures for safety reasons or for renovations necessary to complete corrective actions. Article 19 of the Accord applies to relocations 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 remediation requirements.

## 2. REQUIREMENT FOR FACTORIES AND COMPANY SIGNATORIES TO NOTIFY RSC OF CLOSURE, TEMPORARY CLOSURE, OR RELOCATION

If a company signatory becomes aware of a potential closure, temporary closure or relocation of a covered factory they must notify the RSC, in writing, immediately.

Suppliers are required to inform the RSC, in writing, about any upcoming (temporary or permanent) closure or relocation as soon as the decision is being made, and indicate to the RSC the reason(s) for the closure/relocation.

Furthermore, Accord company signatories should enquire with their suppliers about potential closure or relocation if factories indicate that they consider remediation not feasible or cost effective in the current building. Companies should consider the following indicators of potential closure: factories facing significant obstacles to remediation (e.g. in a rented building with uncooperative landlord), factories facing an order shortage, factories that have stopped updating their CAP, and factories not responding to communications.

## 3. MANDATORY MEETING BEFORE CLOSURE OR RELOCATION

Once the RSC is informed of a potential closure or relocation by a factory, company signatory, or through other channels, the RSC will schedule a closure or relocation meeting. The factory and all responsible company signatories are required to attend in person or remotely. As applicable, union federation representatives and/or RSC IndustriAll Bangladesh Council (IBC) Board of Directors members shall be invited and welcomed to join such meetings.

The following requirements will be explained in the meeting:

### a. Accord Articles 18 and 19

The RSC will explain the provisions of Accord Articles 18 and 19 which will apply in cases where the factory is (temporarily or permanently) closing for safety reasons or renovations or where the factory indicates the factory is relocating in order to comply with RSC requirements, and the respective Accord signatories' requirements for closures, temporary closures, and relocations.

### b. Provision of Worker List

The factory will provide the RSC with a complete list of workers' IDs, including key information: years of service, grade, monthly salary and other regular payments, and benefits. The list has to be provided at least 6 weeks prior to the intended closure/relocation date. Once known, the factory must provide the RSC with a list of workers who decide not to relocate.

### c. Advance Notice to Workers

The factory must post closure notices in highly visible locations of the factory, informing workers of the closure status (permanent, temporary, relocation), closure timelines, and workers' entitlements under the Accord to full severance pay (in accordance with article 26 of the Bangladesh Labour Act, in the case of permanent closure) or continued employment and payment of regular monthly income (for temporary closure or relocation).

Additionally, the RSC will post informational notices at the factory, including a description of workers' entitlements, and a contact number for the RSC in case they want to report any irregularities. This information will also be distributed to affected workers through a pamphlet. The RSC will make an announcement through the PA system to inform workers of their rights under the RSC, to inform them of how their severance benefits are calculated entitlements and that they contact the RSC in case they do not receive their full severance benefits.

#### **d. Accord Article 31 in Relation to Article 19 Relocation Cases**

The RSC will outline the company signatories' responsibility under Article 31 of the Accord in case of relocation for remediation purposes to ensure that it is financially feasible for the factory to pay full severance benefits to workers who choose not to relocate.

The RSC will briefly explain the finance meeting procedure which the Accord and the RSC organize if a factory requests financial support.

#### **e. Confirm Timelines for Closure and (where relevant) Relocation, and Associated Remediation Requirements up to the Planned Closure Date**

The RSC will require the factory to confirm their planned timelines for closure, temporary closure, and/or relocation. The RSC will explain that the factory must continue to progress with remediation as long as the building remains open and occupied. The RSC will specify any critical or urgent CAP items which must be completed in the time prior to the planned closure and/or relocation date. Additionally, the RSC will stipulate further remediation requirements in case of delayed closure or relocation.

#### **f. Escalation Consequences in Case of Non-compliance**

The RSC will explain the Escalation Protocol and inform the factory and signatories that the supplier may face escalation for failure to meet the requirements.

### **4. PROCEDURE TO VERIFY REQUIRED SALARY OR SEVERANCE PAYMENTS**

#### **a. Temporary Closure: Verification of Continued Salary Payments**

The RSC will require monthly salary sheets from the past three months from temporarily closed factories to allow verification that all workers are being paid their regular income during the closure period. The salary sheets must provide details on all payments made to the employee (basic, overtime, productivity, transportation, attendance, etc.)

The RSC will check the records provided to assess if the payments are in line with the salary information previously provided. The Accord and/or the RSC may, at the request of signatory companies, the factory, workers or their representatives, or at its own volition, be present when payments are being made to the workers.

#### **b. Relocation: Full Severance Benefits for Workers Who are Being Terminated from Employment**

The RSC will require a full worker list and an overview of which workers will and will not continue employment at the relocated factory. For workers not continuing employment at the relocated factory, the factory management will be required to provide employment termination letters and information to calculate full severance benefits per worker (using an RSC template), and documentation showing full severance benefit payments to each worker in accordance with article 26 of BLA.

The RSC will cross-check the calculation of full severance benefits to which each worker is entitled, with the purpose of comparing this to the benefits paid by the factory.<sup>1</sup>

#### **c. Appeal Procedure for Workers**

Workers or their representatives may contact the RSC if they feel they have not received the proper payments as required under articles 18 and 19 of the Accord.

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1. Full severance payment in accordance with Article 26 of the Bangladesh Labour Act.

## 5. PROCEDURE TO VERIFY CLOSURE

### a. Unannounced Inspection

The RSC will carry out an unannounced closure verification visit – or, if necessary, multiple verification inspection visits – to the factory site to verify the (temporary or permanent) closure or relocation.

### b. Factory and Company Signatory Confirmation of Closure

Both covered factories and company signatories are required to confirm the status of factory closure. Additionally, companies must confirm in writing whether product is still being produced for them in the factory, and if not, submit to the RSC the date of their final shipment from the factory.

### c. Documentation Evidencing Building No Longer in Use or Termination of Lease Agreement

Factory to submit documentation substantiating closure or relocation, and possible future use of the building.

Once the RSC has completed the closure verification process – and has taken the necessary due diligence to determine that there is no production for Accord signatory companies in that factory - the Accord will mark the factory status as 'closed' in the Fair Factories Clearinghouse database. The factory will then be removed from the public Accord - RSC covered factory list and each company signatory's factory list.

The responsibility for monitoring remediation of the building will be then handed over to the Inspector General/ National Tripartite Plan of Action/Remediation Coordination Cell. The factory will be disclosed on the Accord - RSC list of factories as a closed factory. In case of relocations, a new factory ID will be created if Accord signatory companies list the factory in the new building.

## 6. CIRCUMSTANCES WHEN A BUILDING WILL NOT BE CONSIDERED CLOSED

The Accord - RSC will consider a factory not to be closed in the following scenarios:

### a. Building Still in Operation, albeit with a Change of Ownership

If a factory has not closed or relocated, but the ownership has changed, (demonstrated by transfer of ownership documents) the factory will continue to be covered by the Accord - RSC.

### b. Building Still in Use by an Accord - RSC Covered Factory, albeit Not for Production Purposes

If a factory (partly) relocates and retains the old building for other purposes than CMT, the Accord - RSC will not consider this a closed building, since employees of the factory will still be using the building and therefore remediation is still required. Participating companies which listed the factory remain responsible.

If RSC engineers are not permitted to enter a building to obtain pictorial evidence and status of the closure, the RSC will write to the DIFE Inspector General and to the BGMEA informing them of the situation and requesting their support in accompanying RSC engineers on an unannounced verification visit to assess the closure status.

## Appendix: Definitions

### “Covered Factory”

A factory which is participating in the Accord - RSC programme and included in the Accord’s - RSC’s public list of factories, or which should have been disclosed according to the rules in the factory disclosure protocol.

### “RMG Factory”

A factory or supplier where the final steps in the production process take place in terms of the ready-made garment.

This includes:

- i. Cut, Make & Trim process (final steps for all woven garments and knitwear)
- ii. Secondary suppliers (washing, embroidery, printing) in integrated units (part of a CMT Factory)
- iii. Fabric manufacture only in integrated units (part of a CMT Factory)

### “Integrated Unit”

A facility on the same premises and providing a service (washing, embroidery, printing) and/or supplying fabric to the CMT Factory.

### “RMG”

Ready-made garment, including: Outer clothing such as workwear and uniforms, leisure wear, sportswear (e.g. suits, pants, dresses), suits, blouses, blazers, jackets, cardigans, pullovers, coats, sports jackets, skirts, shirts, ties, jeans, shorts, T-shirts, polo shirts, sports shirts, tracksuits, bathing shorts, bathing suits, bikinis, hats & caps; Underclothing: jersey goods, lingerie (e.g. underpants, undershirts, briefs, socks, stockings, tights). RMG does not include household textiles, footwear and accessories.

### “Closed Factory”

A factory which is no longer participating in the Accord - RSC programme, and for which the Accord - RSC has completed the closure verification process and therefore are satisfied to the best of our knowledge that there is no production for Accord - RSC covered factories in that factory building. The RSC will transfer inspection reports and CAPs to DIFE and inform the Government of Bangladesh of a closed building.

### “Full Severance Payments”

*“The payment of full severance benefits under this Articles 18, 19 and 20 are 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.” (Accord Article 21)*

**Article 26 of BLA:** Termination of employment by employers otherwise than by dismissal, etc.:

Where a permanent worker is terminated, he shall be paid by the employer compensation at the rate of 30 days’ wages for every completed year of service.

OR

Gratuity, if any, whichever is higher. [S.26(4) of BLA]

**Other separation payables:** Wages in lieu of notice. Where an employer intends to terminate the employment of a worker without any notice, he may do so by paying the worker 120 days basic wages (permanent worker) or 30 days basic wages (temporary worker) in lieu of notice. [S.26(3) of BLA]. If shorter notice is given, then the payment in lieu of notice shall be for the rest of the remaining notice period.

- Salary up to the last day of work (till the date of termination)
- Due overtime (if any) [S. 108 of BLA read with Rule 102 of BLR]
- Due Festival Bonus (if any) [R. 111(5) of BLR]
- Unavailed Annual Leave (if any. Up to 40 days annual leave can be accumulated and cashed, in case of a factory) [S. 117 of BLA read with Rule 107 of BLR]
- Provident fund (if any) [chapter XVII of BLA read with chapter XVI of BLR and company PF Rules]
- Any other allowance/benefit payable (if any, as per the organisational policy)



# Financing Remediation to Accord Standards

## GUIDANCE FOR SIGNATORY COMPANIES & FACTORIES TO PLAN FINANCE FOR REMEDIATION

### Accord Article 31:

In order to induce factories to comply with upgrade and remediation requirements of the CSO, signatory companies shall 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 CSO. 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.



### SIGNATORY COMPANY ROLE

**Evaluate means to ensure remediation is financially feasible e.g.**

**Improve cashflow:** Reduce payment terms; Prepay orders

**Increase revenue:** Guarantee orders for longer period and/or higher volume; Increase price per unit

**Inject capital:** Joint investment, provide a loan, guarantee a loan, access donor or government support, pay for renovations directly.



### FACTORY ROLE

**Estimate costs of Corrective Action Plan (CAP)**

- Identify materials/works for all CAP items
- Obtain written quotations from service providers
- Obtain comparative quotations if possible
- Create itemised cost estimate

**Evaluate financial capacity**

1. Assess revenue projections & profitability
2. Assess financing options e.g. own capital investments, loans, change commercial terms

N.B. If rented building, establish owner's contribution



### Facilitate discussion

**Accord Secretariat** can facilitate discussions for shared buildings if expressly asked by a signatory or factory



### Negotiate & agree finance plan

*Factory & Sourcing Managers*

- Review cost estimate, factory's financial capacity & finance option
- Evaluate finance options including commercial terms

### Finalise CAP

- Confirm to Accord which type of finance plan agreed (details will not be disclosed)
- CAP approved by the RSC

### Monitor remediation

- Factory to give CAP progress updates to Accord signatories & RSC
- All signatories to review CAP progress on factory visits
- Inform RSC case handler and Accord Secretariat of concerns on CAP progress
- RSC case handlers request updates from factory management
- Accord Secretariat requests updates from company signatories



### Facilitate discussion

**Accord Secretariat** can facilitate discussions between signatories and factories if expressly asked by the signatory or factory



### Verification

**RSC Engineers** conduct follow up inspections and verify remediation. Accord signatories will issue non-compliance notification if informed of inadequate remediation progress



Signatory Company role



Factory role



Accord role

For further information on financing remediation, please contact the Accord Secretariat: [signatories@internationalaccord.org](mailto:signatories@internationalaccord.org)



# Guidance on Accord Lead Brand Role

Approved by the Accord Steering Committee: February 2016  
Last update (International Accord amendments): December 2021

**This guidance outlines the purpose, responsibilities and allocation of the Accord lead brand role.**

## PURPOSE

As of 1 June 2020, the RMG Sustainability Council (RSC) conducts fire, electrical and structural safety inspections at all garment factories in Bangladesh, which produce for Accord company signatories in accordance with the protocols and procedures developed by the Accord.

The Accord appoints an Accord “Lead Brand” at each factory to coordinate discussions between the factory and companies concerning all aspects of remediation.

**General purpose of lead brand role: to ensure effective corrective action plan (CAP) development and coordinated, timely and successful remediation of all CAP issues.**

The Accord advises the following objectives for the lead brand:

1. Act as the chief spokesperson, coordinator, and intermediary with the RSC, the factory owner, and the other Accord companies present at the factory.
2. Organize meetings and discussions with other Accord companies about the factory’s participation in the RSC programme, including: preparation for inspections; finalisation of CAPs; confirming remediation is financially feasible; coordinating with other companies, the factory and RSC to ensure remediation is on track; escalating delays or problems with remediation to the RSC; and keeping the RSC updated on progress and ultimately, on CAP completion.
3. Coordinate with the Accord and RSC to assist the factory owner regarding any potential media queries.

## SPECIFIC RESPONSIBILITIES

### CAP Finalisation

Key actions for lead brand on receipt of inspection reports:

The Accord expects the following actions to encourage quick and effective CAP development following receipt of the inspection reports:

1. Review inspection reports – within 7 days of receiving inspection reports from the RSC.
2. Contact factory to develop a CAP and cc: other Accord companies in the factory – within 10 days of receiving inspection reports:
  - Review factory’s proposed CAP;
  - Check that factory understands all requirements of the CAP;
  - Ensure satisfactory explanation if factory’s proposed actions or timelines differ from RSC requirements; and
  - Advise factory owner to hire an engineer, designer and/or architect to finalise the CAP as required.



3. Ensure factory has proposed actions and timelines for all CAP items – within 28 days of receiving inspection reports from the RSC.
4. Discuss remediation budget and finance plan with factory and establish if the owner needs financial support from the companies – within 28 days of receiving inspection reports from the RSC.
5. Send finalised CAP to RSC for approval – within 35 days of receiving inspection reports from the RSC.

#### **CAP Implementation** – key actions for lead brand on receipt of approved RSC CAP

1. RSC will send the approved CAP to factory and lead brand – within 7 days of RSC having received the finalised CAP from the lead brand.
2. Follow up by lead brand by CAP item in date order, to ensure the agreed timelines are being adhered to.
3. Monthly CAP update to RSC and other Accord brands in the factory on progress, including explanations of any delays on CAP implementation with a specific request for time extension.
4. Chief Safety Officer to review any delay as outlined in monthly CAP update, and to grant an extension as determined by him or her for reasonable delay – within 10 days of receipt of the CAP update.
5. The lead brand will follow up on the delayed action item within the agreed timeframe.
6. Advise the RSC of concerns about remediation progress so that escalation can be considered in line with the Accord Article 30/RSC Article 24q relating to the Escalation Protocol.

#### **ALLOCATION OF LEAD BRAND**

The Accord team allocates lead brand with the following objectives:

- Aim for approx. 33% of each company's total factory list (active and responsible inactive factories);
- Consideration of feedback from brands regarding relationship with each factory (order volumes, length of relationship, future plans).

The Accord's decision regarding lead brand nominations is final. Please note there are regular reallocations of lead brand in the circumstances below.

#### **Lead Brand Reallocations**

If you believe another Accord company is a more suitable lead brand, please agree that with the other company and notify [signatories@internationalaccord.org](mailto:signatories@internationalaccord.org) of the change.

If you stop sourcing from a factory, update FFC to record the factory as inactive. The Accord checks for inactive lead brands every month and reallocates to an active Accord company wherever possible, using the allocation criteria above.

#### **ROLE OF OTHER RESPONSIBLE ACCORD COMPANY SIGNATORIES**

All Accord companies who source from the factory have the same obligations under the Accord. All Accord companies who source from the factory need to participate in discussions organized by the lead brand. N.B. Companies are still responsible to participate in remediation discussions if they delist a factory within 30 days before an inspection.

**Failure by a signatory to undertake its Accord obligations could lead to a charge being brought by another Accord signatory.**

#### **SUPPORT FROM THE RSC & ACCORD TEAMS**

An RSC Case Handler is allocated for each factory to coordinate all RSC programme activities and to work closely with the lead brand. The lead brand can also request support from the RSC Managing Director, Safety Inspection teams and Accord Secretariat if necessary.





# Summary of 2014 & 2018 Proposals of Working Group on Workplace Programs

Approved: January 2020

Last update (International Accord amendments): December 2021

## WHAT ARTICLES OF THE ACCORD DO THE WORKPLACE PROGRAMS IMPLEMENT?

- Articles 23, 24, 25, 26 and 27 of the International Accord

Workplace Programs are comprised of the Safety Committee and Safety Training Programme and the Occupational Safety & Health (OSH) Complaints Mechanism.

## WHAT ARE THE PROPOSALS OF THE WORKING GROUP ON WORKPLACE PROGRAMS?

The Accord Steering Committee established a Working Group on Workplace Programs in 2013 to outline how the Accord would implement the four key worker empowerment components of the Accord including:

- The Right to Refuse Unsafe Work;
- Joint labour-management Safety Committees;
- A Comprehensive Safety Training Program; and
- The Health and Safety Complaints Mechanism.

The Working Group's first proposal was approved by the Steering Committee in February 2014 and their second proposal was approved by the Steering Committee in June 2018. In combination, these proposals establish the principles for implementing workplace programs at all Accord covered factories and are summarized here.

## WHAT ARE SAFETY COMMITTEES AND WHAT IS THEIR MANDATE?

The RSC trains joint labour-management Safety Committees at Accord-covered factories and conducts All Employee Meetings to inform all the workers in the factory about essential workplace safety. Functioning Safety Committees are key to ensuring that factories become and remain safe workplaces.

### Composition

The committee shall have equal numbers of management and worker representatives. Under the BLA Rules (2015) the committee should range from 6-12 members (depending on the size of the factory) and include the doctor, if possible. Gender representation is strongly encouraged, and minimum numbers of women are required.

### Mandate

The roles of Safety Committees include, but are not limited to:

- Conducting factory inspections to identify safety hazards;
- Responding to employee complaints and suggestions about safety and health;
- Organize workplace safety exercises in the factory e.g. evacuation drills;
- Reviewing company accident reports to learn how such accidents can be prevented;

- Communicating about safety and health issues to workers; and
- For a proper functioning of the Safety Committee, meetings should be organized regularly, at least once every three months.

## WHAT DOES THE ACCORD'S COMPREHENSIVE SAFETY COMMITTEE AND SAFETY TRAINING PROGRAM ENTAIL?

### Components Safety Training

1. Initial Meeting with Factory Management and signatories. The aim of this meeting is to introduce the Safety Training Program and to agree on all the all-employee meetings' dates.
2. 8 Session Safety Committee Training Curriculum including the Safety Committee's role in remediation, complaints handling, Freedom of Association in relation to health and safety, joint problem solving, safety and health hazard identification and safety monitoring systems.
3. 3 All Employee safety informational meetings. During these meetings, all workers in the factory are introduced to the members of the Safety Committee. The RSC further provides information on how to identify and reduce common safety hazards, how to safely evacuate the factory in case of fire or other emergencies, and how to use the RSC Complaints Procedure. At the end of each meeting, the workers receive a booklet reiterating the information presented.
4. Factory walk-throughs. After training sessions #4, #5, and #6 the factory Safety Committee together with the Accord trainer conduct a walk-through of the factory to identify actual or potential safety hazards, that are then reported to the Factory Management. Once the Factory Management inform the RSC that these hazards have been fixed, the RSC engineers will conduct a verification inspection.
5. Ongoing support for effective functioning of Safety Committees. The RSC shall facilitate the first meetings of the Safety Committees and will support the active involvement of the Safety Committee Co-Chairs in RSC follow-up inspections. Wherever possible, the Safety Committee shall be fully involved in the monitoring of the implementation of RSC requirements that may emerge from any factory inspection.

## WHAT IS THE SAFETY AND HEALTH COMPLAINTS MECHANISM AND HOW DOES IT WORK?

Through the RSC Safety and Health Complaints Mechanism, workers and employees at factories producing for Accord company signatories can raise concerns about health and safety risks safely, and if they choose so, confidentially, with the RSC.

The RSC works with the complainants and the Factory Management to ensure that the RSC requirements are fully implemented.

Workers who utilize the Safety and Health Complaints Mechanism cannot face retaliation in doing so. In such cases, the RSC requires that such founded violations be remedied, failing which, the notice and warning provisions of RSC article 24q and Accord Article 30 would apply.

The RSC recognises the right of workers to be represented by a person or organisation of their choosing throughout the operation of any RSC process or protocol.

## PROCEDURE FOR PROCESSING COMPLAINTS: INQUISITORIAL, RESTORATIVE AND COLLABORATIVE

The operation of the RSC Complaints Mechanism on Safety and Health is an inquisitorial rather than adversarial system, which practices a restorative justice approach and is collaborative in the implementation of corrective action.

### INITIAL ASSESSMENT

All complaints are initially assessed to determine if they fall under the RSC safety and health remit. In the context of the RSC, OSH includes elements such as personal protective equipment, maternity leave, excessive working hours, forced overtime, sexual harassment and workplace violence. For the purpose of clarity, OSH does not include general payments, such as overtime pay, wage levels, Eid bonuses, etc. OSH does include pay which relates to occupational safety and health, such as sick pay, maternity pay and payments of any nature which may have been impacted as a result of reprisal actions against those who have pursued a claim under safety and health.

The complaints that fall outside the RSC’s health and safety remit are forwarded to Accord brand & labour signatories, and if the complainant so requests, to the Government’s Department of Inspection for Factories and Establishments (DIFE).

## INVESTIGATION AND RESOLUTION

If the complaint falls within the scope of the RSC complaints mechanism, the RSC will conduct an investigation. This may include, depending on the nature of the complaint, a fire, electrical or structural inspection at the factory, on-site and off-site interviews with the complainant(s), workers and factory management. Safety and health related concerns are investigated by qualified RSC staff and their findings and remediation requirements are announced to all the employees at the factory by the RSC assigned complaints handler.

The RSC will periodically post all resolved complaints on its website, detailing the nature of the complaint and its outcome.

## EVOLUTION OF THE WORKPLACE PROGRAMS UNDER THE 2018 ACCORD

The 2018 Transition Accord continued the Complaints Mechanism established under the 2013 Accord, and additionally provided for a training and complaints protocol covering Freedom of Association in relation to safety.

In order to determine the nature of the alterations required, the Working Group on Worker Participation developed a proposal which was approved by the Accord Steering Committee on 1 June 2018. This proposal therefore constitutes Accord policy which is implemented by the RSC since 2020 and is applicable under the International Accord.

KEY ELEMENTS OF WORKING GROUP PROPOSAL JUNE 2018	
<b>Freedom of Association</b>	<p>The Accord definition of Freedom of Association is derived from ILO Core Conventions 87 and 98, and the Accord shall recognise and protect these rights insofar as their exercise relates to safety and health, including the right to representation.</p> <p>The Accord shall integrate Freedom of Association as it relates to safety and health into its factory training programme and the admissibility of safety and health complaints in Accord-covered factories shall be extended to include Freedom of Association where such complaint also includes a safety and health element.</p>
<b>Occupational Safety and Health</b>	<p>Occupational Safety and Health (OSH) includes elements such as personal protective equipment, maternity leave, excessive working hours, forced overtime, sexual harassment and workplace violence.</p> <p>OSH includes pay which relates to occupational safety and health, such as sick pay, maternity pay and payments of any nature which may have been impacted as a result of reprisal actions against those who have pursued a claim under safety and health but does not include general payments, such as overtime pay, wage levels, Eid bonuses, etc.</p>
<b>Anonymity and Protection Against Reprisal</b>	<p>The Accord shall take all reasonable steps to protect a complainant’s anonymity where so requested and shall protect any complainants or those suspected by others to be complainants against any form of reprisal for submitting a safety complaint to the Accord.</p>
<b>Complaints Mechanism Procedure</b>	<p>The Accord shall continue its Inquisitorial, Restorative and Collaborative approach to all investigations of safety and health complaints submitted to the Accord.</p>
<b>Safety Committee Training Programme</b>	<p>As referred above, Freedom of Association as it relates to safety and health shall be integrated into the Accord Safety Committee Training Programme as will a full explanation of the meaning of Occupational Safety and Health.</p>

The 2014 and 2018 Proposals of the Working Group on Worker Participation are available on request from the Accord Secretariat by emailing [signatories@internationalaccord.org](mailto:signatories@internationalaccord.org).



# RMG Sustainability Council (RSC) Article 24(Q) Escalation Protocol

First approved: April 2015  
Last update (International Accord amendments): December 2021

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## Relevant Provisions of the RSC and International Accord

### RMG Sustainability Council, Articles of Association

**Article 36:** Where corrective actions are identified by the CSO as necessary to bring a factory into compliance with building, fire, electrical safety standards, the supplier shall implement these corrective actions, according to a schedule that is mandatory and time-bound, with sufficient time allotted for all major renovations.

**Article 24(q):**<sup>1</sup> “The [RSC] BoD shall require that RSC covered factories participate fully in the inspection, remediation, health and safety training activities. If a supplier fails to do so, the CSO will promptly implement a notice and warning process in accordance with the Escalation Protocol leading to termination of the business relationship by participating brands and retailers and withholding of the Utilization Declarations (UDs) by the BGMEA/BKMEA.”

**Article 24(n)(iii):** “Any factory that is not acting expeditiously to implement remedial recommendations shall be published on the RSC website in accordance with the Escalation Protocol.”

**Article 38:** The [RSC] BoD shall not restrict or otherwise interfere with the CSO’s performance of duties, including the scheduling of inspections or publishing of reports.

**Appendix B:** Accord Escalation Protocol. Accord Escalations Standard Operating Procedure.

### International Accord

**Article 30:** “Each signatory company shall require that its suppliers in Bangladesh participate fully in the inspection, remediation, health and safety and training activities of the RSC. If a supplier fails to do so, the signatory company will promptly implement the required notice and warning process and ultimately terminate the business relationship in accordance with the agreed Escalation Protocol. The Secretariat shall monitor and enforce adherence by the signatories to the Escalation Protocol as it applies to their suppliers in Bangladesh, in accordance with Chapter VI and Article 31.”

**Article 34 (c):** A signatory is no longer responsible under this agreement with respect to the covered factory in Bangladesh if: a covered factory is escalated out of the RSC as per the Escalation Protocol.

## Definitions

### “Supplier”

The contractual partner of Participating Company producing ready-made garments in one or more factories.

### “RMG Factory”

The production venue where the production of ready-made garments takes place.

### “RMG Company”

A legal entity producing ready-made garments in one or more factories.

### “RMG Company Group”

Any aggregation of legal and/or natural persons sharing common control of RMG companies. Control shall be presumed where there is common ownership, unless proven to the contrary. See Appendix 1 for the criteria considered when deciding if a factory is part of an RMG company group.

### “Participating Company or Companies”

Brands, importers/agents and retailers that are signatories of the International Accord (the “Accord”), and other participating companies as agreed to by the RSC Board.

1. The participating companies that are signatories to the International Accord are bound by the provisions of the RSC Escalation Protocol as part of their obligations under Article 30 of the International Accord.

## THE RSC'S ARTICLE 24(Q) ESCALATION PROTOCOL INVOLVES THE FOLLOWING THREE STAGES:

Stage 1: Non-compliance notification from Participating Companies to supplier

Stage 2: Notice and warning from Participating Companies to supplier

Stage 3: Ineligibility of business with Participating Companies.

### STAGE 1:

#### NON-COMPLIANCE NOTIFICATION FROM PARTICIPATING COMPANIES TO SUPPLIER

It is required that every supplier listed by a Participating Company meets the requirements of the RSC's CSO which Participating Companies have committed to. The Participating Companies have a responsibility to act on being informed of inadequate cooperation by a supplier in meeting RSC requirements including:

- In finalizing CAPs and executing remediation;
- Allowing worker participation consistent with the RSC and related RSC decisions;
- Meeting requirements regarding the OHS complaints mechanism;
- Establishing OHS Committees in accordance with RSC requirements; and
- Providing access to RSC trainers, case handlers, and engineers to their factories.

In cases where there is inadequate evidence of good faith efforts or an explicit refusal by a supplier to meet the requirements, the RSC will notify all Participating Companies at the non-compliant supplier.

#### [RSC Template Letter 1]

Within 5 days of receipt of the RSC's notice, each responsible participating company will issue a written notice and warning of non-compliance [Brand Template Stage 1] to the supplier, with copy to relevant staff at the RSC and the Accord at [escalation@internationalaccord.org](mailto:escalation@internationalaccord.org) if Participating Companies include Accord signatory brands.<sup>2</sup> The RSC will follow-up with responsible participating companies in order to ensure that the notice and warning has been sent.

The notification specifies:

- The nature of the non-compliance(s);
- The specific measures that need to be taken;
- The timeline for completing such measures; and

The notification informs that:

- Failure to take the required measures will result in the Participating Companies invoking the provisions of Article 24(q); including severing of business relations by responsible companies, ineligibility of the supplier to do business with other Participating Companies, and public disclosure by the RSC of the supplier's non-compliance and ineligibility status; and
- The BGMEA will withdraw from any further issuance of UDs to the non-compliant supplier within 4 (four) weeks of the date of the Stage 3 escalation.

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2. As part of the commitment expressed in the Cooperation Agreement between the Accord and the RSC to cooperate in good faith, to share and exchange information and to support each other wherever necessary or appropriate for the effective implementation of the RSC's operations and Accord signatory obligations.

## STAGE 2:

### NOTICE AND WARNING FROM PARTICIPATING COMPANIES TO SUPPLIER

If a supplier fails to take the measures required in the non-compliance notification, the RSC notifies **[RSC Template Stage 2 A&B]** the responsible participating companies that they are required to ‘promptly implement a notice and warning process in accordance with the Escalation Protocol leading to termination of the business relationship’ (Article 24(q)).

Within 5 days of receipt of the RSC’s notice, each responsible participating company shall issue a **notice and warning letter [Brand Template Stage 2 A&B]** to inform the supplier that should the required measures not be taken within timelines set by the RSC Chief Safety Officer, their company will terminate their business relationship and be made ineligible to do business with Participating Companies.

- **The RSC notification to the responsible Participating Companies to implement notice and warning** is copied to relevant RSC staff, the RSC labour member and alternate in Bangladesh, the registered trade union(s) at the factory if such exist(s) and the Accord at [escalation@internationalaccord.org](mailto:escalation@internationalaccord.org) if Participating Companies include Accord signatory brands.
- **The notice and warning letter from Participating Companies** to the supplier (on company letterhead) is copied to the RSC CSO, RSC Managing Director and relevant RSC staff, the RSC Board labour member and alternate in Bangladesh, the registered trade union(s) at the factory if such exist(s) and the Accord at [escalation@internationalaccord.org](mailto:escalation@internationalaccord.org) if Participating Companies include Accord signatory brands.

## STAGE 3:

### TERMINATION OF BUSINESS RELATIONSHIP WITH A SUPPLIER

If no satisfactory progress is shown within the timelines set for the notice and warning phase, the following steps are taken:

- The RSC Chief Safety Officer notifies the responsible Participating Companies that they are required to terminate their business relationship with the non-compliant supplier. **[RSC Template Stage 3 A&B]**
- The Participating Companies are informed that they shall make 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 actively working with other suppliers to provide hiring preferences to these workers.
- The Participating Companies will send a letter **[Brand Template Stage 3 A, B & C]** to the supplier to announce the termination of the business relationship and ineligibility to do business with Participating Companies due to inadequate cooperation in fulfilling the Participating Company’s remediation requirements.
- The RSC will issue a public statement that this supplier has failed to participate fully in the inspection, remediation, health and safety or, where applicable, training activities, as required by the RSC and as a result, this supplier is no longer eligible for Participating Company production.
- On behalf of Participating Companies, the RSC will send a letter to the Government of Bangladesh with copy to BGMEA/BKMEA, all responsible Participating Companies, and the IBC RMG federations to inform about the situation and any unresolved safety concerns.
- Participating Companies will cease production as soon as legally feasible, but in no circumstances more than 6 months from the date of escalation to Stage 3.
- When an individual (group or non-group) supplier is escalated to Stage 3, the BGMEA will withdraw any further issuance of UD’s to the non-compliant supplier within 4 (four) weeks of the date of the Stage 3 escalation. The withdrawal of the UD will not affect orders already under production or shipment at the time of Stage 3 escalation provided such orders will be completed and shipped within 6 months of the date of notice of Stage 3 escalation by the RSC CSO.
- In the event the BGMEA does not confirm, with supporting documentation, that the further UD utilization of the non-compliant supplier has been withdrawn and no further UD’s will be issued, the CSO will proceed with the application of group termination as practiced prior to the MoU.
- With the withdrawal of the UD of the non-complaint supplier, the BGMEA will not re-issue a subsequent UD for the non-compliant supplier until the supplier has completed required remediation from the initial inspections and the CSO has verified same.



The Participating Companies will explicitly mention in its communications that the decision taken about a supplier being no longer eligible for Participating Company production will enter with immediate effect. The Participating Companies will further explicitly state that any sub-contracting to the noncompliant factory by RSC covered factories or by factories belonging to the same RMG company group as the non-compliant factory is not authorised.

An ineligible supplier may requalify for placement of business by a Participating Company after a period of no less than 18 months from the date of being made ineligible.

To requalify after such period, the non-compliant supplier is required to demonstrate that all remediation from the initial inspections has been satisfactorily completed and that an acceptable, time bound corrective action plan is in place to correct any new findings identified after the initial inspection. It shall be the RSC Chief Safety Inspector who determines if initial remediation has been satisfactorily completed through a RSC verification inspection. The onus shall be on the ineligible suppliers, after the above-described 18-month period, to inform the RSC CSO that remediation has been completed and to request a RSC verification inspection.

## OVERVIEW OF TEMPLATE LETTERS

### Template Letters from RSC

#### Stage 1

##### **RSC Template Stage 1:**

Non-compliance notification to Participating Companies to issue notice and warning to supplier

#### Stage 2

##### **RSC Template Stage 2:**

Non-compliance notification to participating companies to issue notice and warning to supplier

#### Stage 3

##### **RSC Template Stage 3:**

Notification to participating companies to terminate or withhold from business

### Template Letters for Participating Companies to Suppliers

#### Stage 1

##### **Brand Template Stage 1:**

Notice and warning from participating companies to active and inactive suppliers

#### Stage 2

##### **Brand Template Stage 2 A:**

Notice and warning from participating companies to active supplier

##### **Brand Template Stage 2 B:**

Notice and warning from participating companies to inactive supplier

#### Stage 3

##### **Brand Template 3 A:**

Notice of ineligibility to business with active supplier

##### **Brand Template 3 B:**

Notice of ineligibility to business with inactive supplier



## TEMPLATE LETTERS FROM RSC

**RSC Template Stage 1:** RSC non-compliance notification to responsible participating company to implement Stage 1 notice and warning to supplier

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**Subject:** Stage 1 - RSC Notification to Responsible Participating Company for Inadequate Cooperation by *[name supplier + ID]*

**To:** All responsible participating companies

**Cc:** The registered Bangladesh trade union(s) at the factory if such exist(s), Accord Secretariat if participating companies include Accord signatory companies at [escalation@internationalaccord.org](mailto:escalation@internationalaccord.org)

**Attachment:** Escalation notification from participating company to supplier

### COPY FOLLOWING TEXT IN EMAIL

#### Immediate Concern and Action Required

Dear *[name(s) company/ies]*,

The purpose of this letter is to inform you that *[name supplier]*:

- *after an follow-up inspection verification visit by RSC engineers to the [supplier name] we have immediate concerns which require urgent action;*
- *we see inadequate cooperation in fulfilling the participating company's requirements to develop a Corrective Action Plan/Establishing Safety Committees; and/or*
- *after numerous efforts from your company and RSC staff, [supplier name] continues to refuse to cooperate in the resolution of a health and safety complaint filed with the RSC concerning your factory(ies).*

Issues of immediate concern requiring urgent action:

- *xxx*

The specific measures that need to be taken are:

- *xxx*

Inaccordance with the the RMG Sustainability Council's (RSC) Escalation Protocol, your company is now expected to issue a Stage 1 notice and warning letter to this supplier specifying the issues of immediate concern and the specific measures that need to be taken.

*[Supplier name]* is required to report to the RSC on the progress regarding implementation of the specific measures in the factory(ies) *[immediately upon/within 3 days of]* receipt of this correspondence and to extend their full cooperation to the RSC inspectors and staff regarding these matters.

If no action is taken or we do not see acceptable progress, the responsible companies will be required to invoke the provisions of the RSC related to non-compliance with required remediation (Stage 2), which may ultimately lead to termination of the business relationship or ineligibility to do business with participating companies if these efforts do not succeed (Article 24q). Upon being made ineligible, the BGMEA/BKMEA will withdraw any further issuance of UDs to the factory.

Please send your Stage 1 notice and warning letter as soon as possible but no later than 5 days upon receipt of this notice and copy the RSC Executive Director & Acting CSO, relevant RSC Secretariat staff, the registered trade union(s) at the supplier if such exist(s) and the Accord Secretariat if your company is an Accord signatory at [escalation@internationalaccord.org](mailto:escalation@internationalaccord.org).

If you have any questions, please contact the designated RSC Case Handler *[add name and contact details]*.

Sincerely,

Iqbal Hussain, RSC Executive Director & Acting CSO

**Subject:** Stage 2 - RSC Notification to Responsible Participating Company for Inadequate Cooperation by [name supplier + ID]

**To:** All responsible participating companies

**Cc:** The registered Bangladesh trade union(s) at the factory if such exist(s), the Accord Secretariat if participating companies include Accord signatory companies at [escalation@internationalaccord.org](mailto:escalation@internationalaccord.org)

**Attachment:** Escalation notification from participating company to supplier

**COPY FOLLOWING TEXT IN EMAIL**

**Immediate Concern and Action Required**

Dear [name(s) company/ies],

Pursuant to a correspondence to you dated [insert date] regarding [name supplier]'s inadequate cooperation in the [inspection/remediation/health and safety/worker participation/OSH Committee establish/complaints process], the RMG Sustainability Council (RSC) is hereby notifying you that [name supplier] has failed to take the measures required within the timelines set by the RSC's Acting Chief Safety Officer (CSO). Your company is now required to promptly issue a Stage 2 notice and warning to [name supplier] ultimately leading to termination of the business relationship or ineligibility to do business with participating companies, including Accord signatories, if these efforts do not succeed (Article 24q).

In accordance with the the RSC's Escalation Protocol , the responsible companies shall formally write to the supplier to convey that:

- the factory is required to immediately adhere to the RSC's Escalation Protocol;
- the factory is required to extend its full cooperation to the RSC inspectors and staff regarding these matters;
- the factory must maintain the workers' employment relationship and regular income during the period that the factory (or portion of the factory) is or may be closed for renovations necessary to complete Corrective Actions for a period of no longer than six months (Closures & Relocations Protocol);
- as an Accord signatory, your company is committed to supporting the owner(s) in the execution of the immediate remedial measures, and is committed to supporting the remediation based on the inspection and RSC Corrective Action Plan (CAP) (International Accord Article 31);<sup>3</sup>
- should the supplier fail to adhere to the company's requirements, the participating companies will sever all business relations with the supplier; and/or
- Upon being made ineligible, the BGMEA/BKMEA will withdraw any further issuance of UDs to the factory.

Please send your notice and warning letter as soon as possible but no later than 5 days upon receipts of this notice and copy the RSC Managing Director & Acting CSO, relevant RSC Secretariat staff, the registered trade union(s) at the supplier if such exist(s), member and the Accord Secretariat if your company is an Accord signatory at [escalation@internationalaccord.org](mailto:escalation@internationalaccord.org).

If you have any questions, please contact the designated RSC Case Handler [add name and contact details].

Sincerely,

Iqbal Hussain, RSC Executive Director & Acting CSO

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3. Article 31 of the International Accord: "In order to induce factories to comply with upgrade and remediation requirements of the CSO, signatory companies shall 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 CSO. 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."

**RSC Template Stage 3:** RSC notification to the responsible participating company to terminate business relations or withhold from doing business with the supplier

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**Subject:** Stage 3 - RSC Notification to Responsible Participating Company to Terminate or Withhold from Business Relations with [name supplier + ID]

**To:** All responsible participating companies

**Cc:** The registered Bangladesh trade union(s) at the factory if such exist(s), Accord Secretariat if participating companies include Accord signatory companies at [escalation@internationalaccord.org](mailto:escalation@internationalaccord.org)

**Attachment:** Escalation notification from participating company to supplier

**COPY FOLLOWING TEXT IN EMAIL**

**Immediate Concern and Action Required**

Dear [name(s) company/ies],

Pursuant to our correspondence of [insert date] regarding inadequate cooperation of [name supplier] in the [inspection/remediation/health and safety/worker participation/OSH Committee establish/complaints process], RMG Sustainability Council (RSC) is hereby notifying you that the efforts to achieve satisfactory progress and compliance with this supplier have not succeeded. Under the RSC's Escalation Protocol, your company is now required to terminate your business relationship or withhold from from doing business with [name supplier].

Your company is now obligated to send a letter to this supplier(s) to announce the termination of your company's business relationship or ineligibility to do business with RSC participating companies.

The RSC as well as the Accord will issue a public statement disclosing this supplier has failed to participate fully in the inspection, remediation, health and safety or, where applicable, training activities, as described in the RSC's Escalation Protocol and as a result, this supplier is no longer eligible for participating company production. Furthermore, the supplier will be included in a public list of ineligible suppliers on the RSC and Accord websites.

The RSC, on behalf of the responsible participating companies, will send a letter to the Government of Bangladesh, all responsible participating companies, and the IBC RMG federations to inform about the situation and any unresolved safety concerns at affected factories. The RSC will formally request the BGMEA/BKMEA to withdraw from any further issuance of UDIs to the non-compliant supplier within 4 (four) weeks of the date of the Stage 3 escalation.

An ineligible supplier may requalify for placement of business by a participating company after a period of no less than 18 months from being made ineligible to produce for participating companies.

To requalify after such period, the supplier is required to demonstrate that all remediation from the initial inspections has been satisfactorily completed and that an acceptable, time bound corrective action plan is in place to correct any new findings identified after the initial inspections. It shall be the Acting RSC Chief Safety Officer who determines if initial remediation has been satisfactorily completed through a RSC verification inspection. The onus shall be on the ineligible supplier, after the above-described 18 month period, to inform the Acting CSO that remediation has been completed and to request a RSC verification inspection.

**[For Accord signatories]** Please be advised that your company is obligated to make reasonable efforts to ensure that any workers whose employment is terminated as a result of a factory termination, closure or relocating triggered by RSC activities, are offered employment with safe suppliers (Article 22).

Please send the attached template letter on your company's letterhead as soon as possible but no later than 5 days upon receipt of this notice, and copy the RSC Managing Director & Acting CSO, relevant RSC staff, the registered trade union(s) at the factory if such exist(s), and the Accord Secretariat if participating companies include Accord signatory companies at [escalation@internationalaccord.org](mailto:escalation@internationalaccord.org).

Sincerely,  
Iqbal Hussain, RSC Executive Director & Acting CSO

## BRAND TEMPLATES

**Brand Template Stage 1:** Notice and warning letter from RSC participating company to (active and inactive) supplier

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**Subject:** Stage 1 - Non Compliance Notice & Warning from [participating company] to [name supplier]

**To:** Supplier and factory management

**Cc:** RSC Managing Director & Acting CSO, relevant RSC staff, other responsible participating companies, the registered trade union(s) at the factory if such exist(s), and the Accord Secretariat if participating companies include Accord signatory companies at [escalation@internationalaccord.org](mailto:escalation@internationalaccord.org)

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### Immediate Concern and Action Required

Dear [name supplier],

The purpose of this notification is to inform you that:

Options/examples:

- *after an RMG Sustainability Council (RSC) follow-up inspection verification visit by RSC engineers to the [factory name] we have immediate concerns which require urgent action;*
- *we see inadequate cooperation in fulfilling the participating company's requirements to develop a Corrective Action Plan/ Establishing Safety Committees;*
- *after numerous efforts from our company and RSC staff, you continue to refuse to cooperate in the resolution of a health and safety complaint filed with the RSC concerning your factory(ies).*

Issues of immediate concern requiring urgent action:

- xxx

The specific measures that need to be taken are:

- xxx

As a participating company to the RMG Sustainability Council (RSC), we require you to report to the RSC on the progress regarding implementation of the specific measures in the factory(ies) *[immediately upon/within 3 days of]* receipt of this correspondence, and to extend your full cooperation to the RSC inspectors and staff regarding these matters.

If no action is taken or we do not see acceptable progress, the participating companies producing in this factory will be required to invoke the provisions of the RSC related to non-compliance with required remediation (Stage 2). This may ultimately lead to termination of the business relationship or ineligibility to do business with RSC participating companies if these efforts do not succeed (Article 24q), and public disclosure of the non-compliance on the websites of the RSC as well as the International Accord for Health & Safety in the Textile & Garment Industry.

Through this correspondence, we are making a good faith effort to avert such consequences. This good faith must be reciprocated through your immediate attention to the issues identified in this letter.

Please contact your designated RSC Case Handler *[add name and contact details]* and the Lead Fire/Electrical/Structural Engineer *[add names and contact details]* immediately to discuss the plan to implement the urgent corrective actions.

Sincerely,

RSC responsible signatory company

**Subject:** Stage 2 - Non Compliance Notice and Warning from FACTORY NAME (RSC Id: )

**To:** Supplier and factory management

**Cc:** RSC Managing Director & Acting CSO, relevant RSC staff, other responsible participating companies, the registered trade union(s) at the factory if such exist(s), and the Accord Secretariat if participating companies include Accord signatory companies at [escalation@internationalaccord.org](mailto:escalation@internationalaccord.org)

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### **Immediate Concern and Action Required**

Dear *[Name of Factory Contact Person]*

The RMG Sustainability Council (RSC) has notified us, as your business partner, that despite a Stage 1 notice and warning dated *[date stage 1 letter from brand]*, your company continues to fail to adequately implement our company's requirements and measures as participating companies within the timelines set by the RSC Acting Chief Safety Officer (CSO).

Your failure to participate fully in the remediation activities of the RSC requires us to promptly implement a Stage 2 notice and warning process which could ultimately lead to the termination of or ineligibility to do business with RSC participating companies if these efforts do not succeed. As our business partner, we urge you to give your immediate attention to this matter in order to avoid potential serious consequences.

In order to avoid our company terminating our business relationship with you, we request you to:

- *immediately act as elaborated in the Stage 1 letter dated [xxx, attached];*
- *extend your full cooperation to the RSC inspectors and staff regarding these matters;*
- *maintain the workers' employment relationship and regular income during any period that the factory (or portion of the factory) is or may be closed for renovations necessary to complete Corrective Actions for a period of no longer than six months (Closures & Relocations Protocol).*

Should your company fail to show satisfactory progress in adhering to the requirements of our company under the RSC within the timelines set by the RSC Acting CSO, we will sever all business relations with you. Your company will also be publicly listed as a 'ineligible supplier' on the websites of the RSC as well as the International Accord for Health & Safety in the Textile & Garment Industry.

An ineligible supplier may requalify for placement of business by an RSC participating company after a period of no less than 18 months from being made ineligible to produce for RSC participating companies.

To requalify after such period, you are required to demonstrate that all remediation from the RSC initial inspections has been satisfactorily completed and that an acceptable, time bound corrective action plan is in place to correct any new findings identified after the initial inspections. It shall be the RSC Acting CSO who determines if initial remediation has been satisfactorily completed through an RSC verification inspection. The onus shall be on the ineligible supplier, after the above-described 18 month period, to inform the RSC Acting CSO that remediation has been completed and to request an RSC verification inspection.

We confirm that we remain committed to support you in the execution of the immediate measures and in the remediation based on the inspections and the RSC Corrective Action Plan (CAP). We require your cooperation in ensuring that your workplace is safe for workers and that the remediation requirements of our company under the RSC are complied with.

Sincerely,

RSC responsible participating company

**Subject:** Stage 2 - Non Compliance Notice and Warning from [company signatory] to [name supplier]

**To:** Supplier and factory management

**Cc:** RSC Managing Director & Acting CSO, relevant RSC staff, other responsible participating companies signatories if such exist, the registered trade union(s) at the factory if such exist(s), the Accord Secretariat if participating companies include Accord signatory companies at [escalation@internationalaccord.org](mailto:escalation@internationalaccord.org)

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### **Immediate Concern and Action Required**

Dear [name(s) supplier/owner(s)],

The RMG Sustainability Council (RSC) has notified us, as your former business partner, that despite a warning from the RSC, your company continues to fail to adequately implement our company requirements and measures as participating companies within the timelines set by the RSC Acting Chief Safety Officer (CSO).

Your failure to participate fully in the remediation activities of the RSC has led the RSC Acting CSO to invoke the Escalation Protocol (Article 24g) of the RSC which requires us to promptly implement a notice and warning process which could ultimately lead to the termination of or ineligibility to do business with RSC participating companies if these efforts do not succeed. As your former business partner, we urge you to give your immediate attention to this matter in order to avoid potential serious consequences.

In order to avoid becoming a supplier which is ineligible to produce for RSC participating companies, we request you to:

- *immediately act as elaborated in the Stage 1 letter dated [xxx, attached];*
- *extend your full cooperation to the RSC inspectors and staff regarding these matters;*
- *maintain the workers' employment relationship and regular income during any period that the factory (or portion of the factory) is or may be closed for renovations necessary to complete corrective actions for a period of no longer than six months (Closures & Relocation Protocol).*

Should your company fail to show satisfactory progress in adhering to our company requirements under the RSC within the timelines set by the RSC Acting CSO, you will be ineligible to produce for RSC participating companies and will be publicly listed as a 'ineligible supplier' on the websites of the RSC and the International Accord for Health & Safety in the Textile & Garment Industry.

A ineligible supplier may requalify for placement of business by an RSC participating company after a period of no less than 18 months from being made ineligible to produce for RSC participating companies.

To requalify after such period, the supplier is required to demonstrate that all remediation from the initial inspection has been satisfactorily completed and that an acceptable, time bound corrective action plan is in place to correct any new findings identified after the initial inspection. It shall be the RSC Acting CSO who determines if initial remediation has been satisfactorily completed through an RSC verification inspection. The onus shall be on the ineligible supplier, after the above-described 18 month period, to inform the RSC Acting CSO that remediation has been completed and to request an RSC verification inspection.

We confirm that we remain committed to support you in the execution of the immediate measures and in the remediation based on the inspections and the RSC Corrective Action Plan (CAP). We require your cooperation in ensuring that your workplace is safe for workers and that the remediation requirements of our company under the RSC are complied with.

Sincerely,  
RSC responsible participating company

**Subject:** Stage 3 - Notice of ineligibility to do business with [name supplier]

**To:** Supplier and factory management

**Cc:** RSC Managing Director & Acting CSO, relevant RSC staff, other responsible company signatories if such exist, the registered trade union(s) at the factory if such exist(s), and the Accord Secretariat if participating companies include Accord signatory companies at [escalation@internationalaccord.org](mailto:escalation@internationalaccord.org)

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### **Immediate Concern and Action Required**

Dear [name(s) supplier/owner(s)],

Pursuant to our correspondence of [insert date] regarding the notice and warning process on inadequate progress and compliance with our company requirements as participating companies in the RMG Sustainability Council (RSC), we are informing you that despite our efforts no satisfactory progress has been shown from your side to adhere to our agreement with you and to cooperate fully with our company and RSC staff.

The timeline set by the RSC Chief Safety Officer (CSO) for the notice and warning period has passed. Our company is now required to terminate our business relationship with you.

*[Where relevant add paragraph on cancelling of orders not yet in production and final removal of orders already in production, withdrawal of letters of credit/withholding of final payments for direct payment of workers' wages.]*

The RSC will issue a public statement on behalf of the RSC participating companies that your company has failed to meet the remediation requirements. Furthermore, your company will be included in a public list of ineligible suppliers on the websites of the RSC as well as the International Accord for Health & Safety in the Textile & Garment Industry.

The RSC will send a letter to the Government of Bangladesh, all responsible participating companies, and the IBC RMG federations to inform about the situation and any unresolved safety concerns at affected factories. The RSC will formally request the BGMEA/BKMEA to withdraw from any further issuance of UDs to the non-compliant supplier within 4 (four) weeks of the date of the Stage 3 escalation.

An ineligible supplier may requalify for placement of business by an RSC participating company after a period of no less than 18 months from being made ineligible to produce for RSC participating companies.

To requalify after such period, the supplier is required to demonstrate that all remediation from the initial inspection has been satisfactorily completed and that an acceptable, time bound corrective action plan is in place to correct any new findings identified after the initial inspection. The onus shall be on the ineligible supplier, after the above-described 18 month period, to inform the RSC Acting CSO that remediation has been completed and to request an RSC verification inspection. It shall be the RSC Acting CSO who determines if initial remediation has been satisfactorily completed through an RSC verification inspection.

Sincerely,  
RSC responsible participating company



**Subject:** Stage 3 - Notice of ineligibility to do business with *[name supplier]*

**To:** Supplier and factory management

**Cc:** RSC Managing Director & Acting CSO, relevant RSC staff, other responsible company signatories if such exist, the registered trade union(s) at the factory if such exist(s), and the Accord Secretariat if participating companies include Accord signatory companies at [escalation@internationalaccord.org](mailto:escalation@internationalaccord.org)

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### **Immediate Concern and Action Required**

Dear *[name(s) supplier/owner(s)]*,

Pursuant to our correspondence of *[insert date]* regarding the notice and warning process on inadequate progress and compliance with requirements of the RMG Sustainability Council (RSC), we are informing you that despite our efforts no satisfactory progress has been shown from your side to adhere to our agreement with you and to cooperate fully with our company and RSC staff.

The timeline set by the RSC Acting Chief Safety Officer (CSO) for the notice and warning period has passed. The RSC, on behalf of the RSC participating companies, will issue a public statement that your company has failed to meet the remediation requirements. Furthermore, your company will be included in a public list of “ineligible suppliers.”

The RSC will send a letter to the Government of Bangladesh, all responsible participating companies, and the IBC RMG federations to inform about the situation and any unresolved safety concerns at affected factories. The RSC will formally request the BGMEA/BKMEA to withdraw from any further issuance of UDs to the non-compliant supplier within 4 (four) weeks of the date of the Stage 3 escalation.

An ineligible supplier may requalify for placement of business by an RSC participating company after a period of no less than 18 months from being made ineligible to produce for RSC participating companies.

To requalify after such period, the supplier is required to demonstrate that all remediation from the initial inspections has been satisfactorily completed and that an acceptable, time bound corrective action plan is in place to correct any new findings identified after the initial inspections. It shall be the RSC Acting CSO who determines if initial remediation has been satisfactorily completed through an RSC verification inspection. The onus shall be on the ineligible supplier, after the above-described 18 month period, to inform the RSC Acting CSO that remediation has been completed and to request an RSC verification inspection.

Sincerely,  
RSC responsible participating company





# **RSC Protocol for Cases of Fraudulent Submissions, False Information Submissions, and Similar Deceptive/Misleading Activity Related to Remediation**

First approved: May 2017

Last update (International Accord amendments): December 2021

Fraud situations perpetrated by suppliers shall be deemed to be equivalent to not participating in inspections, remediation, health and safety and/or training activities, and will trigger the effect foreseen in the RSC's Escalation Protocol: termination of business with suppliers by participating companies, according to the following protocol.

The RSC policy on fraud<sup>1</sup> will be zero tolerance and immediate ineligibility where such acts are verified and determined as specified in the process in this document.

## **RSC Procedure for Fraud Cases**

On becoming aware of possible fraud or obtaining information leading the RSC to believe fraud has been committed, the RSC Managing Director and CSO with relevant RSC staff, shall:

Review and verify all associated information obtained or received. This information may come internally through the RSC's review and remediation support and verification processes and/or may also be obtained through outside sources (i.e. participating companies, supplier/factory employees, firms hired by suppliers, safety committee members, etc.).

If the information comes through an external source, the RSC Managing Director and CSO, shall meet with the source to verify the information they have received and to determine whether the source has additional, associated information. The RSC will do the same procedure with relevant RSC staff person(s) should the information be obtained internally.

1. Fraud would include egregious violations such as: falsifying structural related test results, falsifying remediation related documents, providing misleading technical samples/information related to remediation, taking concrete core samples from other areas/other buildings than required, placing fake tags on fire doors or alarm system components, providing data sheets for remediation materials which are not for the parts or components installed, bribery, etc.

Depending on the information from the initial verification above, the RSC may meet with other relevant persons or entities identified in the verification discussions. The purpose of such meeting(s) would be to further verify and/or obtain additional related information. The RSC will preserve notes and the names of persons met with during the above-described verification procedures<sup>2</sup>.

**On completion of the information verification process, the RSC Managing Director and CSO shall arrange to meet with the owner/management of the factory** to present the information we have obtained and received. The factory management will be provided opportunity to ask questions and provide their version of events, countering information, and other documentation to refute the information of the RSC. The RSC will keep notes and the names of persons who participate in such meetings.

The RSC will clearly communicate to the factory in such meetings that should it be determined fraud has occurred, the factory will be immediately made ineligible and that the termination will apply to all RMG companies (factories) of the supplier or in the same group controlled by the owner(s) of the supplier which committed the fraud. Subsequent to the meeting, the RSC will formally communicate this to the factory owner/management in writing.

Depending on the result of the meeting with the owner/management, the RSC Managing Director and CSO may require additional meetings of the owner/management; possibly together with firms, contractors, or others who the information gathered indicated were or may have been involved in the fraud. The RSC will keep notes and the names of persons who participate in such meetings.

#### **Informing the RSC Board and Taking Final Decision on a Fraud Case Ineligibility**

The Managing Director and CSO will inform the RSC Board of Directors of cases where the above procedures have led to a determination that fraud occurred and that immediate ineligibility should be applied. The RSC Board will be provided a summary of the case, discuss and/or meet as necessary, and take final decision on the fraud case.<sup>3</sup>

Should the RSC Board decide that fraud has occurred and ineligibility of the supplier or group controlled by the owner(s) of the supplier shall be implemented, the Managing Director shall formally communicate to all participating companies who are responsible brands in factories affected by the ineligibility. The trade union(s) and federation(s), if union(s) exist in affected factories, would be copied on the communication to affected participating companies as well as the Accord at [escalation@internationalaccord.org](mailto:escalation@internationalaccord.org) if Participating Companies include Accord signatory brands. This communication will be provided prior to formally notifying the supplier or group of the ineligibility. The communication will provide a brief summary of the fraud committed, reasons for the decision to terminate, and information on procedures for ending their business relationship with the supplier.

#### **Informing the Supplier or Group of the Ineligibility for Fraud Decision**

The RSC Managing Director shall communicate, in writing, to the supplier or group of the ineligibility for fraud. The communication from the RSC will provide a brief summary of the fraud committed and the reasons for the decision to make ineligible.

#### **Posting Ineligibility**

The ineligibility will be posted on the RSC website on the “ineligible factories” tab listing all affected factories and citing “violation of no-fraud requirements of the RSC” as the reason for ineligibility. The inspection reports, current CAP, and remediation documents for affected factories will be handed over to the National Effort.

In the event it is determined service providers, consultants, and/or contractors were involved in the fraud, the RSC shall not accept work product from them and shall inform the Inspector General-RCC, ILO, all participating brands, and RSC listed suppliers of this status. Previously submitted work of such firms or providers would be required to be re-done by a different, qualified firm or provider.

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2. To the extent possible, the RSC will protect a person's or entities' anonymity when requested.

3. Management of conflicts of interest to be considered by the RSC Board.



# Policy on Brand-Intermediary Fee Calculation and Cooperation Under the International Accord

Approved: November 2021

## Relevant Provisions of the International Accord and the RSC

### Relevant Provisions of the International Accord

**Article 16:** This agreement covers all RMG suppliers<sup>1</sup> producing in Bangladesh 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 the obligations of this agreement, independent of whether the intermediaries have signed this agreement or not.

### V. Financial Support

**Article 41:** Signatory companies shall assume responsibility for funding the activities of the program as set forth in this agreement. 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 US\$350,000 per year for each year of the term of this agreement.

**Article 42:** A sliding scale of contributions based on factors such as revenues, number of factories and annual volume will be defined by the SC with annual revisions, while ensuring sufficient funding for the adequate implementation of the Agreement.

This policy was requested by the company caucus to address a concern that the fees of agents/importers ("intermediaries") and brands/retailers ("brands") are calculated based on total FOB \$US export value which could be considered a duplication of fees where the intermediary is sourcing on behalf of the brand.

The purpose of this policy is to provide an alternative fee calculation method for company signatories with brand-intermediary trading relationships to address the concern of duplication of fees. This policy also includes additional cooperation and transparency measures for brands and intermediaries which opt for the alternative fee calculation method.

### Alternative Brand-Intermediary Fee Calculation Method

The alternative fee calculation method does not change the fee bands as developed under the 2018 Transition Accord and used as a basis for the first International Accord invoice, which takes into consideration total annual FOB \$US export value at cost price from Bangladesh and the number of factories.

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

The requirement to disclose and list the number of factories does not change. Both brands and intermediaries are required to maintain an up-to-date factory list via the Fair Factories Clearinghouse which includes all Active and Inactive Responsible factories. This means that dual listing of factories by brands and intermediaries remains unchanged. This is necessary to ensure both parties are accountable for supporting factories to meet the Accord obligations and standards (Factory Disclosure Protocol, Art. 16, 18, 19, 30, 31), and to avoid confusion in case of production for Accord and non-Accord brands in a given factory.

This alternative fee calculation method only affects the fees paid by intermediaries which are sourcing on behalf of brands that are signatories to the Accord.

#### **Intermediaries may adjust their FOB value to the value of residual 'non-Accord' goods**

*Adjusted disclosure of annual FOB value:* Importers/agents can calculate the residual FOB value of goods they source for non-Accord brands from Bangladesh (or any other Country Specific Safety Program in the future) and disclose their fee band accordingly.

#### **Cooperation and Transparency Measures to fulfil Article 16 of the International Accord<sup>2</sup>**

This policy is based on the assumption that brands and intermediaries in the Accord cooperate effectively to ensure remediation in overlapping factories. These cooperation and transparency measures are requested of brands and intermediaries to support effective implementation of the Accord:

- Disclosure to the Accord Secretariat of the list of overlapping factories between brands/retailers and agents/importers, including factories listed by agents/importers at the request of brands/retailers even though orders may not have yet been placed.
- With the alternative fee calculation making it more economical for intermediaries, company signatories are urged to enjoin their intermediaries to sign the International Accord. With more intermediaries on board, the Secretariat will be better placed to ensure the Accord is being implemented through brands' value chains.

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2. Article 16: the signatory is responsible to assure that these intermediaries support the signatory's efforts to fulfil the obligations of this agreement, independent of whether the intermediaries have signed this agreement or not.