

PAKISTAN ACCORD ON HEALTH AND SAFETY IN THE TEXTILE AND GARMENT INDUSTRY
1 January 2023

I. PREAMBLE

With reference to Article 38 and 39 of the International Accord for Health and Safety in the Textile and Garment Industry (“International Accord”), effective September 2021, the signatories agree to the establishment of a Country-Specific Safety Program (“CSSP”) in Pakistan: the Pakistan Accord on Health and Safety in the Textile and Garment Industry (hereinafter referred to as “Pakistan Accord”).

The signatories recognize the strong role of the International Labor Organization (the “ILO”), in particular the offices of ILO - Better Work Pakistan, including worker protection efforts, as well as through international programs, to ensure that the programs foreseen by the signatories of the Pakistan Accord are implemented and effective.

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

II. SCOPE

1. The Pakistan Accord covers all Cut-Make-Trim (“CMT”) facilities, namely all Ready-Made Garment (“RMG”), home textile, fabric and knit accessories suppliers, producing product for the signatory companies. Furthermore, fabric mills in Pakistan that are within the supply chains of the signatories are covered. The timing and process of the implementation of the Pakistan Accord in relation to fabric mills that are not part of integrated facilities, shall be subject to agreement of the SC. 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.

III. GOVERNANCE

2. The responsibilities of the signatories to this agreement shall be monitored and enforced by the Steering Committee (the “SC”) of the International Accord.
3. Until such time that a national governance body is established, the SC shall be entrusted with the overall management of the Pakistan Accord.
4. A national governance body will be established which will include national constituents, including industry, brands, trade unions and others upon agreement. The mandate and composition will be determined through a consultative process.
5. The governance structures, regulations, principles, protocols and policies enshrined under the International Accord shall continue to apply unless revised or as otherwise specified in the Pakistan Accord, and shall be implemented in such a way as to not contravene Pakistani law.
6. The program will work with national government institutions and local expertise and, where

applicable, with ILO - Better Work Pakistan in order to build capacity and enhance a culture of health and safety in the country.

7. The Secretariat of the International Accord shall report to the SC on the implementation of the Pakistan Accord and the signatories' obligations on a quarterly basis.

IV. IMPLEMENTATION

8. The program will be implemented through a phased approach based on an assessment of level of safety risks and the nature of signatory business relationships with their suppliers in accordance with the Implementation Plan as agreed by the SC¹.

V. CREDIBLE INSPECTIONS

9. A qualified Chief Safety Officer ("CSO"), with fire and building safety expertise and impeccable credentials, and who is independent of and not concurrently employed by companies, trade unions or factories, shall be appointed by the SC for the purpose of executing this program. Provided that the CSO acts in a manner consistent with his or her mandate under the provisions of the Pakistan Accord, the SC shall not restrict or otherwise interfere with the CSO's performance of the technical duties set forth in the Pakistan Accord as he or she sees fit, including the scheduling of inspections and the publishing of reports. The CSO may only be dismissed with the agreement of the SC.
10. Thorough and credible safety inspections of covered facilities shall be carried out by skilled personnel selected by and acting under the direction of the CSO, based on internationally recognized workplace health & safety standards and/or national standards.
11. Written Inspection Reports of all facilities inspected under the program shall be prepared by the CSO and shared upon completion with factory management, the factory's Safety Committee, worker representatives (where one or more unions are present in the factory), and the signatory companies. Where there is no health and safety committee at the factory the report will be shared with the unions which are the signatories to this Agreement. Within a timeline agreed by the SC, the CSO shall disclose the Inspection Report to the public, accompanied by the factory's remediation plan, if any.
12. In the event that the CSO identifies a severe and imminent danger to worker safety within the scope of his/her responsibilities, he or she shall immediately inform factory management, the factory's Safety Committee, worker representatives (where one or more unions are present in the factory), the SC, the signatory companies operating in the factory, and the signatory unions to the Pakistan Accord, and direct a remediation plan.

VI. REMEDIATION

13. Where corrective actions are identified by the CSO as necessary to bring a factory into compliance with health and safety (building, fire, electrical and boiler) standards, the signatory company or companies that have designated that factory as their supplier shall require the

¹ The referred Implementation Plan shall be based on a progressive coverage of the units described in section II starting with CMT facilities. The implementation of the inclusion of Fabric mills shall be progressively included as agreed by the SC.

factory to implement these corrective actions according to a defined schedule that is mandatory and time-bound, with sufficient time allotted for all major renovations. Where delays beyond the control of the factory occur, the CSO will revise the remediation timeline, provided that reasonable progress in remediation is being made.

14. Signatory companies shall require their supplier factories that are inspected under the Pakistan Accord 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 24.
15. Where a factory indicates that the Corrective Actions will not be implemented because the factory intends to move to new premises in order to comply with Accord requirements, the following conditions shall apply:
 - a) The factory shall provide documentation to the 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, the worker will receive full severance benefits in accordance with the relevant provisions of Pakistani law.
16. In the above-mentioned cases of relocation, Article 25 provisions relating to remediation financing will apply. In cases where a factory is closed under Article 14, workers will receive full severance benefits.
17. 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 Accord activities, are offered employment with safe suppliers.
18. Signatory companies shall require their supplier factories to respect the right of a worker to refuse work that he or she has reasonable justification to believe is unsafe, without suffering discrimination or loss of pay, including the right to refuse to enter or to remain inside a building that he or she has reasonable justification to believe is unsafe for occupation. As soon as possible thereafter, the case shall be reported to the Pakistan Accord.

VII. TRAINING

19. Building on the program enshrined under the International Accord, an extensive health & safety training program shall be adapted and implemented through the Pakistan Accord. The training program shall be delivered by skilled personnel, for all workers producing for the signatory companies, managers and security staff with the involvement of trade unions and specialized local experts, leveraging wherever possible the resources and expertise of ILO – Better Work Pakistan. These training programs shall cover basic health & safety procedures and precautions, as well as enable workers to voice concerns and actively participate in activities to ensure their own safety.
20. Signatory companies shall require their suppliers to cooperate fully with all relevant provisions of the training program, in accordance with the training plan approved by the SC, including facilitation of safety training experts and Pakistan Accord certified trade union trainers. Such training shall cover the importance of Freedom of Association, and the role of industrial relations in ensuring the functionality and empowerment of effective Health and Safety Committees and protecting workers' health and safety.
21. Health and Safety Committees shall be required by the signatory companies in all Pakistani factories that supply them, which shall function in accordance with Pakistani law and with applicable ILO standards.

VIII. COMPLAINTS PROCESS

22. The complaint process and mechanism as enshrined under the International Accord will ensure that workers in factories supplying signatory companies can raise concerns about health and safety risks in a timely fashion, safely and confidentially. Signatories shall support the complaint process and ensure that it operates independently with no third-party interference. Signatory companies shall require their suppliers to comply with the outcomes of the complaint process.

Complaints out of scope of the Accord will be forwarded to the brand signatories and the complainant will be advised of any other complaint mechanisms available to them.

IX. TRANSPARENCY AND REPORTING

23. The SC shall make publicly available and regularly update information on key aspects of the program. These key aspects include:
 - a. A single aggregated list of all suppliers in Pakistan (including sub-contractors) within the scope used by signatory companies, based on data which shall be provided to the Secretariat and regularly updated by each of the signatory companies. Information linking specific companies to specific factories will be kept confidential.
 - b. Written Inspection Reports, which shall be developed by the CSO for all factories inspected under the Pakistan Accord, shall be disclosed to interested parties and the public.
 - c. Public statements by the CSO identifying any factory that is not acting expeditiously to implement remedial recommendations shall be issued as per the Escalation Protocol as enshrined under the International Accord.

- d. Quarterly Aggregate Reports that summarize both aggregated industry compliance data as well as a detailed review of findings, remedial recommendations, and progress on remediation and training to date for all factories at which inspections and training have been completed.

X. SUPPLIER INCENTIVES

24. Each signatory company shall require that its suppliers in Pakistan participate fully in the inspection, remediation, health and safety and training activities of the Pakistan Accord. 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 Pakistan.
25. 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.
26. The Secretariat shall be informed and monitor compliance in the event that a signatory's supplier indicates that completion of the remediation is not financially feasible. The Secretariat shall refer any cases of unmet finance requests to the SC in accordance with a Financing Remediation Protocol ("FRP") to be adopted by the SC, which will take into account the principle of proportionality as reflected in the United Nations Guiding Principles on Business and Human Rights ("UNGPs").
27. Signatory companies to this agreement are committed to maintaining a long-term sourcing relationship with Pakistan, as is demonstrated by their commitment to the Pakistan Accord and the terms of this agreement.

XI. RELEASE OF RESPONSIBILITY

28. A signatory is no longer responsible under this agreement with respect to the covered factory in Pakistan 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 SC, 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 Pakistan Accord, the signatory is no longer responsible under this agreement for such factory.
 - c. A covered factory is escalated out of the Pakistan Accord as per the Escalation Protocol.

XII. FINANCIAL SUPPORT

29. Signatory companies shall assume responsibility for funding the activities of the program as set forth in this agreement. Each company will contribute its equitable share of the funding in accordance with a formula to be established by the SC subject to a minimum contribution of US\$ 2.500 and maximum contribution of US\$ 185,000 per year for each year of the term of this agreement.
30. 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 Pakistan Accord.
31. The SC shall be empowered to seek contributions from governmental and other donors to contribute to costs.
32. The SC shall ensure that there are credible, robust, and transparent procedures for the accounting and oversight of all contributed funds and will verify this by the annual testimony of a chartered accountant.

XIII. DISPUTE RESOLUTION

33. Any dispute between the parties to, and arising under, the terms of the Pakistan Accord, shall be presented to and decided by the SC. The SC shall follow the agreed upon Dispute Resolution Process (“DRP”).
34. Upon request of either party, the decision of the SC may be appealed to a final and binding arbitration process. Any arbitration award shall be enforceable in a court of law of the domicile of the signatory against whom enforcement is sought and shall be subject to the Convention on the Recognition and Enforcement of Foreign Arbitral Awards (the “New York Convention”), where applicable. The process for binding arbitration, including, but not limited to, the allocation of costs relating to any arbitration and the process for selection of the Arbitrator, shall be governed by the UNCITRAL Arbitration Rules (as in its last revision) unless otherwise agreed by the parties to the dispute. The arbitration shall be seated in The Hague and administered by the Permanent Court of Arbitration.
35. The SC may, at any time, agree upon or designate by reference additional rules for arbitrations under this agreement as an alternative or complement to, or substitute for, the UNICTRAL Arbitration Rules in such arbitrations, such as the “International Labor Arbitration and Conciliation Rules”.

XIV. TERMINATION OF THE AGREEMENT

36. Signatories that completely stop sourcing from Pakistan will no longer be held to the terms of this agreement.

XV. DURATION OF THE AGREEMENT

37. This agreement shall expire on 31 December 2025.

38. Signatories of this agreement shall also be signatories to the International Accord. The current International Accord expires on 31st of October 2023. The signatories to this agreement shall strive to reach agreement on a prolongation of the International Accord which then would integrate the Pakistan Accord and other Country-Specific Safety Programs (“CSSPs”) under the International Accord.

XVI. CHOICE OF LAW

39. This agreement shall be governed by the law of the Netherlands.

Public Version