International ACCORD for Health and Safety in the Textile and Garment Industry

PAKISTAN ACCORD
Information Pack for Suppliers

AUGUST 2023

International ACCORD for Health and Safety in the Textile and Garment Industry

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This information pack is intended for suppliers to company signatories of the Pakistan Accord for Health and Safety in the Textile and Garment Industry (Pakistan Accord). It provides relevant information about the Pakistan Accord including what the agreement contains, how the program will be implemented and the anticipated benefits to suppliers of this program.

Hyperlinks are included throughout this pack so brands, agents, suppliers, and factories can download and share pdf versions of all relevant documents with colleagues and/or interested parties as appropriate.

For the latest status on Pakistan Accord implementation, please follow the Accord online:

Visit www.internationalaccord.org/countries/pakistan

Follow us on Linkedin: www.linkedin.com/company/internationalaccord

Follow us on Twitter: https://twitter.com/SafetyAccord

About the Pakistan Accord

BACKGROUND

The Pakistan Accord on Health and Safety in the Textile and Garment Industry (Pakistan Accord) is a legally binding agreement between clothing brands & retailers and trade unions. It is a Country-Specific Safety Program (CSSP) of the International Accord for an initial term of three years, starting in 2023.

The International Accord for Health and Safety in the Textile and Garment Industry (International Accord) is a legally binding agreement between around 200 garment and textile brands and the global trade unions, IndustriALL and UNI Global Union, to make textile and garment factories safe. The International Accord came into effect on September 1, 2021, as the successor to the 2013 and 2018 Accord on Fire and Building Safety in Bangladesh.

The International Accord provides that signatories will continue their commitment to safe workplaces in Bangladesh through cooperation with the RMG Sustainability Council (RSC) and signatories will expand safety programs to at least one other country. Since October 2021, the Accord Secretariat has assessed the feasibility of expansion through signatory surveys, desk research, interviews, and local stakeholder consultations. Pakistan emerged as a priority country, in part because of its importance as a garment and textile sourcing country for the Accord brands, the opportunity to improve factory safety standards and support local capacity-building efforts to comply with international Occupational Safety and Health (OSH) standards.

The feasibility study included the following steps:

- The Secretariat conducted brand surveys, desk research, and in-depth interviews between October 2021- January 2022 to measure interest, presence, and volume of signatory brands in key garment-producing countries.
- In February 2022, the Steering Committee agreed on six criteria to assess the feasibility of new country programs: the presence and volume of signatory brands in the country; the interest of brands; local stakeholder support; the extent to which existing mechanisms can regulate safety; and the scope of enhancing workplace health and safety.
- Between March - November 2022, the Secretariat met with key stakeholders from industry, government, trade unions, brands, and civil society in the priority countries for in-depth stakeholder consultations.
- In May 2022, based on strong interest from stakeholders, the Accord Steering Committee agreed to conduct pilot safety assessments at 7 facilities in Pakistan as part of the feasibility study to inform the possible establishment of a workplace safety program there.

On 13 December 2022, the International Accord Steering Committee concluded an agreement to establish the Pakistan Accord. The decision to expand to Pakistan was announced during a signatory brand caucus meeting on 14 December 2022.

The full Pakistan Accord is available here.

GOALS

The Pakistan Accord aims to ensure worker health and safety in the garment and textile supply chains of company signatories sourcing in Pakistan. The health and safety programs under the Pakistan Accord will be established to achieve the following goals:

- Enhanced compliance with fire (including the handling of hazardous substances), electrical, structural and boiler safety standards within the Pakistan textile and garment industry.
- Trained safety committees and informed workers who address and monitor health and safety at factories.
- A trusted avenue for workers to raise health and safety concerns through an effective complaints mechanism.
- Collaboration with local government institutions, ILO - Better Work Pakistan and other similar initiatives to build capacity and enhance a culture of health and safety in the Pakistan textile and garment industry.

SCOPE

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. However, the timing and process of implementing Pakistan Accord programs in fabric mills that are not part of integrated facilities shall be subject to agreement of the International Accord Steering Committee at a later stage.

More than 70 global brands and retailers including H&M, Hugo Boss, KiK and Puma have signed the Pakistan Accord. These brands source over US$ 2 billion worth of goods from over 450 facilities in Pakistan. The latest list of Pakistan Accord signatories is available here.

The list of covered suppliers under the Pakistan Accord is disclosed and regularly updated on the Factories and Transparency pages of the Accord website.

GOVERNANCE

The Accord Steering Committee, as governing body of the International Accord, will monitor signatories' fulfilment of the Pakistan Accord and oversee management of the Pakistan Accord until a national governance body is established. The national governance body will be composed of national constituents including industry, brand representatives, trade unions and others upon agreement. The mandate and composition will be determined through a consultative process involving members of the International Accord Steering Committee and those constituents.

The Pakistan Accord also intends to collaborate with national government institutions, ILO Better Work Pakistan and GIZ to build capacity in Pakistan and enhance a culture of health and safety in the industry.

PROGRAMS

The purpose of the Pakistan Accord is to promote workplace safety through independent inspections, remediation, training programs, and recognition of workers' rights to refuse unsafe work and raise health and safety concerns. The Pakistan Accord includes four key programs which will be rolled out in a phased manner at Accord covered factories, as per the summary of the Implementation Plan provided in this pack.

The Pakistan Accord will implement the following programs at all covered factories:

1 Safety Inspections & Remediation Program

An independent Chief Safety Officer (CSO) expertly qualified in fire and building safety will execute the Pakistan program of thorough and credible safety inspections of all Pakistan Accord covered facilities. Factories will be assessed based on national and internationally recognised workplace safety laws and standards developed in consultation with local academics and experts.

After the initial inspections, factories develop a Corrective Action Plan (CAP) with the support of brands, comprising remedial actions and timelines. Aligned with the Accord's transparency and accountability efforts, these CAPs will be regularly updated and published online.

2 Safety Committee & Safety Training Program

Building on the program enshrined under the International Accord, an extensive worker health & safety training program will be adapted and implemented through the Pakistan Accord. The training program will be delivered by skilled personnel for all workers in factories covered by the program.

This program will cover basic health & safety procedures and precautions, the importance of workers' rights to organize around health and safety, the role of safety committees to be established in Accord covered factories, and how workers address voice health & safety concerns.

The training program will be developed in consultation with stakeholders and factory training experts in Pakistan and is expected to include around 8 modules for the Safety Committee and 3 sessions for all employees, followed by ongoing support for the Safety Committees to effectively play their role in monitoring and upholding safety standards.

3 Safety Complaints Mechanism

The Pakistan Accord will establish an independent safety complaints mechanism for all workers working in factories supplying signatory companies to raise concerns about health and safety risks securely, confidentially and obtain remedy.

Workers and their representatives at Pakistan Accord-covered factories will have access to an independent complaints mechanism to remedy health and safety concerns. Workers will be able to raise complaints in a timely, secure and if they prefer, anonymous fashion. The complaints mechanism is one way to ensure workers' can exercise their right to refuse unsafe work and follows the principles for effective grievance mechanisms outlined in the United Nations' Guiding Principles on Business and Human Rights.

4 Capacity Building

The International Accord Secretariat will seek to collaborate and coordinate with the Provinces of Sindh and Punjab in the implementation of each parties' respective programs as they pertain to health and safety in Pakistan's textile and garment industry.

FUNDING OF THE PROGRAMS

Signatory companies will fund the Accord programs with each company contributing its equitable share according to a formula established by the SC subject to a minimum contribution of US$2,500 and maximum contribution of US$185,000 per year.

JOINT STATEMENT BY COMPANY MEMBERS OF THE INTERNATIONAL ACCORD STEERING COMMITTEE

24 January 2023
H&M, Inditex, C&A, PVH, and Bestseller

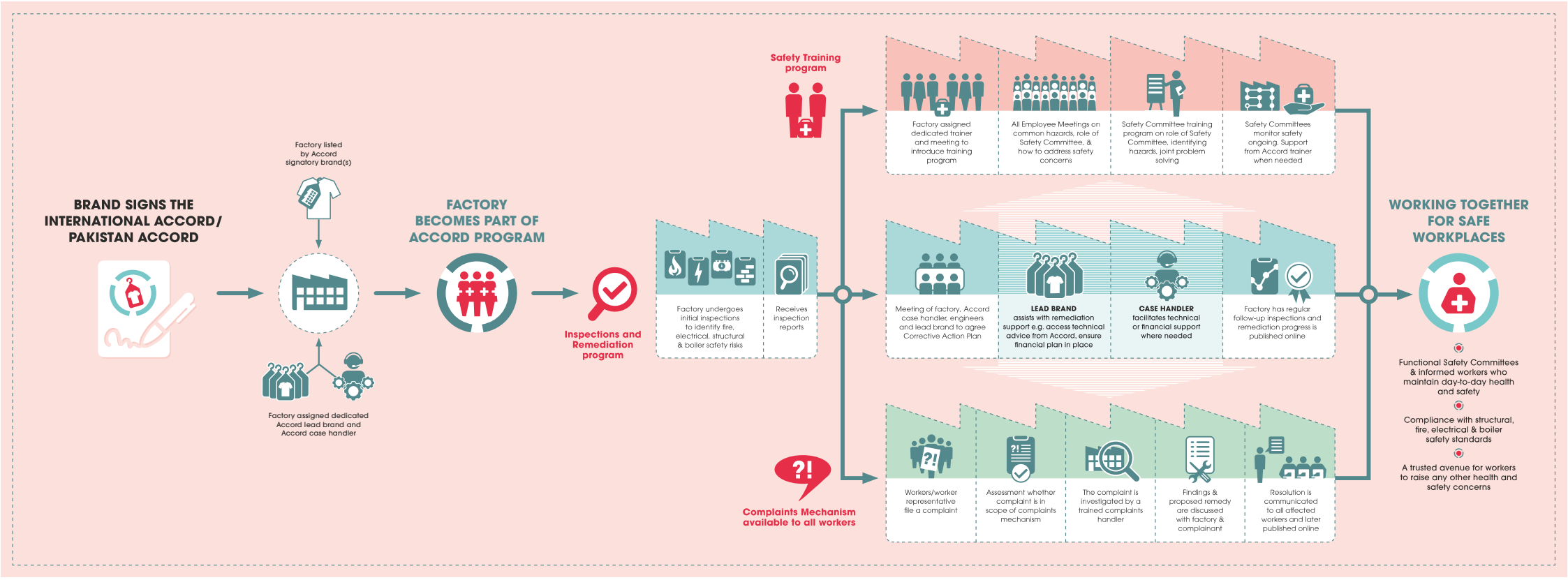
"With the signing of the Pakistan Accord and our brands' commitment to this new safety programme, we are renewing our commitment to a long-term sourcing relationship with Pakistan.

The Pakistan Accord provides an opportunity both to increase the visibility of the efforts already made by many manufacturers to invest in fire and building safety measures in recent years and deepen and expand them throughout Pakistan's garment and textile sector, making it an increasingly attractive option for buyers across the globe."

Read the full statement here.

The Factory Journey

The diagram below outlines the key stages for how suppliers participate in Accord's workplace safety programs.



Benefits of Accord Programs for Suppliers

By promoting workplace safety through independent inspections, remediation, and training programs, the Pakistan Accord can contribute to increasing exports of garment and textile products by providing international customers with assurances that workplace safety is adequately addressed and monitored.

The benefits for suppliers to participate in Accord programs are outlined in the diagram below.

EVIDENCE OF THE SAFETY AND COMMERCIAL BENEFITS OF THE ACCORD

Since the start of the Accord in 2013, suppliers in Bangladesh have made significant safety improvements at their factories, with support from brand signatories. There is evidence that the safety improvements made under the Accord on Fire and Building Safety in Bangladesh, created after the Rana Plaza building collapse in 2013, have contributed to making the garment industry in Bangladesh more competitive and sustaining its growth.

Suppliers in Bangladesh increasingly consider that having safe factories can be economically beneficial as they provide the assurances for global brands to continue and increase their sourcing.

> *We all want a productive work force. Safe workplace motivates workforce to be productive. ACCORD has worked very successfully to make the RMG factories safe. Additionally, ACCORD has helped us in remediation financing while we were struggling. We record our sincere thanks to ACCORD for their all-out support.*
>
> Shabbir Ahmad Osmany, Body Link Sweater Ltd.

> *Due to Accord programs, we are now a 100% compliance factory. Let me give a little description of how Accord helped us achieve our goal: We were stuck up with our Finance for setting up a Fire detection and Protection system in our factory. So, we needed Accord's help. Accord has helped us with 75% of the cost freely and arranged another 25% loan from our Buyer without any interest. We are really grateful to them for their help and cooperation.*
>
> Sardar Mohammad Shoaib, Bangla Poshak Ltd.

Recognition of Safety Improvements

- Since 2014, the Accord (and RMG Sustainability Council since 2020) has conducted around 56,000 (initial and follow-up) inspections across 2,400 factories in Bangladesh. The resolution of over 140,000 safety hazards at these factories have led to widespread improvements within the Bangladeshi industry.
- There are more than 1500 Accord-covered factories in Bangladesh which have so far remediated 92% of structural, electrical and fire safety hazards.
- More than 11,000 labour-management safety committee members and over 2 million workers have been trained to monitor and maintain workplace safety at these factories on a day-to-day basis.
- A report by the US Department of State recognises that the number of fatal accidents and fires in the garment sector have dramatically decreased since the establishment of the Accord program in Bangladesh.
- The European Union and the Government of the United States have acknowledged the Accord's positive contribution to ensuring workplace safety in the Bangladeshi industry and are encouraging global fashion brands to join the Accord in its efforts in Pakistan.

Economic Benefits

- The International Finance Corporation states that better labour regulations and safety conditions have played an important role in making Bangladesh an attractive option for international clothing brands.
- Over the past decade, the period of Accord and the RSC's work in Bangladesh has corresponded with a significant increase in the country's garment exports from $24.5 billion in 2013-2014 to $42.6 billion in 2021-2022; with Bangladesh being the second largest global exporter of RMG products.
- Nearly 200 International Accord brands currently source $15.8 billion USD in FOB from Bangladesh, making up 40% of Bangladesh's textile and garment exports in 2022.

The garment and textile industry is a primary driver for economic growth in Pakistan, responsible for 60% of Pakistan's total exports and employing 40% of the industrial labour force. As with the Accord in Bangladesh, brands have legally committed to maintaining a long-term sourcing relationship with Pakistan by signing the Pakistan Accord. The commitment of Accord brands currently sourcing from Pakistan, together with many other global fashion brands from Europe and the United States preparing to sign, represents a significant export growth potential for the Pakistani industry.

Frequently Asked Questions

STANDARDS AND COMPLIANCE APPROACH

1 What standards will apply to the Pakistan Accord programs and will the Accord Standard be in line with Pakistani law?

The Accord has consulted engineering experts in Pakistan and internationally throughout 2023 to develop a Pakistan Accord Standard covering fire, structural, electrical and boiler safety requirements for garment and textile factories. The Pakistan Accord Standard references the relevant Pakistan Building Codes for fire and structural safety and international standards for electrical and boiler safety. This draft Standard will be the basis for further written consultation with experts between July-August. Once finalised, it will be the basis for the Pakistan Accord inspections and remediation program.

2 How is remediation progress measured? Is compliance a pass/fail approach?

The Accord's goal is to make factories safe so much attention is given to working with factories after an inspection to develop a corrective action plan for all safety issues identified. The remediation will be monitored through updates from the factory and regular follow-up inspections to verify progress. All progress is recorded in the Corrective Action Plan for each factory which will be made publicly available.

The Accord does not take a pass/fail approach to compliance and there is reasonable time and ongoing support for factories to implement the corrective actions.

3 Will brands stop business if an accident happens?

Brands which sign the Pakistan Accord make a commitment to support their suppliers in the journey to achieving the Accord Standard. If an accident happens, the Accord will work with the factory to conduct a post-accident investigation and decide on necessary remediation. The Accord brands will be expected to support the factory to remediate. The Accord never advises brands to stop business with any factory due to safety concerns if the factory is cooperating in the remediation process.

4 How will the Accord coordinate with the National Compliance Committee in Pakistan?

The Accord welcomes the recently announced National Compliance Committee. The Accord supports the objective of promoting and maintaining compliance with safety standards and coordinating among relevant compliance initiatives.

COSTS & FINANCE FOR REMEDIATION

1 Who is paying for the Pakistan Accord programs?

The Accord company signatories are responsible for funding the activities of the program as described in the Pakistan Accord. The inspection and training programs of the Accord are free of cost for suppliers for the first three years at least. Signatory brands and retailers pay a fee according to the FOB value and number of factories they are sourcing from in Pakistan.

2 What are the costs/investments associated with compliance to the Accord Standard?

The costs and investments associated with compliance to Accord Standard will vary on a factory-by-factory basis. Some factories may need to make significant investments in fire and building safety to implement a Corrective Action Plan (CAP). Other factories may have already invested in listed fire doors, and fire detection and protection systems, which will make their remediation costs lower.

The Accord will gather information on remediation costs from the start of the programs to help inform each factory's remediation finance plan.

3 What support is available to factories for financing remediation?

Article 25 of the Pakistan Accord agreement provides that "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 Chief Safety Officer."

To achieve this provision, the Accord will ensure that all factories develop a comprehensive finance plan for the remediation through discussion with Accord brands.

If a factory has a concern over financial feasibility, they can raise a "Finance Request" and the Accord will facilitate discussions with Accord brands that listed the factory to establish how the brands can support the factory to cover the remediation costs. The factory management will be requested to provide a detailed budget for the Corrective Action Plan, including quotes from services providers for remediation works such as installation of fire detection and protection systems and structural retrofitting works. The Accord brands sourcing from the factory will be requested to consider what type of financial assistance can be provided.

Common ways for brands to ensure their commercial terms support remediation include:

- Increased and/or guaranteed order volumes
- Advance payment terms: L/C advances or soft loans
- Opening an L/C for an imported CAP items (e.g., fire alarm, fire pump, certified equipment)
- Support in the opening of a bank loan
- Higher FOB prices
- Placement of orders in the low seasons
- Direct payments

The brands and the factory have a shared responsibility to ensure that a finance plan is agreed to complete the remediation in accordance with the timelines of the CAP.

In addition, the Accord Secretariat will actively explore possibilities for external financial assistance for suppliers from international financial institutions and other donors to provide, for example, low-interest loans to suppliers to enable investments in fire and building safety.

PARTICIPATION OF SMES (SMALL-MEDIUM SIZED ENTERPRISES)

1 Are SMEs included in the Pakistan Accord?

Small and medium sized factories will also be covered under the Pakistan Accord if they are producing product for company signatories, either directly or through sub-contracting. As a principle, any factory where product is being produced for Accord signatory brands is covered under the Pakistan Accord program.

2 What support will be available for SMEs so that they can achieve the standards?

SMEs covered by the Accord will have access to the same support as any other factory, including technical support when developing a Corrective Action Plan, assistance preparing a remediation finance plan with the brands, and access to the Accord engineering teams to answer technical queries throughout the remediation process.

Smaller factories with, for example, a limited number of floors and workers, may not have as high remediation costs as larger factories. The Accord will also explore possibilities for other financial assistance specifically for SMEs from financial institutions and donors.

GOVERNANCE AND DECISION-MAKING

1 How will the Pakistan Accord be governed?

The responsibilities of the signatories to the Pakistan Accord are monitored and enforced by the Steering Committee of the International Accord.

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 initiated by the Accord Secretariat with brand and union representatives.

Until such time that a national governance body is established, the Steering Committee is entrusted with the overall management and governance of the Pakistan Accord.

2 How will the Accord ensure involvement of the Pakistan garment and textile industry representatives in the programs?

The Pakistan Accord will be implemented through close collaboration and involvement of the Pakistan garment and textile industry, through a national governance body described above.

Since the start of the Pakistan Accord, International Accord Steering Committee brand representatives and other brands have initiated a dialogue with key suppliers to explore how the

industry may best be involved in the implementation of the program. An Implementation Plan has been drafted that will serve as a basis for further discussion on a phased roll-out of the program in consultation with local stakeholders.

In addition, the Accord will engage with all suppliers to Pakistan Accord company signatories on a regular basis about the implementation of the Pakistan Accord programs so that suppliers are well informed as the programs rollout. `Briefings for Manufacturers' will be circulated regularly and posted online here.

Suppliers can also contact the Accord team via email: pakistan.factories@internationalaccord.org

WORKER PARTICIPATION UNDER THE ACCORD

1 How do workers participate in Accord workplace safety programs?

Participation of workers and their representatives in Accord programs is essential to building a culture of health and safety in the workplace. Workers participate in the following ways:

- Attending all employee meetings run by Accord trainers on essential safety topics.
- Participating in joint worker-management Safety Committees and Safety Committee training.
- Exercising the right to a safe workplace and the right to refuse unsafe work through the safety complaints mechanism.

2 How are trade unions involved in the Pakistan Accord?

The Pakistan Accord is an agreement between brands and retailers and the global trade union federations, UNI Global Union and IndustriALL Global Union. The global trade unions have shared decision-making authority with the company representatives in the International Accord Steering Committee, and this shared governance ensures the independence of the program and gives the Accord credibility. This is also consistent with the UN Guiding Principles on Business & Human Rights which state that representatives of those for whom the program is intended (workers) should be part of the governance and design of the program.

At the national level, trade union federations affiliated with IndustriALL will also be involved in the national governance body when it is established.

3 What is the role of trade unions in the roll-out of Accord programs?

The Accord program will be rolled out in a step-by-step phased approach, whereby at the end of each phase, the Accord will review whether the key performance indicators have been met and whether the program roll-out needs any adaptations. This will be done in close consultation with key Pakistani stakeholders, including trade unions.

The Pakistan Accord will provide an opportunity to develop mature industrial relations between trade unions and employers.

Implementation Plan – Summary

This Phased Implementation Plan for an Accord Country-Specific Safety Program in Pakistan was approved by the International Accord Steering Committee on 13 December 2022 to serve as a basis for further discussions with Pakistani stakeholders.

BACKGROUND

Based on the outcome of the feasibility studies and Pakistan Accord agreement, the Accord Steering Committee agreed on the phased implementation of the Country-Specific Safety Program (CSSP) for Pakistan to be launched in January 2023. Forward implementation will be subject to local stakeholder consultation and on the Steering Committee's assessment of completion of preceding phases based on success indicators. The Pakistan Accord's Implementation Plan may be adapted according to progress and local contingencies.

PURPOSE

The purpose of this Implementation Plan is to ensure a realistic and phased approach to the establishment of an Accord in Pakistan with the support of key stakeholders. Based on the feasibility study, the following Accord programs will be implemented in Pakistan in a phased manner:

1. Inspections & Remediation
2. OSH Committee Training
3. Worker Complaints Mechanism
4. Capacity Building

This Implementation Plan also proposes the establishment of a local interim advisory body to form a permanent governance structure representing brands, industry and trade unions, and others upon agreement. Timing will be subject to progress in discussions with local stakeholders.

PHASES

The Accord programs in Pakistan will be implemented in phases over the course of the 3-year term of the Pakistan Accord, whereby after completion of each phase, progress is reviewed, and adjustments are made for the rolling-out of next phases in close collaboration with key stakeholders.

PRE-LAUNCH

Pre-launch preparations: Pakistan Accord; proposed Implementation Plan; in-country stakeholder consultation; pilot assessments; final budget & fee schedule; Pakistan Accord Building Standard development

PHASE 1

Inception: Signatory onboarding, stakeholder engagement on governance; license to operate; CSO & MD hiring process; Factory Phased Inspection Criteria; Sindh office & staffing plan; learnings from pilot assessments; finalize Pakistan Accord Building Standard and protocol pack

PHASE 2

Roll-out of Accord in Karachi: Karachi office; commence inspections & CAP development in Sindh; interim governance body; increase signatory base; prepare Workplace Program

PHASE 3

Further roll-out of inspection program (Lahore), integration of training program: Lahore office; inspections & CAP development in Punjab; pursue inspections in Sindh; start OHS committee training program; hire Head of Workplace Programs & staff

PHASE 4

Further roll-out of inspections program (Sindh & Lahore), initial roll-out of training program, integration of complaints mechanism: Further roll-out of inspections in Sindh (all CMT) and Punjab; start OHS Committee Training program; integrate Complaints Mechanism; assessment of readiness for permanent local governance structure

PHASE 5

Final phase of Accord establishment in Pakistan: All four Accord programs established in Pakistan; permanent local governance body

ADDITIONAL RESOURCES

For more information about the Pakistan Accord, explore the resources below:

- **Pakistan Accord for Health and Safety in the Textile and Garment Industry**
- **Briefings for Manufacturers**
- **Follow the latest developments on the Pakistan Accord across our online channels:**
  - Visit www.internationalaccord.org/countries/pakistan
  - Follow us on Linkedin: **International Accord**
  - Follow us on Twitter: **@SafetyAccord**

CONTACT

In case you have any additional questions about the Pakistan Accord reach out to the Accord Secretariat at:

contact@internationalaccord.org or

pakistan.factories@internationalaccord.org

International

ACCORD

for Health and Safety in the
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