

Joint Statement

Staying engaged: A Sustainability Compact for continuous improvements in labour rights and factory safety in the Ready-Made Garment and Knitwear Industry in Bangladesh

The representatives of the Government of Bangladesh, the European Union (EU) represented by the European Commission and the International Labour Organization (ILO) met in Geneva on 8 July 2013 to promote improved labour standards and responsible business conduct in the Ready-Made Garment (RMG) and knitwear industry in Bangladesh. Representatives from industry (including brands, retailers and SMEs), employers, trade unions and other key stakeholders participated in the meeting and provided valuable input.

The participants acknowledge the positive impact of the RMG and knitwear sector in Bangladesh over the past three decades and its contribution to economic development, employment, higher income level and skills in Bangladesh, as well as its positive impact on eradication of poverty, empowerment of women and progress on the timely attainment of some of the Millennium Development Goals (MDGs). This also enhances trade amongst countries and creates global wealth. As the RMG and knitwear industry holds further growth potential in Bangladesh, participants emphasise the importance of a balanced development of the sector, with safe and secure work places for further expansion of trade.

Bangladesh and the EU welcome and encourage the continued efforts of the ILO to bring together the various relevant stakeholders to work together to address the challenges of labour standards and factory safety in Bangladesh. The National Tripartite Plan of Action on Fire Safety and Structural Integrity in the Ready Made Garment Sector in Bangladesh and the Joint Statement by Tripartite Partners (government, employers, workers) with the ILO constitute key references for intensifying efforts to improve labour standards, including freedom of association and occupational safety and health, in Bangladesh's RMG and knitwear sector. Adoption and effective implementation of a Bangladesh Labour Law reform, consistent with international core labour standards, would form another important step in that direction. In this regard, the EU

intends to support Bangladesh's work on the implementation of the Labour Law to help Bangladesh create the framework for a successful launch of the Better Work Programme.

Bangladesh reiterates its continuing efforts to effectively implement in law and practice the international labour standards embodied in the fundamental ILO Conventions and other ILO Conventions that it has ratified. The EU will continue to assist Bangladesh to meet its obligations in this respect. Bangladesh is committed to continue to work with the ILO and other relevant national institutions to improve the overall framework in the area of occupational safety and health, including the ratification of other relevant ILO Conventions.

Companies, including brands and retailers, should ensure respect of ILO core labour standards as well as national laws across their value chains. Bangladesh and the EU expect them to act consistently with the UN Guiding Principles on Business and Human Rights, the OECD Guidelines for Multinational Enterprises, and the ILO Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy as appropriate, as well as to expand dialogue with workers' organisations and representatives.

Bangladesh and the EU welcome the fact that major fashion and retail brands sourcing RMG from Bangladesh are coordinating their efforts to help improve safety in the Bangladeshi factories which supply them. In this respect, the progress made in developing implementation plans is recognised and the importance of engaging with national stakeholders to ensure consistency between various initiatives is underlined. We call upon other brands and retailers doing business in Bangladesh to initiate similar measures.

The present Compact covers the following areas:

1. Respect for labour rights, in particular freedom of association and the right to collective bargaining,
2. Structural integrity of the buildings and occupational safety and health, and
3. Responsible business conduct by all stakeholders engaged in the RMG and knitwear industry in Bangladesh.

Progress on the implementation of actions in these areas will be followed up by Bangladesh and the EU with the support of the ILO, as appropriate. Bangladesh, the EU and the ILO will maintain close cooperation to ensure a comprehensive, balanced and complementary approach and consolidate the initiatives. The importance of providing expertise and technical assistance to Bangladesh to support the implementation of the agreed actions is recognised. They commit to a follow-up meeting in 2014 to take stock of progress made on the actions outlined in this Compact.

1. Respect for labour rights

Building on commitments already made, Bangladesh commits to pursue its efforts to improve of labour standards and factory safety through:

- a) Adoption in July 2013 of the amendments to the Bangladesh Labour Law aimed at improving the fundamental rights of workers, and thereafter ensuring entry into force of the amended Labour Law by the end of 2013. The amended Labour Law will provide improved protection, in law and practice, for the fundamental rights to freedom of association and the rights to collective bargaining, as well as Joint Committees for the improvement of occupational safety and health.
- b) Conforming to all the existing ILO rules, procedure and practices in appraising the actions taken with respect to the implementation and enforcement of the revised Labour Law. Effective implementation and enforcement of the Labour Law will be monitored through regular reports by the Government of Bangladesh to the ILO Committee of Experts and social partners' observations submitted to the same Committee, in compliance with the conclusions of the ILO Committee on Application of Standards. Effective implementation includes the rapid issuance and implementation of all rules required by law, including for the free election of workers' representatives and the functioning of participation committees, as committed by the Government of Bangladesh at the ILO Conference Committee on the Application of Standards in June 2013. In this respect, the ILO commits to provide technical assistance to Bangladesh towards implementation and follow-up concerning freedom of association and the right to

collective bargaining, including for the effective application of the law regarding union registrations, union discrimination cases, and unfair labour practice claims.

- c) Consulting closely with the ILO to develop and adopt additional legislative proposals to address conclusions and recommendations of the ILO supervisory monitoring bodies, in particular with reference to ILO Convention No. 87 (Freedom of Association and Protection of the Right to Organise) and Convention No. 98 (Right to Organise and Collective Bargaining). The ILO will assist Bangladesh in reviewing the adequacy of the reforms in meeting ILO requirements.
- d) Taking all necessary steps, with support from the ILO, to further improve exercise of freedom of association, ensure collective bargaining and the application of the national Labour Law to Export Processing Zones (EPZ), including ensuring that the Ministry of Labour inspectors and other regulatory agencies have full authority and responsibility to conduct inspections. The Government of Bangladesh will form an intra-governmental working group for these purposes. The Government of Bangladesh reaffirms its commitment to the enforcement of national law and review of legislation where appropriate to ensure the protection of EPZ workers' freedom of association and collective bargaining rights, including the prohibition of blacklisting and ensuring the establishment of the right to strike by Workers' welfare associations from 1 January 2014 in the EPZs for exercising these rights. The Government of Bangladesh will engage with the ILO to work towards building capacity and raising awareness on freedom of association and rights and their impact on development, productivity and adaptation at the workplace.
- e) Continuing, in coordination with ILO, the education and training programmes on fundamental principles and rights at work and on occupational safety and health designed for workers, trade union representatives and employers and their organisations, representatives on participation committees and safety committees and other relevant stakeholders, as early as possible in 2013.
- f) Achieving eligibility for the Better Work Programme, a partnership between the ILO and the International Finance Corporation (IFC), in order to improve compliance with labour

standards and to promote competitiveness in global supply chains in the RMG and knitwear industry. To this end the Government of Bangladesh commits to do all within its power to enable the Better Works Programme in Bangladesh to start as soon as possible following the adoption of amendments to the labour law under consideration in the Parliament of Bangladesh. The Government of Bangladesh will act expeditiously to register independent trade unions and to ensure protection of unions and their members from anti-union discrimination and reprisals. Once initiated, the Better Work Programme will include capacity building for social partners and support in development of social dialogue at the enterprise level. This should be done in coordination with the ILO and the IFC, and in cooperation with social partners, as defined by the ILO, as well as industry and worker representatives.

- g) Completing the upgrading of the Department of the Chief Inspector of Factories and Establishments to a Directorate with a strength of 800 inspectors, having adequate annual budget allocation, and the development of the infrastructure required for its proper functioning. The Government of Bangladesh will move to recruit 200 additional inspectors by the end of 2013. The Directorate will regularly visit and assess industrial establishments to enforce national labour laws, including on working conditions in factories, freedom of association and collective bargaining. Inspections should be conducted in a fully transparent and accountable manner.
- h) Creating, with the support of ILO and other development partners, a publicly accessible database listing all RMG and knitwear factories, as a platform for reporting labour, fire and building safety inspections, which would include information on the factories and their locations, their owners, the results of inspections regarding complaints of anti-union discrimination and unfair labour practices, fines and sanctions administered, as well as remedial actions taken, if any, subject to relevant national legislation.
- i) Launching, by 31 December 2013, with the support of the ILO, skills and training programme for workers who sustained serious injuries in the recent tragic events and redeploying the RMG and knitwear workers that were rendered unemployed as well as rehabilitated workers.

- j) Conducting, by 31 December 2013, with the support of the ILO, a diagnostic study of the Labour Inspection System and develop and implement a resulting action plan, including appropriate measures.

The European Commission in the context of EU development assistance will:

- k) Provide assistance to rehabilitate those permanently disabled by the Rana Plaza collapse, including through: (i) exploring the possibility of reallocating funds under the current EU-funded Technical and Vocational Education and Training (TVET) project implemented by the ILO; and (ii) the existing EU-funded Better Work and Standard (BEST) cooperation programme with Bangladesh.
- l) Promote a focus on skills development in future EU assistance to Bangladesh.
- m) Consult with the ILO, the Government of Bangladesh and other donors to see which of the actions from the ILO Programme Outline 2013-2016 ‘Improving Working Conditions in the RMG Sector in Bangladesh’, including those in relation to the Better Work Programme for Bangladesh, could be supported technically or financially by the EU under the next programming cycle (2014-2020).
- n) Explore further funding possibilities within the upcoming programming period 2014-2020, including through the Thematic Programme Global Public Goods and Challenges, which specifically includes a component in support of the implementation of EU commitments on decent work.

2. Structural integrity of buildings and occupational safety and health:

Bangladesh commits to:

- a) Implement the National Tripartite Plan of Action on Fire Safety and Structural Integrity in the RMG industry in Bangladesh with the support of ILO, in accordance with the established milestones and timelines, as stipulated in the Programme of Action. This will be coordinated and monitored by the Bangladesh National Tripartite Committee with the support of the ILO.

- b) Assess the structural building safety and fire safety of all active export-oriented RMG and knitwear factories in Bangladesh by June 2014 – with the most populated factories assessed by the end of 2013 – and initiate remedial actions, including relocation of unsafe factories. ILO will play a coordinating role, including assisting in mobilisation of technical resources required to undertake the assessment.
- c) Develop, with the assistance from the ILO and other development partners, the publicly accessible database described in paragraph 1.h), to record: the dates of labour, fire and building safety inspections; identification of inspectors, violations identified, fines and sanctions administered; factories ordered closed and actually closed; factories ordered relocated and actually relocated; violations remediated; and information on management and worker fire and building safety training activities subject to relevant national legislation.

The European Commission, in the context of EU development assistance, will:

- d) Extend the social compliance component in the EU's on-going BEST programme with Bangladesh. This specific component aims to improve working conditions and to strengthen overall competitiveness in the textiles and RMG and knitwear sector. This extension will allow the programme to provide more training on social compliance and occupational safety and health.
- e) Extend future technical assistance, including Aid for Trade, to address labour standards, including health and safety at work and adequate levels of social dialogue and collective bargaining in Bangladesh and in other countries in the region facing similar problems.

3. Responsible business conduct

Bangladesh and the EU as represented by the European Commission remain engaged to support and promote socially responsible supply chains:

- a) Bangladesh, the EU and also the ILO welcome the fact that major fashion and retail brands sourcing garments from Bangladesh are coordinating their efforts to help improve safety in the Bangladeshi factories which supply them. They recognise the progress made

in developing implementation plans and underline the importance of engaging with stakeholders to ensure effective implementation of and consistency amongst the various initiatives.

- b) They welcome the fact that over 70 major fashion and retail brands sourcing RMG from Bangladesh have signed an Accord on Fire and Building Safety to coordinate their efforts to help improve safety in Bangladesh's factories which supply them. In this context, they encourage other companies, including SMEs, to join the Accord expeditiously within their respective capacities. They recognise the need for appropriate involvement of all stakeholders for an effective implementation of the Accord.
- c) The EU and Bangladesh recognise the need for multi-national enterprises (MNEs)/brands/retailers to deepen discussion on responsible business conduct with a view to addressing issues along the supply chain. We encourage retailers and brands to adopt and follow a unified code of conduct for factory audit in Bangladesh.
- d) Bangladesh and the EU take note of the work by European social partners in the textile and clothing sector started on 26 April 2013 to update their 1997 and 2008 Codes of Conduct on fundamental rights, in the framework of the European Sectoral Social Dialogue Committee for Textile and Clothing.

Bangladesh and the EU, along with the ILO, welcome the support of representatives from industry, employers, trade unions and other key stakeholders to the Compact, as well as their continued commitment to improved labour standards and responsible business conduct in the RMG and knitwear industry in Bangladesh.

Geneva, on 8 July 2013