

Termination of Accord Companies' Business with Klarion Designs Ltd.

28 August 2017

Statement on the termination of Accord signatory companies' business relations with Klarion Designs Ltd., City Corporation Shopping Complex, Chittagong, Bangladesh, due to the supplier's failure to implement workplace safety measures.

The Accord on Fire and Building Safety in Bangladesh is conducting independent, engineering inspections for fire, electrical, and building structural safety at all factories in Bangladesh producing for Accord signatory companies. The Accord oversees the development of Corrective Action Plans (CAPs) by factories and Accord signatories and monitors remediation through follow-up verification visits. The Accord supports factories in the remediation by providing technical advice and developing resources and guidance.¹ The Accord signatory companies also support factories in the remediation as per their obligations under the Accord agreement.

Where corrective actions to eliminate safety hazards are identified, the factory is required to implement these corrective actions according to a schedule that is mandatory and time-bound. If a supplier fails to implement the Accord's corrective actions and cooperate fully in the Accord's inspection and related programs, the supplier will receive notice and warning that its business with Accord signatory companies will be terminated if non-compliance persists. If the notice and warning process does not lead to sufficient progress, business with the supplier will be terminated by the Accord signatory companies.

KLARION DESIGNS LTD.

Klarion Designs Ltd. was inspected by the Accord for structural safety in 2014 and for fire and electrical safety in 2015. After many attempts by the Accord staff the factory failed to make adequate progress in CAP implementation.

The failure of Klarion Designs Ltd. to cooperate prompted the implementation of a notice and warning process in accordance with Article 21 of the Accord. Despite this notice and warning process and numerous efforts by the Accord staff and Accord signatories, the factory owner continued to fail to cooperate. The Accord signatory companies using this factory, as of 17 August 2017 are therefore required to terminate their business relationship with this supplier and all factories under the same ownership.

The following factories of FNF Group are affected by this decision and accordingly are now considered terminated factories by the Accord:

- Klarion Designs Ltd.
- Arion Dresses Limited

The supplier is no longer eligible for Accord company production until it meets the conditions for requalification.

The Accord will work with its labour and company signatories in an effort to ensure that any affected workers are offered employment with safe suppliers.

¹ <http://bangladeshaccord.org/factories/resource-centre/>