

Fashion Brand To Pay \$2.3M In Bangladesh Accord Deal

By **Sophia Morris**

Law360, New York (January 23, 2018, 9:23 PM EST) -- Two international labor unions said Monday they had reached a \$2.3 million settlement in arbitration proceedings with an unnamed global fashion brand over garment factory conditions, a month after a separate deal was reached with another fashion brand under the Bangladesh Accord for Fire and Building Safety.

IndustriALL Global Union and UNI Global Union said in a statement that the \$2 million will go toward the remediation of more than 150 garment factories in Bangladesh, and \$300,000 will go to the unions' Supply Chain Worker Support Fund that aims to improve wages and conditions for workers in global supply chains. The settlement, reached Jan. 17 after proceedings at the Permanent Court of Arbitration in The Hague, "represents one of the largest payments made by a brand to remedy workplace dangers in its supply chain," the unions said.

"These settlements show that an enforcement mechanism like arbitration can be a critical part of ensuring compliance with the Bangladesh Accord," Marney Cheek, a Covington & Burling LLP partner who represented the unions told Law360 Tuesday. "It's unique that the Accord has an agreement by the parties to binding arbitration, but I think having that agreement has really led to enhanced accountability by the signatories."

The Accord, which the unions said covers 2.5 million Bangladeshis working in garment factories, is an agreement between more than 200 fashion brands and trade unions to create a fire and building safety program in the wake of the 2013 Rana Plaza building collapse that killed 1,135 people, according to media accounts.

The unions had argued that despite the requirements laid out by the 2013 Accord, the fashion brand was not requiring its factories to speedily fix hazards, leading to dangerous conditions for workers. The brand was also allegedly not incentivizing its factories to fix safety problems, the unions said.

Factories used by the brand allegedly lacked essential safety features, such as fire alarms and sprinklers, the unions said. After the proceedings were initiated in 2016, progress was made on remediating some of the factories, but there is still a lot more work to be done before many of the factories are brought up to a sufficient standard, the unions said.

Cheek said that the fashion brands had argued that the Permanent Court of Arbitration lacked jurisdiction to hear the dispute, but the tribunal determined in September that the unions' claims were

admissible and the arbitration could proceed.

This is the second deal reached by the unions after they initiated arbitration proceedings against the brands in 2016 at the Permanent Court of Arbitration for their alleged failures to meet the terms of the Accord. The brands cannot be named under the terms of the settlement.

Reached in December, the first settlement did not state a dollar amount to be paid out by the brand. But the deal included funds to renovate factories utilized by the brand, according to a statement from the unions.

Under the terms of the January settlement, all necessary safety improvements at the factories must be completed by the time the Accord expires in May 2018.

The unions are represented by Marney Cheek, Erin Thomas, Clovis Trevino, Mac Mackie, Kate Gibson, and Daniel Allman of Covington & Burling LLP and Albert Marsman and Stefan Derksen of De Brauw Blackstone Westbroek in the Netherlands acted as local counsel.

--Editing by Nicole Bleier.