

Standard Operating Procedure (SOP)

Employment Injury Scheme (EIS) Pilot – Ship Recycling Industry in Bangladesh

1. Purpose

The EIS Pilot is a temporary and voluntary protection mechanism designed to ensure that workers permanently injured or killed while at work in ship recycling yards in Bangladesh receive adequate and timely compensation, in line with international labour standards. It adopts a social insurance approach where the risk is pooled and shared by the industry as a whole.

The Pilot is a transition mechanism. Its objective is to support Bangladesh in moving from the current employer-liability system to a national, wage-based employment injury insurance scheme, anchored in law and administered by national institution.

This SOP sets out the process, conditions, and financial flows applicable to the EIS Pilot for ships recycled in Bangladesh.

2. Scope

This SOP applies to:

- Sellers voluntarily participating in the EIS Pilot by signing the BIMCO Letter of Intent (LoI)
- Ships destined for recycling in Bangladesh
- Contributions made under the EIS Pilot during the pilot period.

3. Roles and Responsibilities

Seller

- Commits to the EIS Pilot through signing the BIMCO LoI • Makes the EIS payment upon request by the ILO.

International Labour Organization (ILO)

- Administers the EIS Pilot funds
- Issues requests for payment to the Sellers through the signed BIMCO Letter of Intent
- Manages refunds and transfers in accordance with this SOP.

Bangladesh Ship Recycling Board (BSRB)

- Issues the official authorization for ship recycling
- Approves a Ship Recycling Plan for each specific ship
- Monitors ship recycling activities.

4. Process Description

Step 1 – Seller Commitment

- The Seller agrees to participate in the voluntary EIS Pilot
 - By signing the LoI, the seller commits to transferring the EIS funds when requested to by the ILO
- No payment is requested prior to the ship's arrival in Bangladesh and the issuance of dismantling authorization by the competent authorities.

Step 2 – Trigger for Payment Request

Once the following conditions are met, the ILO issues a formal request for EIS payment to the Seller:

- the Seller has decided to recycle the ship in Bangladesh,
 - The seller has signed the BIMCO LoI and sent to the ILO,
- the BSRB has issued the authorization for dismantling and has approved SRP for the ship being dismantled

Step 3 – Transfer of money

After having received the payment request from the ILO, the seller transfers the requested EIS contributions money (0,5 USD/LDT) to the ILO bank account in Geneva.

Step 4 – Confirmation by ILO

After completion of the financial transaction, the ILO will send a written, confirmation to the Seller.

5. End of Pilot: National EIS Established

When a national Employment Injury Scheme is established, and a financial surplus exists, the surplus will be transferred to the national EIS reserve.

6. Governing Principles

- Voluntary Participation – The EIS Pilot is non-mandatory
- Conditional Payment – Contributions are requested only after the seller has signed the Lol and recycling authorization has been issued by the competent authority in Bangladesh
- Fund protection - Funds are protected according to international social security association (ISSA) financial guidelines.