

Rana Plaza companies 'not doing enough'

Ethical investment

One year on from the Bangladesh building collapse, Ruth Sullivan finds investors are pushing for more compensation

A powerful coalition of global investors has called for big clothing retailers to dip into their corporate coffers to help the victims and families of factory workers who died or were injured when the Rana Plaza building in Bangladesh collapsed a year ago.

They say clothing brands are not doing enough for victims of the disaster.

"Although some progress has been made, a lot more needs to be done for the people involved in the tragedy," says Lauren Compere, director of shareholder engagement at Boston Common Asset Management, one of the investors taking the lead in this initiative.

The move is being led by the Interfaith Center on Corporate Responsibility (ICCR), a coalition of 275 institutional investors seeking social change that has more than \$4tn of assets under management.

So far, a trust fund, the Rana Plaza Donors Trust Fund, overseen by the International Labour Organization, a UN agency, has raised just \$16m of the \$40m needed to cover the medical expenses of the 2,000 injured workers and to compensate victims' families for income loss. More than 1,100 workers lost their lives.

Primark, the UK clothing brand that used one of the factories in Rana Plaza, is the largest contributor. It pledged roughly \$7m in workers' compensation and donated \$1m to the fund. Other brands and companies donating to the fund include Walmart, Asda, Gap Foundation, Bon Marché, El Corte Inglés and H&M Conscious Foundation.

But the ICCR wants companies to go further. It is using its muscle to encour-



More than 1,100 factory workers lost their lives in the Rana Plaza disaster

Andrew Biraj/Reuters

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age investor companies to contribute more to the fund, regardless of whether they outsourced activities to one of the factories at Rana Plaza.

David Schilling, senior programme director at the ICCR, says: "We will also be asking institutional investors to contribute, though our priority is to urge companies to contribute."

Ms Compere points out that some progress has been made since the tragedy. About 160 companies in 20 countries have signed up to the Accord on Fire and Building Safety, which sets up factory inspections

and is working to create safe workplaces in 1,500 factories in Bangladesh.

At a recent conference in London organised by the Supplier Ethical Data Exchange (Sedex), Sir Mark Moody-Stuart, chairman of the UN Global Compact and a former Shell chairman, said that "in the 1990s investors were not interested in these issues in terms of companies' supply chains", describing their

involvement since as a "significant" improvement.

However, companies and suppliers at the conference concluded that much still needed to be done to tackle safety hazards in the factories of low-cost manufacturing countries.

A report by Sedex, published in September, showed that 13.5 per cent of supply chains in Europe fail to comply with safety measures, compared with 6.6 per cent in Africa. Asia was found to have a 12.7 per cent non-compliance rate, North America 11 per cent and South America 11.8 per cent.

At a country level, Romania has the highest proportion of fire safety problems, followed by Portugal, the US, the Czech Republic and Italy.

"Investors need to understand that such risks and hazards do not take place only in developing countries. They must take a proactive stance and engage with companies in all areas," said Mark Robertson, a spokesman at Sedex, at the time.