Investor Statement Calling on Global Brands to Strengthen Worker Safety

In the Bangladesh Garment Sector

Investors welcome the legally-binding 3-year extension of the Accord for Fire and Building Safety that will enter into effect when the current program expires in May 2018. The new agreement between global trade unions and companies provides additional time to remediate safety issues found in garment factories and build effective worker safety committees which are an important component to mitigating risks to workers and reputational risks to global brands sourcing in Bangladesh. We urge all signatory companies of the 2013 agreement to sign the 2018 Accord and collectively accomplish systemic reform of the sector and secure the long-term sustainability of worker safety.

The Accord model, based upon a Steering Committee made up of equal numbers of representatives from companies and trade unions, along with an independent chair from the International Labor Organization, has proven to be successful in making factories significantly more safe than before the Accord was signed in May 2013. With an overall progress rate of 82% and more than 650 factories at more than 90% of remediation completion, the Accord has achieved most of its safety goals. The new agreement provides a unique opportunity to strengthen the original Accord by expanding the work to other related industries beyond garment factories where are significant safety issues, such as: knitting, spinning & weaving; washing, dyeing & printing facilities; embroidery & accessories; home textiles; leather and footwear. In addition, the 2018 Accord includes new references to Freedom of Association and a training and complaints protocol to cover Freedom of Association protections in relation to workers protecting their own safety.

Much has been accomplished, but more needs to be completed since only 36% of the over 1,600 factories covered by the Accord have installed adequate fire detection and prevention systems and 50% have yet to complete worker safety trainings designed to build sustainable and credible systems for addressing safety concerns. Currently, there is no national regulatory body with the capacity to take over the Accord functions. In addition, the Alliance for Worker Safety has stated in its 4th Annual Report that the Alliance will sunset in 2018 and partner with local safety organizations in Bangladesh that will monitor factory progress and train workers.

To date, only 53 of the 220 Accord companies have signed the 2018 Accord. Regardless of the remediation progress within a company’s own supply chain, the strength of the Accord is the collective leverage it represents through its current 220 signatories. Over $50 million will be spent in the five-year period on the Accord inspections, remediation and workplace programs which could be weakened by diminished leverage that could cause Bangladeshi garment factories to backtrack without a strong Accord, the phasing out of the Alliance and no national regulatory body in place that demonstrates full capacity to inspect factories, compel remedies and protect workers.

The undersigned investors are concerned about the systemic risks to workers and companies that are not fully addressed. We therefore recommend:
1. Accord companies, who have yet to sign the 2018 Accord, do so during the first Quarter of this year.

2. Alliance companies, who are formally ending in 2018, sign on to the Accord and therefore maximize the leverage to complete safety reforms and strengthen the collective action to build the capacity of the Bangladesh government’s oversight of worker safety by 2021.

3. Brands and retailers sourcing in the garment sector expand safety inspections to knitting, spinning & weaving; washing, dyeing & printing facilities; embroidery & accessories; home textiles; leather and footwear.

4. Brands, retailers and other stakeholders strengthen the National Tripartite Plan of Action on Fire Safety and Structural Integrity in Bangladesh’s garment sector to ensure an integrated approach to promoting fire safety and building integrity and to provide a platform for stakeholders engaged in fire safety initiatives.

As investors we encourage all companies sourcing in Bangladesh’s garment sector to take responsibility to build on the unprecedented fire and building safety work since 2013 and finish the task of remediating worker safety issues while mitigating the risk to brands and retailers who are connected to the long-term sustainability of the sector.

Total number of investor signatories: 149; Total AUM: over $3.7 trillion USD

Signatories:

Aargauische Pensionskasse (APK), Switzerland
ACTIAM
Adrian Dominican Sisters, Portfolio Advisory Board
Allianz Global Investors
AMP Capital
Aquinas Associates
Atkinson Foundation
Ausbil Investment Management Limited
Australian Ethical Investment
Aviva Investors
AXA Investment Managers
Azzad Asset Management
Bâtirente
Bernische Lehrerversicherungskasse, Switzerland
BMO Global Asset Management (EMEA)
Boston Common Asset Management
Caisse de pensions de l’Etat de Vaud (CPEV), Switzerland
Caisse de pensions ECA-RP, Switzerland
Caisse de prév. des Fonctionnaires de Police & des Etablissements Pénitentiaires, Switzerland
Natural Investments
NEI Investments
Nest Sammelstiftung, Switzerland
NN Investment Partners
North East Scotland Pension Fund
Northwest Coalition for Responsible Investment
OceanRock Investments Inc.
Our Ladies Missionaries
Pensionskasse Caritas, Switzerland
Pensionskasse der Stadt Winterthur, Switzerland
Pensionskasse Stadt Luzern, Switzerland
Pensionskasse Unia, Switzerland
Prévoyance Santé Valais (PRESV), Switzerland
prévoyance.ne, Switzerland
Profelia Fondation de prévoyance, Switzerland
Prosperita Stiftung für die berufliche Vorsorge, Switzerland
Redemptoristine Nuns
Region VI Coalition for Responsible Investment
Caisse de Prévoyance des Interprètes de Conférence (CPIC), Switzerland
Caisse intercommunale de pensions (CIP), Switzerland
Calvert Research and Management
Candriam Investors Group
CAP Prévoyance, Switzerland
Castellum Capital Group
CCAP Caisse Cantonale d'Assurance Populaire, Switzerland
CCOO, FP
Christian Super
Church of Sweden
CIEPP - Caisse Inter-Entreprises de Prévoyance Professionnelle, Switzerland
Compensation Employees’ Union (CEU)
Congregation of Holy Cross, Moreau Province
Congregation of St. Joseph
Dana Investment Advisors
Daughteres of Charity, Province of St. Louise
Dignity Health
Domini Impact Investments LLC
Dominican Sisters ~ Grand Rapids
Dominican Sisters of Hope
Dominican Sisters of Sparkill
Echo Foundation
Ecumenical Council for Corporate Responsibility
ERAFP (Etablissement de Retraite additionnelle de la Fonction publique)
Etablissement Cantonal d'Assurance (ECA VAUD), Switzerland
Ethos Foundation, Switzerland
Evangelical Lutheran Foundation of Eastern Canada
Everence and the Praxis Mutual Funds
Felician Sisters of North America
Figure 8 Investment Strategies
First Affirmative Financial Network
Fjärde AP-fonden (AP4)
Fondation de la métallurgie vaudoise du bâtiment (FMVB), Switzerland
Fondation Leenaards, Switzerland
Franciscan Sisters of Allegany, NY
Franciscan Sisters of Perpetual Adoration
Friends Fiduciary Corporation
GES International AB
Greenvest/VFG
Hexavest
Regroupement pour la Responsabilité sociale des Entreprises
Responsible Investment Association
Retraites Populaires, Switzerland
Robeco
School Sisters of Notre Dame - Central Pacific Province CR Committee
School Sisters of Notre Dame Cooperative Investment Fund
School Sisters of St. Francis
SEAMARK Asset Management Ltd.
Seventh Generation Interfaith Coalition for Responsible Investment
Shareholder Association for Research and Education (SHARE)
Sisters of Bon Secours USA
Sisters of Charity of Saint Elizabeth
Sisters of Charity, Halifax
Sisters of Instruction of the Child Jesus
Sisters of Mercy
Sisters of Notre Dame Base Communities
Sisters of Notre Dame de Namur
Sisters of Providence - MJP
Sisters of S. Francis of Philadelphia
Sisters of Saint Joseph of Chestnut Hill, Philadelphia, PA
Sisters of St. Dominic of Caldwell
Sisters of St. Francis Charitable Trust, Dubuque
Sisters of St. Joseph of Boston
Sisters of St.Dominic of Blauvelt, New York
Sisters of the Holy Cross
Sisters of the Presentation, Aberdeen SD
Socially Responsible Investment Coalition
Solaris Investment Management
Sonen Capital
St. Joseph's Province House
St. Joseph's Villa Foundation
Stance Capital
Stardust
Stephen Whipp Financial
Stiftung Abendrot, Switzerland
Strathclyde Pension Fund
Terre des hommes, Switzerland
The Callan Foundation
The Catherine Donnelly Foundation
The Daly Foundation
The Sustainability Group of Loring, Wolcott
IBVM Foundation of Canada, Loretto Sisters, Canadian Province
JLens Investor Network
KEPLER-FONDS KAG (Austria)
Local Government Super
Marianist Province of the U.S.
Maryknoll Sisters
Mennonite Education Agency
Mercy Health
Mercy Investment Services
Michael Silicz, Silicz Birdsall Advisory Group
Midwest Coalition Responsible Investment
Mirova
Missionary Oblates of Mary Immaculate
MN
Mount St. Scholastica
MP Pension
Natixis Asset Management

& Coolidge
Thomson, Horstmann & Bryant, Inc.
Trillium Asset Management
Triodos Investment Management
T’ruah: The Rabbinic Call for Human Rights
United Church of Canada
United Church of Canada Pension Plan
Ursuline Sisters
Ursuline Sisters of Tildonk, U.S. Province
Vancity Investment Management Ltd
VIP eV Association of Institutional Shareholders
Walden Asset Management
Wetherby Asset Management
Youville Provident Fund
Zevin Asset Management