

## **Investor Statement on the 4<sup>th</sup> Anniversary of the Rana Plaza Tragedy**

Four years have passed since the collapse of the Rana Plaza building in Bangladesh resulting in over 1,100 garment workers killed and 2,600 injured. This massive tragedy drew attention to the systemic human rights abuses in the garment sector, as well as the failure of the Bangladesh government and corporate compliance programs to create safe and healthy workplaces that respect and protect the lives of workers and mitigate the risk to companies.

Following the April 2013 crisis in Bangladesh, over 200 global institutional investors representing over \$3.1 trillion in assets under management appealed to companies to: join the legally binding [Accord on Fire and Building Safety](#) (Accord) signed by trade unions, brands and retailers with NGOs as witness signatories; commit to strengthening local trade unions and ensuring a living wage for all workers; publicly disclose all their suppliers including those from Bangladesh and ensure that appropriate grievance mechanisms and effective remedies, including compensation, are in place for affected workers and families.

In the ensuing four years investors have seen positive steps taken by the Accord. An unprecedented number of global brands, retailers and importers-over 200-have collaborated to address the immediate and short-term threats to worker safety in the garment sector. 1600 factories have been inspected and more than 75% of the identified safety issues have been fixed, the majority of them electrical. Over 750,000 workers are covered under the Accord's Safety Committee Training program which is critical to their detection of safety hazards and their participation in labour-management Safety Committees at the factory level. In addition more than 80 major safety complaints have been resolved through the program's Complaints Mechanism. Investors commend the Accord for publishing the results of inspections and regularly updating progress on corrective action plans. This is a positive signal to investors that safety risks are being carefully and sustainably managed.

While the level of verified corrective action plans is unprecedented, 25% of non-remediated findings are serious structural issues that continue to pose a threat to worker health and safety. In addition, more than 60% of factories still do not have enclosed staircases and fire doors on each floor which would allow for safe egress from multi-story factories. We urge companies to implement due diligence with their suppliers to assess their financial capacity to remediate such costly hazards and agree on a plan based upon [Article 22](#) of the Accord where the brand or retailer negotiates "commercial terms with suppliers which ensure that it is financially feasible for the factories to maintain safe workplaces and comply with upgrade and remediation requirements" or alternative means of financing.

The last 4 months has been troubling, given the government crackdown of dozens of garment workers and labor leaders who are facing criminal cases in Bangladesh after wage strikes in December 2016, according to [Human Rights Watch](#) (February 15, 2017). Arbitrary arrests of union leaders by the Bangladesh police grew to 34 known arrests. These actions raise serious questions for investors about the will and capacity of the government to implement their laws related to freedom of association and collective bargaining, to adopt a regular wage review mechanism and to oversee the restructuring of the garment sector to protect the health and welfare of workers. About 20 global brands sourcing from

Bangladesh, including C&A, Gap, H&M, Inditex, Next, and Primark, [wrote to Prime Minister Sheikh Hasina](#) supporting a wage review and expressing their concerns that union leaders and worker advocates were being targeted. We commend the companies for using their leverage with the Bangladesh government to implement its duty to protect human rights. We urge the [Alliance for Worker Safety](#), the Accord and individual companies to use their collective influence with the government to support worker rights and safe workplaces.

The undersigned investors are concerned about the systemic risks that are yet to be addressed, especially with just one year left in the 5-year legally binding agreement. We therefore recommend:

1. Accord companies and trade union representatives agree to extend the Accord for the period of time needed to remediate systemic issues that still threaten worker safety and livelihood.
2. Accord companies implement due diligence to assess the financial capacity of suppliers and ensure proper financing is available to expedite the remediation of more costly safety hazards such as enclosed stairwell, sprinkler systems, hydrants and structural retrofitting.
3. Alliance companies ensure remediation of outstanding issues and publicly report on progress.
4. Broaden the current scope of the Accord to include; i) a focus on freedom of association and collective bargaining and integrate this into the Complaints Mechanism process and ii) additional parts of the supply chain where similar risks exist such as washing, dyeing, fabrics, leather and home textiles.
5. The Accord model of governance, legally binding provisions and ongoing transparency be the fundamental component of any credible further initiative or expansion into other countries and sectors.

We believe the positive work done by the Accord can be secured by staying the course and completing the remediation of outstanding issues and the training of factory workers and managers.

As investors we support those companies who give leadership to this historic initiative which has the potential to transform the Bangladesh garment sector and be a model for other supply chain initiatives designed to mitigate the risk to companies and to workers alike.