

INVESTOR STATEMENT on the 5th ANNIVERSARY OF THE RANA PLAZA DISASTER

Taking Stock: What's been accomplished? What needs to be done?

Five years have passed since the collapse of the Rana Plaza factory complex in Bangladesh resulting in over 1,100 garment workers killed and 2,600 injured. This massive tragedy drew attention to pervasive human rights abuses in the garment sector, as well as the failure of the Bangladesh government and corporations sourcing there to create workplaces that respect and protect the lives of workers, and mitigate the risk to companies and their investors.

Following the collapse, 250 global institutional investors representing over \$4.5 trillion in assets under management appealed to over 60 companies sourcing in Bangladesh to assume responsibility for helping to transform the Bangladesh apparel sector by taking the following four steps:

- 1. Join the legally binding [Accord on Fire and Building Safety](#) (Accord) signed by trade unions, brands and retailers with NGOs as witness signatories;**
- 2. Commit to strengthening local trade unions and ensuring a living wage for all workers including through their engagements with the Bangladesh government;**
- 3. Publicly disclose all their suppliers including those from Bangladesh, and;**
- 4. Ensure that appropriate grievance mechanisms and effective remedies, including compensation, are in place for affected workers and families.**

The 5th anniversary of Rana Plaza is a critical time for investors to take stock of what has been accomplished and what remains to be achieved to mitigate risk to workers.

We believe the 5-year-old Accord has made significant progress in establishing safer factories in Bangladesh through unprecedented collective action by brands, trade unions, civil society and international institutions. With the Accord, a new model has been created that can be adapted and applied to other at-risk countries and sectors. As investors, we bear responsibility to promote the power of this model in our corporate engagements both to prevent future workplace tragedies and to safeguard worker health and safety in global supply chains.

Join the legally binding 2018 Accord on Fire and Building Safety (the 2018 Accord)

Investors urge those that have yet to sign to do so now. Additionally, as the [Alliance for Bangladesh Worker Safety](#), a North American initiative of 29 companies, sunsets its initiative in 2018, we urge those company signatories to join the Accord.

An unprecedented 220 brands and retailers joined the Accord for Fire and Building Safety signed in 2013, to use their leverage with supplier factories to conduct rigorous fire, electrical and building inspections. These inspections have resulted in remediation plans that have made the 2.5 million workers in Accord factories meaningfully safer. The 5-year agreement, now extended for an additional 3 years (the “2018 Accord”), is legally binding and has a unique governance structure which includes a steering committee made up of an equal number of brand and union representatives, with a neutral chair from the International Labor Organization. The Accord has provided in-depth health and safety training to personnel in 846 factories, reached 1.9 million workers and has investigated and resolved 183 worker complaints. (Accord [Aggregate Quarterly Report](#), Jan. 24, 2018).

To date, 140 of the 220 original signatory companies have signed the 2018 Accord, reconfirming their commitment to finish the job and build long-term sustainability. Tremendous progress has been made but more time is needed to remediate all issues and train workers to participate in safety committees.

Commit to strengthening local trade unions and ensuring a living wage for all workers

Trade Unions

We call on companies to urge the Bangladesh government to register unions expeditiously and change burdensome requirements, including the unreasonably high requirement for 30% of workers in a factory to agree to form a union.

The Accord's current mandate does not cover freedom of association, but if factory managers retaliate against unions for raising building safety issues, or use violence to stop worker organizing, the Accord has the authority to investigate these complaints. The Accord has remediated a number of cases and reinstated workers who were fired illegally. The 2018 Accord will increase support for freedom of association rights as they relate to occupational safety and health. This is an important development but more needs to be done. The year after the Rana Plaza collapse, the Bangladesh government increased the number and speed of registering unions that meet administrative requirements, but the registration rate has fallen sharply ever since ("[Binding Power](#)" [Research Report](#), Professor Mark Anner, Penn State, March 22, 2018). The right to organize and bargain collectively is an international human right that plays a critical role in addressing workplace issues, including sexual harassment of women workers, excessive hours, low wages and occupational safety and health.

Low Wages

We call on companies to sign agreements with their suppliers where prices for their apparel products enable factories to pay fair wages and comply with workplace human rights standards. We call on companies to urge the government to raise the minimum wage to a level where workers can meet their basic needs and the needs of their families.

On the wage front, the current situation is bleak. The government of Bangladesh's minimum wage is far below a living wage. In 2013 the minimum monthly wage was \$39. This rose to \$68 a month in 2015 after major worker protests called for \$100. In February 2018, with the devaluation of the currency, the wage dropped to \$63.60 a month or \$0.31 per hour for a 48-hour work week. As investors we are committed to 'high road' employment strategies founded on fair pay. Companies can play an instrumental role by setting prices for apparel products that enable factories to pay fair wages and comply with workplace human rights standards rather than driving a race to the bottom. In doing so, companies contribute to the realization of [Sustainable Development Goal 8 on Decent Work and Economic Development](#) by promoting quality jobs in their operations and supply chains. Many garment workers and unions are recommending a monthly minimum wage of \$192.

Publicly disclose all suppliers including those from Bangladesh

We urge companies to publish the names, addresses, and other important information about the factories manufacturing their branded products in their extended supply chains, including subcontractors.

The Accord has been very transparent in requiring disclosure of each of the over 1,600 factories it covers. Detailed information is posted publicly on the Accord's website and updated regularly with inspection results on fire, electrical and building issues and remediation progress. More disclosure is still needed by companies to include the broader supply chain, starting with subcontractors that do work for larger factories supplying brands and retailers but are not currently covered under the Accord.

There is a growing trend towards supply chain disclosure as evidenced by the UK Modern Slavery Act. Investors rely on transparency as a tool for evaluating corporate performance on environmental, social and governance issues, including worker safety.

Ensure appropriate grievance mechanisms and effective remedies for affected workers and families

We urge companies to establish grievance mechanisms in their supplier factories that ensure that workers are able to confidentially raise safety and health concerns, and that these concerns are properly addressed and remediated.

The Accord established a grievance mechanism for all Accord factories. The complaint mechanism ensures that safety and health concerns at the factories are properly addressed and remediated, and that the right to refuse unsafe work is upheld where necessary. Factory trainings include an orientation on how to present issues, first to the safety committee, then to management and, if necessary, to the Accord complaint mechanism on a confidential basis. Each complaint is investigated and a remediation plan established. This process is critical given that on April 23, 2013 workers walked off the job because they saw serious cracks in the building at Rana Plaza. They were forced back to work under threat of losing their jobs on the morning of April 24th with assurances that the building was safe.

The Bangladesh government has no national employment injury insurance system. The establishment of the Rana Plaza Donors Trust Fund, therefore, was essential in creating a mechanism that provided compensation to workers injured in the collapse and the families of workers who were killed. Investors urged companies sourcing in the garment sector in Bangladesh to contribute to the Trust Fund whether or not they had products manufactured there at the time of the building collapse. \$30 million was raised through donations from over 30 companies and several union funds and foundations. The International Labor Organization served as the sole trustee and oversaw the disbursement of compensation to thousands of workers and their families in 2015. The Fund is a model for private compensation mechanisms.

The next three years will be critical for finishing the complex and comprehensive work needed to make Bangladesh apparel factories safe for workers, to encourage ownership by local stakeholders and to build the government's oversight capacity. As investors we encourage all companies sourcing in the Bangladesh garment sector to build on the unprecedented progress made since the Rana Plaza disaster and secure the long-term sustainability and safety of workers.

Signatories:

Aargauische Pensionskasse (APK), Switzerland	MN
Adrian Dominican Sisters, Portfolio Advisory Board	Natural Investments LLC
AFL-CIO	Nest Sammelstiftung, Switzerland
AMP Capital	NN Investment Partners

AP4, Fourth Swedish National Pension Fund	North American Province of the Congregation of
APG Asset Management US, Inc.	Our Lady of the Cenacle, Inc.
Aquinas Associates	NorthStar Asset Management
Ausbil Investment Management Ltd	Northwest Coalition for Responsible Investment
Australian Ethical Investment	Ostrum Asset Management (formerly Natixis Asset
Aviva Investors	Management)
Benedictine Coalition for Responsible Investment	Pensionskasse Caritas, Switzerland
Benedictine Sisters of Mount St. Scholastica	Pensionskasse der Stadt Winterthur, Switzerland
Bernische Lehrerversicherungskasse, Switzerland	Pensionskasse Stadt Luzern, Switzerland
Boston Common Asset Management	Pensionskasse Unia, Switzerland
Caisse de pensions de l'Etat de Vaud (CPEV),	Prévoyance Santé Valais (PRESV), Switzerland
Switzerland	prévoyance.ne, Switzerland
Caisse de pensions ECA-RP, Switzerland	Priests of the Sacred Heart, US Province
Caisse de prév. des Fonctionnaires de Police & des	Principled Investing LLC
Etablissements Pénitentiaires, Switzerland	Profelia Fondation de Prévoyance, Switzerland
Caisse de Prévoyance des Interprètes de Conférence	Prosperita Stiftung für die berufliche Vorsorge,
(CPIC), Switzerland	Switzerland
Caisse intercommunale de pensions (CIP),	Region VI Coalition for Responsible Investment
Switzerland	Retraites Populaires, Switzerland
Candriam Investors Group	School Sisters of Notre Dame - CPP Corporate
CAP Prévoyance, Switzerland	Responsibility Committee
CCAP Caisse Cantonale d'Assurance Populaire,	School Sisters of Notre Dame Cooperative
Switzerland	Investment Fund
Christian Brothers Investment Services	School Sisters of St. Francis
Christian Super	Seventh Generation Interfaith Coalition for
Church of Sweden	Responsible Investment
CIEPP - Caisse Inter-Entreprises de Prévoyance	ShareAction
Professionnelle, Switzerland	Shareholder Association for Research & Education
Congregation of Holy Cross, Moreau Province	Sister of the Holy Cross
Congregation of Sisters of St Agnes	Sisters of Bon Secours, USA
Congregation of St. Joseph	Sisters of Charity of Nazareth Corporate
C.S de Comisiones Obreras,FP	Responsibility Office
Dana Investment Advisors	Sisters of Charity of Saint Elizabeth
Daughters of Charity, Province of St. Louise	Sisters of Charity of Saint Vincent de Paul of New

Dominican Sisters	York
Dominican Sisters - Grand Rapids	Sisters of Charity, Halifax
Dominican Sisters of Hope	Sisters of Notre Dame Base Communities
Ecumenical Council for Corporate Responsibility	Sisters of Providence - Mother Joseph Province
ERAFP	Sisters of Saint Joseph of Chestnut Hill,
Etablissement Cantonal d'Assurance (ECA VAUD), Switzerland	Philadelphia, PA
Ethos Foundation, Switzerland	Sisters of St. Dominic of Blauvelt, New York
Everence and the Praxis Mutual Funds	Sisters of St. Dominic/Racine Dominicans, SRI Committee
Figure 8 Investment Strategies	Sisters of St. Francis Charitable Trust, Dubuque
Fondation de la métallurgie vaudoise du bâtiment (FMVB), Switzerland	Sisters of St. Francis of Philadelphia
Fondation Leenaards, Switzerland	Sisters of St. Joseph of Boston
Franciscan Sisters of Allegany NY	Sisters of the Presentation of Aberdeen SD
Franciscan Sisters of Perpetual Adoration	Social Justice Committee, UU Congregation at Shelter Rock
Friends Fiduciary Corporation	Socially Responsible Investment Coalition
GES International	Solaris Investment Management
Greenvest	Stiftung Abendrot, Switzerland
Hexavest	Strathclyde Pension Fund
IVM Caring Capital	T'ruah: The Rabbinic Call for Human Rights
JLens	Terre des hommes, Switzerland
Justice, Peace and Reconciliation Commission, Priests of the Sacred Heart, US Province	The Pension Boards-UCC, Inc.
Local Government Super	Tri-State Coalition for Responsible Investment
Maryknoll Sisters	Trillium Asset Management
Mennonite Education Agency	Triodos Investment Management
Mercy Investment Services, Inc.	Trusteam Finance
Midwest Coalition Responsible Investment	Unitarian Universalist Association
Miller/Howard Investments, Inc.	United Methodist Women
Mirova	United Reformed Church
Missionary Oblates of Mary Immaculate	Ursuline Sisters of Tildonk, U.S. Province
	Vancity Investment Management Ltd.
	VIP eV - association of institutional shareholders
	Walden Asset Management
	Wespath Investment Management