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Update: Brands' responses to Tazreen and Rana Plaza compensation demands



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An overview of the current status of brands and their compensation for the victims.

Tazreen

The total amount of long-term compensation for the injured and deceased workers at Tazreen is calculated to be 5.7 million USD. The brands are requested to collectively pay 45% of this amount, while other stakeholders including the Bangladeshi government, Bangladesh Garment Manufacturers and Exporters Association (BGMEA) and the employer are called upon to pay the remaining 55%. In addition, medical costs for injured workers need to be paid.

On the **15th of April 2013**, the companies sourcing from Tazreen were invited by the global union IndustriALL to discuss their contributions to the long-term compensation for the injured and dead Tazreen workers. **C&A, KIK** and **El Corte Ingles** attended the meeting, at which the exact amount of contribution from each company was agreed. CCC is currently in dialogue with C&A to agree how their previous commitment to pay wages and medical costs for the injured workers, provide financial support to the children of the deceased workers and other payments made to families will fit into this scheme. El Corte Ingles and KIK have not yet confirmed that they will pay the amounts of compensation requested. **Piazza Italia** is denying production at Tazreen, although products carrying their labels were found at the factory. Piazza Italia initially committed to contributing to the compensation fund prior to the 15th April meeting, but backed out on that commitment in a follow up meeting with the CCC. Instead they have offered a small voluntary donation to the CCC to give to victims. This is not an acceptable replacement for genuine compensation.

In an outrageous display of indifference to the suffering of Bangladeshi families, major US corporations **Walmart, Sears/Kmart, Enyce (SeanJean)** and **Disney**, refused to pay any compensation to the victims and failed to attend the meeting. Other companies sourcing from Tazreen include Hong Kong based trader **Li & Fung, Teddy Smith** (France), **Edinburgh Woollen Mills** (UK) and **Dickies** (US). All failed to attend the meeting

and all have refused to engage with the trade unions directly to arrive at full and fair compensation for all victims.

Of these brands only Li & Fung has made any contribution, providing 100,000 taka (approx. 980 euro) to families of the identified dead workers. They have also committed to pay a monthly stipend to the children of the deceased workers until they reach the age of 18 years.

Karl Rieker claims it has given donations through their agents and have now stated that they are willing to discuss their contribution to the compensation scheme.

Rana Plaza

a. Brands sourcing from Rana Plaza

Updates made 31 July 2013: New brands linked to Rana Plaza: Adler Modemärkte (Germany) and Sons and Daughters (Kids for Fashion, Germany) confirm production at Rana Plaza factories to CCC / media, and Store 21 (UK) labels identified in the rubble at the Rana Plaza site. Auchan (France) admit possibility of illegal subcontracting.

Thus far **Adler Modemärkte** (Germany), **Benetton** (Italy), **Bon Marche** (UK), **Camaieu** (France), **Cato Fashions** (USA), **The Children's Place** (USA), **Cropp** (LPP, Poland), **El Corte Ingles** (Spain), **Joe Fresh** (Loblaws, Canada), **Sons and Daughters** (Kids for Fashion, Germany), **Kik** (Germany), **Mango** (Spain), **Manifattura Corona** (Italy), **Matalan** (UK), **NKD** (Germany), **Premier Clothing** (UK), **Primark** (UK/Ireland), **Texman** (PVT, Denmark), Walmart (US) and YesZee (Italy) have acknowledged, either directly to the CCC or through media statements, that they had recent or trial orders in the Rana Plaza factories.

Walmart (US) claims that they did not permit production at one of the factories housed in Rana Plaza, but do not deny evidence found on-site proving that one of their contractors had produced jeans in one of the factories less than one year before the collapse. Labels relating to **YesZee** were found at the site and, in a phone call with the CCC, they admitted that they were sourcing at one of the Rana Plaza factories through an agent. The company has since threatened CCC with legal action if their name is linked with Rana Plaza in our public communication.

A **Carrefour** (France) label was found in the rubble, but they continue to deny any relationship with the factories inside Rana Plaza.

Store 21 (UK) and **Auchan** (France) labels were found in the rubble at the Rana Plaza site. Store 21 have not acknowledged production. Auchan admitted the possibility of illegal subcontracting.

Companies that have been producing at Rana Plaza or worked with agents buying from factories located in the building, although claiming it was before 2012, include **C&A** (Belgium), **Dress Barn** (US), **Gueldenpfennig** (Germany), **Lefties** (Inditex, Spain), **Mascot** (Denmark), and **Pellegrini** (Italy).

We are continuing to collect and compile information from the ground as we remain convinced that more brands and retailers were sourcing from the five factories at Rana Plaza. These brands are remaining silent about their link to the factory and failing to step forward and take responsibility for these deaths and injuries. This lack of transparency remains a real barrier to ensuring that the victims of this collapse receive the compensation they deserve.

b. Compensation

Under the UN Guidelines on Business and Human Rights companies have a responsibility not only to carry out due diligence in regard to the protection of human rights, but to provide remedy should the worst happen. In the case of Rana Plaza the deaths and injuries arose out of a failure to carry out due diligence, despite the known risks to workers as a result of poor building and fire safety. It is therefore the responsibility of all brands that had a direct or indirect relationship with the factories located at Rana Plaza to contribute to this remedy, regardless of the length or nature of this relationship.

With an official death toll of 1131 workers and an estimated 1650 workers admitted to hospital following the Rana Plaza collapse on 24th of April, we estimate that at least 54 million euros (71 million USD) will be needed to provide full compensation to the affected families. This calculation is based on an established formula developed by Bangladeshi and international trade unions following previous fire and safety accidents in Bangladesh. The formula is based on standards set by the ILO.

The estimated figure includes compensation for pain and suffering, as well as long-term loss of earnings for families of deceased workers, and injured workers not able to return to work. It does not include medical costs and rehabilitation for physically injured workers, psychological support or payment of wages and legal severance to those rendered unemployed.

Current position on compensation, last updated 31 July 2013

So far, only **Primark** have confirmed that they will pay long-term compensation to the victims of Rana Plaza, in line with the existing framework established by the Bangladeshi unions and used in the follow up on previous fires in Bangladesh. Since the disaster Primark have been working with trade unions to collect data and provide short term relief to victims.

No other company has confirmed they will pay compensation according to the existing framework established by the Bangladeshi unions, and until they do so, continue to fail workers.

The Canadian company **Loblaws** and Spanish company **El Corte Ingles** have said they will pay something to those affected, but still must confirm if this will follow the established union-developed formula for compensation for loss of income, pain and suffering and support to education.

Manifattura Corona and **KIK** claim they have been giving support for immediate relief. **Matalan**, **Camaieu**, **Premier Clothing** and **PVT** have agreed to make some form of financial contribution but provide no details on their concrete commitments. **Benetton** have stated that they will provide support that will include artificial limbs, surgery, psychological support and training for survivors and workers. After being contacted by the CCC, **Adler Modemärkte** have offered a small charitable donation.

NKD and **Bon Marche** have responded to our campaign, but have not agreed to any concrete steps so far on compensation.

Mango refuse to take any responsibility for the Rana Plaza victims despite having placed a trial order with one of the factories. Similarly, **LPP** refuse to take responsibility for paying compensation.

The CCC is also calling on Business Social Compliance Initiative to take an active role in compensation. Audits of two factories in the Rana Plaza were carried out against the BSCI code of conduct; both failed to reveal that

the building wasn't compliant with legal standards.

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