Why producing a report doesn't make Benetton's contribution any more credible.

Sam Maher of the CCC, responds to Benetton’s announcement and the PwC report

Nearly two months since Benetton announced they were going to pay into the Rana Plaza scheme the Financial Times reported on April 16 that the company finally announced their long awaited figure - $1.1million, just a fifth of what Benetton had been asked to contribute by campaigners.

The approach Benetton has taken, to delay for weeks and pay PricewaterhouseCoopers a significant amount of money to write a largely meaningless report, is a cynical attempt to pretend that their donation is based on some kind of technical criteria and thereby credible. While the complicated sums and fancy graphics might sway some, the fact remains that the donation Benetton has made is just as arbitrary, and is no more independently calculated than any other company’s contribution.

The timing of the report makes no sense at all if the Clean Clothes Campaign (CCC) is to believe Benetton's assertion that through it, the company wishes to make a valuable contribution towards filling the gap in the Fund. At the very beginning of the Rana Plaza process the CCC and allies knew that the “who should pay how much” question would be an ongoing problem in campaigning for compensation. For this reason alone we were more than open to suggestions from brands about how to set a level for expected donations. Benetton, which at this time had a seat on the Rana Plaza Coordination Committee which was designing the compensation scheme, was well placed to make a positive contribution to this discussion, but failed to do so. It certainly didn't invest in a report to develop its ideas and further the debate.

In fact, Benetton knows full well that releasing the PwC report now will not help in any way to get more donations to fill the Fund, which is still $6 million USD short of its target. They know that the widely accepted
view by the rest of the industry is that any attempt to link their payments to their commercial relationship is dangerously close to an admission of liability. For this reason no other brand (and particularly not their lawyers) will ever accept the use of such a formula as the one proffered in the PwC report.

Yet even if all the above weren't true and the PwC report itself could be useful, its methodology is fundamentally flawed. In order to come up with any kind of credible calculation, one that would actually result in the filling of the Fund, PwC would need to establish a number of things: the total amount of production carried out by all five factories over the set period, the amount of production that Benetton carried out in this period, the amount needed for full compensation, the other brands that were in all five factories during that year and the production percentages for each of those brands (to ensure full coverage of the scheme). Aside from the amount needed for compensation (calculated and agreed through a process that Benetton neither supported nor funded) everything else is based on conjecture, assumption and incomplete information – a fact roundly acknowledged by PwC in the first few pages of its report.

Given the atmosphere of chaos the industry operates in, there is simply no way of developing a formula that is fair to everyone. There just isn't the basic information available to come up with one, even if the political will to do so was there. In the end there will be informational gaps for whatever formula you use. Given this, the question remains: is it more fair to ensure the victims get what they are owed (and what they have had to wait two years for), or to spend valuable time and money on trying to ensure that the very same brands who allowed such a disaster to happen don't pay a penny more than they have to.

At the CCC, we came from the perspective that the priority was the victims and ensuring the Fund was filled, and filled quickly. The CCC tried many different ways to bring the brands together to negotiate a collective process to establish jointly what each would pay to meet that total. This was met with total refusal – including from Benetton. Instead each brand has come up with their own internal justification for the amounts they want to pay – from Primark's decision to simply pay all the compensation from one factory, to Matalan's, admittedly odd, claim that they were paying back the profit made and now to Benetton's production volume formula. None of these approaches can be truly verified, all will leave gaps in the system and all in the end are simply a voluntary contribution based on whatever the company decides. Even the apparently generous "paying for one factory" approach delivered by Primark has led to confusion with victims finding themselves unable to prove which factory they worked for. In sum, Benetton's and PwCs methodology is no less arbitrary or no more robust than anyone else's.

For almost two years Benetton has refused to contribute to the Fund. They are paying $1.1 million now, one week before the second anniversary of the collapse, because it became politically unacceptable to do nothing. Many suspected that Benetton's donation was likely to be around $1 million regardless, but that they needed to find an excuse for not paying more given the amount still needed and the proximity to the anniversary.

In the end, Benetton have paid a large amount of money to come up with a meaningless document that should fool no-one and does not assist in any way the urgent need to fill the funding gap. By refusing to pay in earlier it has delayed payments to workers who are in desperate need, and has actually undermined the ability of proponents of the Fund to bring in money from other sources.
Benetton deserves no congratulations for their measly contribution. They have shown their true colours once again and they aren't pretty.

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