



CONFIDENTIAL

INVESTOR STATEMENT ON BANGLADESH

May 14th, 2013

In light of a series of recent calamities in Bangladesh apparel manufacturing plants resulting in an overwhelming loss of life, we, the undersigned investors, are calling on industry leaders to implement systemic reforms that will ensure worker safety and welfare, and to adopt zero tolerance policies on global supply chain abuses.

The November fire in the Tazreen garment factory, the collapse in April of the Rana Plaza, and a second deadly fire on May 8th in a sweater factory in Dhaka have resulted in the death of over 1,500 garment workers and at least another 1,000 seriously injured. While these individual incidents have different root causes, collectively, they are a grave indictment of the human rights record of Bangladesh, and an illustration of the failure of the global companies that manufacture and source their products there to ensure humane working conditions.

The current model, which assures customers in North America and Europe will have a ready supply of inexpensive and up-to-the-minute fashion, incentivizes corruption and lax oversight as low-cost producing nations compete in a race to the bottom for garment manufacturing contracts. Local governments can turn a blind eye to audit irregularities in an attempt to attract investment to their struggling economies. Global companies have seen their valuable brands put at risk by a shell game that makes oversight near-impossible, as local suppliers move manufacturing to unsafe factories without their clients' knowledge. Caught in the middle are poor and largely unskilled factory workers with no recourse but to risk their lives by continuing to report for work every day in factories they know to be hazardous, only to earn a wage considered indecent by any international standard. Clearly, the current model is broken.

As shareholders who have been engaging apparel companies and retailers to foster responsible sourcing practices, including human rights due diligence with robust audit oversight in global supply chains, we see the events in Bangladesh as a watershed moment for the industry. Regardless of whether products are being sourced from Bangladesh, Guatemala, China or the Philippines, morality dictates that the price/value calculus for all manufactured goods must begin with the fundamental human rights of workers, including health and safety, freedom of association and collective bargaining and a living wage.

We call on brands and retailers to collectively pledge to implement the internationally recognized labor standards of the International Labor Organization. Further, we expect companies to acknowledge their human rights responsibilities as delineated in the "protect, respect and remedy" framework of the *UN*

Guiding Principles on Business and Human Rights. These principles affirm the duty of governments to *protect* the human rights of their citizenry and the responsibility of companies to *respect* human rights regardless of where they do business, and further, to provide *remedy* in the case of human rights abuse.

Acting alone, companies can and do bring about meaningful and positive changes in human rights in the countries where they source and manufacture, and we encourage companies to be part of the solution to ensure better working conditions in Bangladesh. But when faced with intransigence of the type we have historically seen in Bangladesh on worker safety issues, we are convinced that systemic change will only occur when companies take action together. They must use the full force of their commercial power to press for reforms. The Bangladesh Garment Manufacturers and Export Association has a special responsibility to bring its members into compliance with basic safety measures.

As an immediate response to the crisis in Bangladesh we appeal to companies to:

- Join the multi-stakeholder initiative--the Accord on Fire and Building Safety--that includes the International Labor Organization, non-governmental organizations, trade unions and companies, to implement plans with measurable goals to address all aspects of fire and building safety in a timely manner.
- Commit to strengthening local trade unions and to ensuring a living wage for all workers.
- Publicly disclose all their suppliers including those from Bangladesh, the programs they have in place to ensure the safety and health of all their workers and their performance against these goals including any corrective action.
- Ensure that appropriate grievance mechanisms and effective remedies for affected workers and families, including compensation, are in place.

The horrific loss of life in Bangladesh serves to once again highlight the difficulties in building accountability into global supply chains. As investors, we also bear responsibility to enhance the power of the private sector to effect positive change by engaging companies to ensure that human rights remain at the core of their business models.

We will engage the relevant companies we hold, asking for meaningful and transparent implementation of safeguards to prevent future Rana Plazas from occurring.