



# Compensating the Victims of Rana Plaza

**Resolving the Funding Crisis**

March 2015



*“It will be unacceptable if all legitimate claims were not fully honoured. I am calling on all stakeholders to step up to the plate and ensure the Trust Fund target is reached.”*

*GILBERT HOUNGBO, ILO DEPUTY DIRECTOR-GENERAL*

*“And when, as in the case of Rana Plaza, there is failure to protect and respect human rights in the workplace then governments and companies must ensure effective remedies, including adequate compensatory payments.”*

*PROFESSOR JOHN RUGGIE*

**Trade unions and NGOs call on governments to use their leverage and coordinate collective action to raise the missing \$9 million for the Rana Plaza Donors Trust Fund, before the second anniversary on the 24 April 2015.**



### 1. What's the background?

In April 2013, the Rana Plaza building in Savar collapsed killing and injuring thousands of garment workers. The tragedy placed the garment industry under the spotlight as never before. For the 1,138 families who lost loved ones and the more than 2,000 workers who suffered injuries, it was clear that compensation would be needed to help injured workers and families start the process of rebuilding their lives.

### 2. How much is needed and how is it being collected?

The initial estimated amount required to cover the costs of all claims was \$40 million. In January 2014, the Rana Plaza Coordination Committee established the Rana Plaza Donors Trust Fund to collect voluntary donations from companies and others. The ILO is the Trustee for the Fund, the sole purpose of which is to finance the compensation claims filed. In December 2014, the Rana Plaza Coordination Committee revised downwards its estimate of the costs from \$40 million to \$30 million.

### 3. How much should individual brands pay?

The Coordination Committee did not set any mandatory minimum amount for individual brands to pay, nor develop a formula for calculating payments. Instead there

was an agreement among stakeholders that all brands with confirmed links to Rana Plaza and/or significant ties to Bangladesh, would be asked to make a significant contribution. Donations were supposed to reflect the ability of each brand to pay, their relationship to Rana Plaza and the links they have to Bangladesh. This approach has so far failed. Companies have either made donations smaller than the amount required, or have failed to make any contribution at all.



**As of 18 March 2015, the total amount raised by voluntary company donations is c \$21 million, leaving \$9 million outstanding.**

### 4. What's at stake?



**Unless the funding gap is filled in the coming days and weeks it will not be possible to compensate in full victims and their families whose lives have been devastated by this disaster, before the second anniversary on the 24th April 2015.**

All eligible beneficiaries<sup>1</sup> received their first 40% by the 18 December 2014. There is currently enough money in the Trust Fund to make a second 30% payment. This was

<sup>1</sup> A small number of claims are still under discussion by the Rana Plaza Claims Administration.

approved by the Rana Plaza Coordination Committee on 3 March 2015. Without the missing \$9 million, however, the Trust Fund will not be able to meet the costs of the remaining 30%, meaning that victims will receive only 70% of what they are due. Furthermore, it will not be possible to pay the medical costs of those victims requiring long-term medical care, nor the supplementary payments ear-marked for deceased and injured workers whose compensation award fell below a minimum threshold.

So close to the finishing line, there is an urgent need to make up the shortfall in funds. Failure to do so would be a moral outrage. It would also undermine the long-term goal of providing a permanent and sustainable system for compensating victims of workplace injuries in Bangladesh.

## 5. Do governments have a mandate to help?

Yes. Governments have a clear mandate to help ensure that the victims of the Rana Plaza disaster are compensated in full and on time. Under the State Duty to Protect against business-related human rights abuse, States should have in place non-judicial grievance mechanisms that are part of a wider system of providing access to effective remedy. Remedy includes financial compensation.

### BOX 1: MEETING THE STATE DUTY TO PROTECT

In June 2014, on the occasion of the OECD meetings on Responsible Business Conduct, Ministers from Denmark, France, Germany, Italy, the Netherlands, Spain and the UK signed a statement recommending that “companies that sourced in Rana Plaza donate generously to the Trust Fund, either for the first time, or with a second contribution to come to an appropriate amount”. This statement was welcomed by the European Commission. In February 2015, Governments developed a collective strategy for raising the missing \$9 million.

## 6. What should Governments do?

Trade unions and NGOs call on governments to use their leverage and coordinate collective action to raise the missing **\$9 million** for the Rana Plaza Donors Trust Fund, **before the second anniversary on the 24 April 2015.**

### We are asking home governments to:

1. Meet with the CEOs of brands that have confirmed links to Rana Plaza and/or significant ties to Bangladesh that have not yet made a donation and call on them to make a significant contribution to the Trust Fund and to publicly disclose this contribution on the Rana Plaza Arrangement web site;

2. Meet with the CEOs of brands that have confirmed links to Rana Plaza and/or significant ties to Bangladesh, which have already made a donation to request that they increase their financial contribution to the Trust Fund and publicly disclose this contribution on the Rana Plaza Arrangement web site;
3. Meet with National Apparel Federations and request that they make a solidarity payment to the Trust Fund;
4. Meet with institutional investors whose portfolio includes MNEs that source from Bangladesh to request that they make a solidarity payment to the Trust Fund;
5. Provide public match funding, either to the Trust Fund or to an ILO-led project to develop workplace accident compensation coverage in the Ready-Made Garment sector in Bangladesh, in order to leverage private sector contributions to the Trust Fund;
6. Enter into high level discussions with the Bangladesh Government with a view to increasing significantly the contribution made by the Prime Minister’s Fund to the Trust Fund. **The G7 should use its collective leverage in this regard, given the priority assigned to decent work in supply chains under the German Presidency.**
7. Enter into discussions with the BGMEA with a view to securing a significant contribution to the Rana Plaza Donors Trust Fund.



## BRANDS CONTRIBUTION TO THE RANA PLAZA DONOR TRUST FUND

This table lists those brands that have been linked with factories in the Rana Plaza building. Other brands that have not been linked to Rana Plaza, including H&M, Gap and N Brown, have also made donations to the Trust Fund.

Company	Country	Donation to Trust Fund	Amount Donated/Comment
<b>Very small brands (estimated profit below \$20 million)</b>			
Bon Marche	UK	✓	Undisclosed contribution to the Trust Fund - estimated to be very small. Contributed to the third round of short term relief payments made through Primark.
Grabalok	UK	✗	
Premier Clothing	UK	✓	Undisclosed contribution to the Trust Fund - estimated to be very small.
PWT	Denmark	✗	Claims to have made a donation via the Bangladesh garment Manufacturers and Employers Organisation 31 July 2013
Mascot	Denmark	✓	Initial, undisclosed donation to the Trust Fund
Gueldenpfennig	Germany	✓	\$500,000
Camaieu	France	✓	Undisclosed contribution to the Trust Fund - estimated to be very small.
NKD	Germany	✗	
KANZ/KidsFashion (Group)	Germany	✗	
Manifattura Corona	Italy	✗	
<b>Small brands (estimated profit between \$20 million - \$100 million)</b>			
Adler Modemärkte	Germany	✗	Made a 20,000 donation to an undisclosed charity in Bangladesh
Cato Fashions	USA	✗	
YesZee	Italy	✗	
<b>Medium brands (estimated profit between \$100 million - \$300 million)</b>			
LLP	Poland	✓	Undisclosed contribution to the Trust Fund - estimated to be very small
Mango	Spain	✓	Undisclosed contribution to the Trust Fund - estimated to be very small
Benetton	Italy	✗	Undisclosed donation to a charity scheme run by BRAC. Benetton have pledged to make a donation but the amount is still unknown.
Kik	Germany	✓	\$1 million (second payment made in July)
El Corte Ingles	Spain	✓	Undisclosed contribution to the Trust Fund - estimated to be very small
C&A	Belgium	✓	\$690,000
Matalan	UK	✓	Unknown, but estimated to be around \$100 000
The Children's Place	USA	✓	\$450,000 (estimate) via BRAC USA
Ascena Retail	USA	✗	
Roberto di kappa	Italy		
Iconix (lee Cooper)	USA	✗	
<b>Large brands (estimated profit between \$300 million - \$1 billion)</b>			
Auchan	France	✓	\$1.5million
Loblaws	Canada	✓	\$3,370,620
Primark	UK/Ireland	✓	Contributed \$1million directly to the Trust Fund. In addition Primark paid an estimated \$7 million directly to around 600 beneficiaries of the New Wave Bottoms Factory, which should be offset against its total contribution (total = \$8 million).
J C Penney	USA	✗	
LC Wakiki	Turkey	✗	
<b>Mega brands (estimated profit over \$1 billion)</b>			
Inditex	Spain	✓	Undisclosed contribution to the Trust Fund - estimated at less than \$1 million. Claims to have contributed to the fund of the Bangladesh Garment Manufacturers and Employers Organisation
Carrefour	France	✗	Carrefour is one of the biggest buyers in Bangladesh.
Walmart	USA	✓	\$1million (estimate) via BRAC USA