

## **THE RANA PLAZA TRAGEDY: THE FACTS AND BENETTON'S COMMITMENT**

### **THE FACTS**

Rana Plaza was a building on the outskirts of Dhaka.

From 2007, the Rana Plaza building housed a number of local garment factories manufacturing products for many international brands.

On April 24<sup>th</sup> 2013, the day of the tragedy we all remember, the factories in Rana Plaza should have been closed. The building had been declared unsafe 24 hours earlier during an inspection by the Bangladesh Industrial Police, who had been called out by workers who had seen cracks in the walls on multiple floors.

But this did not happen. While the first and second floors were evacuated, the owners of the factories on the 3<sup>rd</sup> to the 8<sup>th</sup> floors ignored the inspectors' recommendations and culpably decided to continue work.

Rana Plaza collapsed on April 24<sup>th</sup> 2013, resulting in the loss of over 1100 lives—the greatest tragedy in the history of the textiles industry.

Rana Plaza's factories worked for 29 major companies, acting as a supplier to some on an uninterrupted basis and with permanent organizations. Benetton bought some products only for a few months and, on the day of the collapse, was already no longer present. In fact, every relationship with Rana Plaza had been cut on April 3d 2013. Therefore, the supplier was no longer on the register of suppliers.

A few hours after the event, and following an initial check, Benetton erroneously affirmed that it did not have any supplier relationship - either direct or indirect - with the factories based in Rana Plaza: that supplier did not, in fact, appear on any corporate list.

Benetton's supply chain is complex: the company operates in multiple countries and works with hundreds of suppliers who, when necessary, may also outsource their work. Reconstructing an accurate timeline of the facts, and clarifying the company's position, took a number of days.

On completing all the checks, Benetton then immediately corrected its position and confirmed the existence of previous orders that a particular Indian supplier had, in turn, subcontracted to Rana Plaza.

The amount produced for Benetton represented 1.8% of the total production at Rana Plaza during the last 12 months, with 98.2% of production being carried out for other brands, some of which had a fixed presence at Rana Plaza. In total, Benetton represents less than 0.4% of Bangladesh's textiles sector.

UNITED COLORS  
OF BENETTON.

## **BENETTON'S COMMITMENT**

Benetton quickly moved into action in the immediate aftermath of the Rana Plaza tragedy by promoting the Bangladesh Accord On Fire and Building Safety, of which we were one of the first five signatories. This is an initiative to contribute to the improvement of overall safety conditions for workers in the Bangladesh. Benetton has since unilaterally decided—in what is probably a world first—to progressively apply the same principles to producers in other world markets.

Furthermore, in May 2013 - with no multi-stakeholder initiative as yet in place - Benetton launched its own programme, donating USD 500,000 to support 280 Rana Plaza victims and their families. The program was carried out in partnership with BRAC, the primary NGO based in Bangladesh.

In January 2014 the Rana Plaza Trust Fund was established, with the goal of raising \$30 million as part of a programme of compensation for the victims of the collapse. Benetton always supported this initiative and repeatedly requested sufficient clarity over the mechanisms that regulate contributions and determine the indemnity to the victims, as well as transparency concerning the contributions provided.

In the absence of such elements, Benetton entrusted one of the world's most important, independent auditors (PwC) to quantify the level of contributions, and also asked WRAP (an NGO specialising in human rights within supply chains) to apply their ethical principles to the report. On receipt of the evaluation, Benetton decided to double the recommended contribution amount, thus donating USD 1.1 million to the Rana Plaza Trust Fund, and bringing the total amount set aside to support the victims and their families to USD 1.6 million. If all the other brands involved had applied the criteria adopted by Benetton, the fund would have raised USD \$60 million.