

# Dangerous Delays on Worker Safety

Walmart, Gap, VF, Target & Hudson's Bay Have Failed to Address Deadly Hazards in Many Factories, But Bangladesh Alliance Downplays the Problem with Rosy Status Reports

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Tazreen Fashions factory, after Nov. 24, 2012, fire.



Three and a half years after the catastrophic Rana Plaza building collapse, major apparel brands and retailers that are part of the Alliance for Bangladesh Worker Safety – including Gap Inc., Target, VF Corporation, Hudson’s Bay Company (HBC), and Walmart<sup>1</sup> – are failing to fulfill their commitments to make their supplier factories safe, leaving hundreds of thousands workers at risk. Rather than hold member companies accountable, the Alliance is concealing their lack of action by refusing to publish detailed information on factory progress and by reporting some factories as “On Track” on safety renovations when, in fact, they have failed to implement key renovations by mandated deadlines.

## Background

In 2013, the Alliance for Bangladesh Worker Safety (“the Alliance”) and the Bangladesh Accord on Fire and Building Safety (“the Accord”) were established with the purpose of averting further factory disasters in the country by addressing, through repairs and renovations, the structural, fire, and electrical safety hazards that were commonplace in factory buildings. Following years of factory fires that resulted in hundreds of worker fatalities, and following the Rana Plaza collapse, which killed 1,134 workers in the deadliest disaster in the history of the global garment industry, these two five-year agreements brought together approximately 250 international clothing brands and retailers (and, in the case of the Accord, international and Bangladeshi labor unions) to improve safety in their supplier factories.

In the past year, labor rights organizations have published progress reports on the state of safety efforts in Bangladesh and pressed brands to speed up the pace of renovations.<sup>2</sup> Until now, assessments of progress have focused on brands that are signatories to the Accord, because the Accord’s strong transparency provisions – which ensure that there are detailed, publicly available updates of progress on factory corrective action plans – facilitated such analysis.<sup>3</sup>

By contrast, the Alliance does not meet a high standard of transparency and this has made it more difficult to objectively measure progress. While the Alliance published corrective action plans (CAPs) for each factory following initial inspections, it has, since those inspections were done, published no detailed updates on factory-by-factory progress. Indeed, there is no way to determine from the information the Alliance makes available whether there has been progress

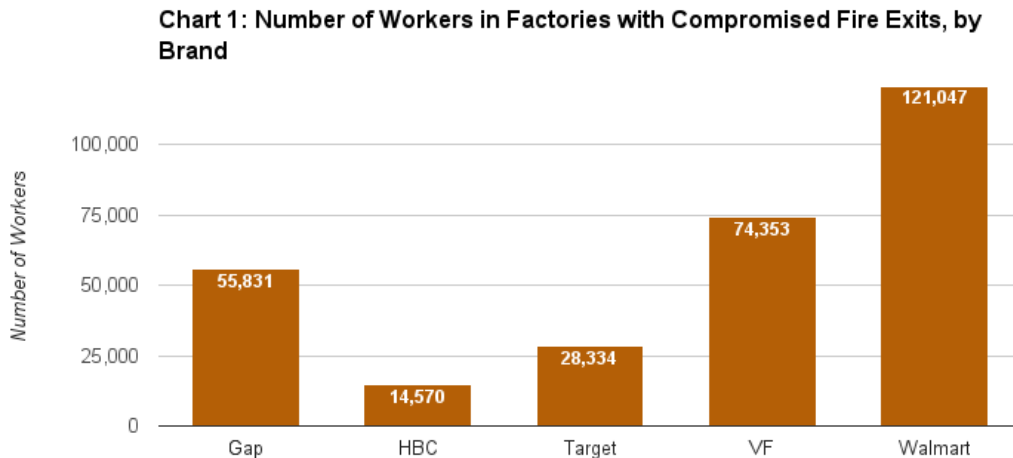
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<sup>1</sup> Walmart subsidiaries include Asda (UK), Massmart (South Africa), and Seiyu (Japan). VF Corporation own 23 brands, listed at <http://www.vfc.com/brands/all-brands>. In 2015, Canadian Hudson’s Bay Company (HBC) acquired major German and Belgium department store groups Galeria Kaufhof and Galeria Inno from Metro. HBC recently announced that by 2017 it will take over up to 20 locations formerly occupied by the bankrupt Dutch department store chain V&D; the stores will operate as “Hudson’s Bay” and “Saks Off Fifth.” As both Metro and V&D were Accord signatories, this means that sizeable European brands and market shares are being transferred from the Accord to the far less transparent and accountable Alliance.

<sup>2</sup> CCC, ILRF, MSN, and WRC published a report and two updates evaluating H&M’s progress on compliance with Accord remediation requirements. These publications are available at <http://laborrights.org/hmcapsreport>, <http://laborrights.org/hmcapsmemo12016>, and <http://laborrights.org/hmcaps516>.

<sup>3</sup> The Accord CAPs are detailed factory-level spreadsheets documenting inspection results, the required repairs and renovations, designated deadlines for each identified remediation item, and progress status on each item. The Accord CAPs are available at <http://accord.fairfactories.org/ffcweb/Web/ManageSuppliers/InspectionReportsEnglish.aspx>.

on any of the specific safety renovations required at each factory (for example, installation of fire doors, upgrading of alarm systems, repair of damaged structural columns, etc.). The only information the Alliance provides is an overall “status” designation, stating whether or not a factory is “On Track” with safety renovations in general.<sup>4</sup>



However, despite the absence of detailed information from the Alliance, the authors of this report have been able to make a detailed assessment of the safety performance of a number of Alliance member brands, using non-Alliance data sources. Because some Alliance factories also produce for Accord signatory brands, detailed data on safety progress is available for these factories from the Accord, including the status of each required safety renovation in each factory building. Although the Alliance does not disclose which factories are used by which of its member brands, we have been able to generate Bangladesh factory lists for five Alliance brands using the public factory data these brands disclose themselves and/or public records of shipments of clothing received at US ports. These companies are Gap Inc., HBC, Target, VF Corporation, and Walmart. Notably, with the exception of HBC, all of these brands have been implicated in fatal factory fires in Bangladesh.<sup>5</sup>

We identified 175 factories which supply one or more of these five Alliance member corporations and for which the Accord publishes detailed progress reports.<sup>6</sup> We included only

<sup>4</sup> Factory status designations are available at <http://www.bangladeshworkersafety.org/factory/alliance-factory-status>. Aggregate statistics are available at <http://www.bangladeshworkersafety.org/progress-impact/alliance-statistics>.

<sup>5</sup> Walmart was the largest producer at Tazreen Fashions, the factory where 112 workers died in 2012. Target, Gap, and VF were all producers at That’s It Sportswear when it burned in 2010, killing 29. Neither of these factories had proper fire exits.

<sup>6</sup> Most Alliance members do not disclose their supplier factories. Supplier factories for Gap, Hudson’s Bay Company, Target, and VF are from their publicly disclosed factory lists (accessed Sept. 23, 2016): <http://www.gapincustainability.com/sites/default/files/Gap%20Inc%20Factory%20List.pdf>; <http://www3.hbc.com/hbc/socialresponsibility/hbc-manufacturing-list/>; <https://corporate.target.com/media/TargetCorp/csr/pdf/Target-Global-Factory-List-Q3-2016.pdf>; and [http://static1.squarespace.com/static/55649607e4b0576ead7365cd/t/57a8cf532994caf023249148/1470680916737/VFs\\_GlobalFactoryList\\_Q2\\_08.08.16.pdf](http://static1.squarespace.com/static/55649607e4b0576ead7365cd/t/57a8cf532994caf023249148/1470680916737/VFs_GlobalFactoryList_Q2_08.08.16.pdf). Walmart supplier factories were identified by searching an import database for imports into the US since Sept. 1, 2015, and from inspection reports for Walmart produced by Bureau Veritas. The

factories that underwent comprehensive safety inspections at least one and a half years ago, so all factories in the sample are already well past the original deadlines for the completion of safety renovations.

We assessed the degree of safety progress at these factories, focusing on three critical building safety issues: fire exits, fire alarms, and structural integrity. For each factory, we determined whether, based on the Accord data, the factory has viable fire exits, whether it has installed a properly functioning fire alarm system, and whether any significant structural deficiencies (such as over-stressed structural columns) have been fixed.

It is important to note that almost all of the factories in the sample, like almost all garment factories in Bangladesh, needed significant renovations to meet Alliance and Accord standards in these areas.<sup>7</sup> These necessary renovations were identified through the safety inspection process and set forth in detailed factory action plans, with deadlines for each specific renovation. The mandated deadlines range from “immediate” for repairs and renovations that can be done in a matter of hours or days (such as the removal of locking mechanisms on exit doors) to time-frames up to one year, *at the most*, for certain complex renovations. Thus, a factory inspected in early 2014, like almost all of the factories in our sample, should have had most renovations completed in 2014 and should have completed all renovations by early 2015, at the latest.

Since all of the factories in the sample were inspected more than a year and a half ago, the original deadlines for completing all necessary safety renovations have passed – in most cases, these deadlines expired more than a year ago. Thus, where the data shows that a factory is not up to standard, it means that the factory, and the brands using the factory, have failed to heed explicit, detailed, and time-bound requirements for achieving safe operation, continuing to expose workers to risks of injury or death long after those risks were supposed to have been eliminated.

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latter are accessible via Google: search for “factory-assessment.pdf” + “cdn.corporate.walmart.com” and then click “repeat the search with the omitted results included.”

<sup>7</sup> The Accord and the Alliance utilize the same standards for fire, electrical, and structural safety. See <http://bangladeshaccord.org/wp-content/uploads/building-standard-august-12-2014.pdf> and <http://www.bangladeshworkersafety.org/files/Alliance%20Standard%20V1%201.pdf>.

## Finding: Deficiencies and Delays in Safety Renovations

Of the 175 Alliance factories examined, we found that:

- 47% have major, uncorrected structural problems;<sup>8</sup>
- 62% lack viable fire exits;<sup>9</sup> and
- 62% do not have a properly functioning fire alarm system.

Any of the hazards in these categories could be the cause of injury or death to workers. Structural problems that factories in the sample have failed to address include loads in multi-story factories heavier than the floors can reliably bear, cracks in beams holding up the floors, over-stressed structural columns, and similar deficiencies. Fire exit deficiencies include stairwells discharging inside buildings, rather than leading outside to safety, stairwells lacking fire-rated doors, exit routes compromised by unsealed openings that would allow smoke to enter during a fire, and related issues. Problems with fire alarm systems involve delayed installation of a system or the installation of a system that does not meet standards.

It is important to note that our analysis does not cover all safety hazards; the factories in the sample may have additional uncorrected hazards that are outside the scope of our review (for example, some factories in the sample are required to install automatic sprinklers, but have not done so). Thus, our analysis *understates*, to some extent, the scope of the problems at Alliance factories.

Breaking down the factories by brand, we found the following:

- There are 37 Gap factories in the sample. Of these factories, 28 (76%) have a deficiency in at least one of the three areas. Just over 50% of these factories (19) have deficiencies in at least two of the three areas. Of these 37 Gap factories, 22 (60%) lack adequate alarm systems, 18 (49%) have uncorrected deficiencies in fire exits, and 17 (46%) have structural defects that have not been fixed.

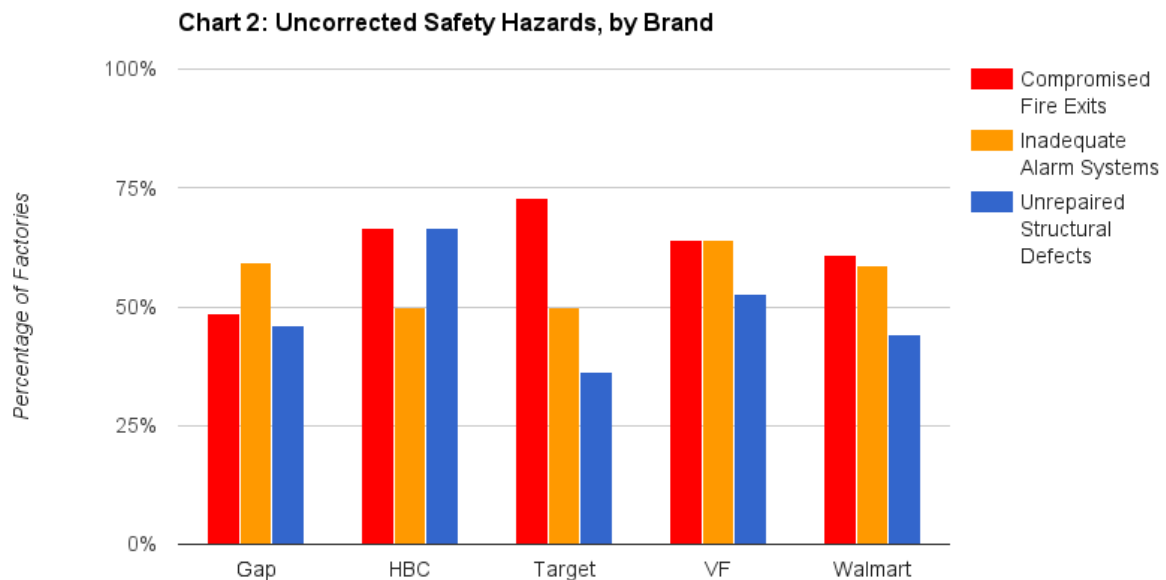
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<sup>8</sup> As “major structural problems,” we counted the Alliance’s high priority items (“structural columns are calculated as strong enough to support the weight of the factory structure, machinery, and workers” and “structural system is free of distress, settlement, shifting, or cracking in columns or walls”) as listed in the Alliance for Bangladesh Worker Safety Annual Report, September 2016, available at

<http://www.bangladeshworkersafety.org/files/ALLIANCE%20THIRD%20ANNUAL%20REPORT%20OCT%202016.pdf>.

<sup>9</sup> We defined “lack of viable fire exits” as the failure to fully implement the Alliance’s high priority items related to emergency egress (“exit enclosures are provided with rated, fire-resistant barriers” and “means of egress are free from impediments, obstructions or stored materials”), as listed in the Alliance for Bangladesh Worker Safety Annual Report, September 2016, available at

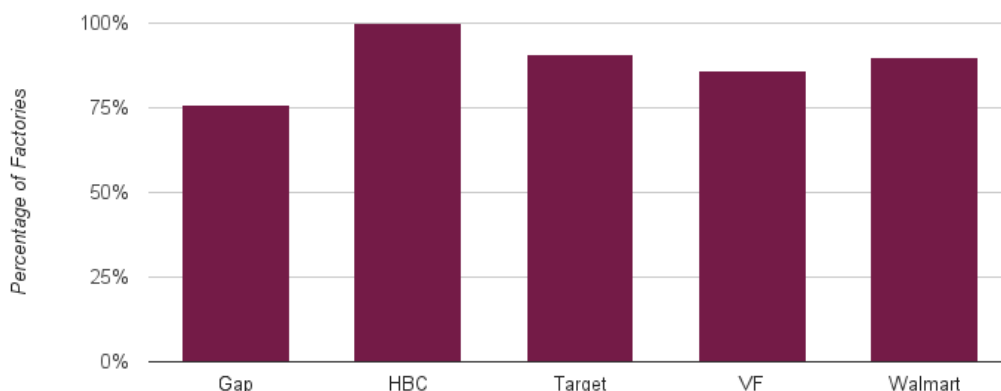
<http://www.bangladeshworkersafety.org/files/ALLIANCE%20THIRD%20ANNUAL%20REPORT%20OCT%202016.pdf>.



- There are six HBC factories in the sample. Each of these factories have a deficiency in at least one of the three areas. Four of these factories (67%) have deficiencies in at least two of the three areas. Of these six HBC factories, three (50%) lack approved alarm systems, four (67%) have inadequate fire exits, and four (67%) have uncorrected structural deficiencies.
- There are 22 Target factories in the sample. Of these factories, 20 (91%) have a deficiency in at least one of the three areas. Ten of these factories (45%) have deficiencies in at least two of the three areas. Of these 22 Target factories, 11 (50%) lack adequate fire alarm systems, 16 (73%) have yet to fix deficiencies in fire exits, and eight (36%) have structural defects that have not been fixed.
- There are 36 VF factories in the sample. Of these factories, 31 (86%) have a deficiency in at least one of the three areas. Twenty-two of these factories (61%) have deficiencies in at least two of the three areas. Of these 36 VF factories, 23 (64%) lack approved alarm systems, 23 (64%) have uncorrected deficiencies in fire exits, and 19 (53%) have uncorrected structural defects.
- There are 102 Walmart factories in the sample. Of these factories, 92 (90%) have a deficiency in at least one of the three areas. Just over half of these factories (55) have deficiencies in at least two of the three areas. Of these 102 Walmart factories, 60 (59%) lack adequate alarm systems, 62 (61%) have uncorrected deficiencies in fire exits, and 45 (44%) have yet to correct structural defects.



**Chart 3: Percentage of Factories with Deficiencies in One or More of the Safety Categories Assessed**



Four of the five brands have failed, in more than half of their supplier factories, to ensure that workers have access to viable fire exits; Gap, the “best performer” on this issue, has failed to do so with respect to 49% of its factories. In each of these brands’ Bangladesh supply chains, at least half of the factories lack proper fire alarms and at least 36% have major structural defects that remain unaddressed.

These deficiencies persist even though most of the factories (96%) in the sample were inspected well over *two years ago*. This lack of progress on critical safety issues violates the commitments these brands made when they created the Alliance: to move expeditiously to address urgent safety problems. Fire exit deficiencies, which generally carried deadlines for repair of *no more than three months*, and which have been the primary cause of most fire-related deaths at garment factories in Bangladesh, should have been addressed at almost all of these factories before the end of 2014.

The lack of progress by these brands and retailers on safety renovations at their Bangladesh factories is placing the lives of hundreds of thousands of workers in jeopardy. For example, the 62 Walmart factories in our sample that do not have fully viable fire exits employ more than 120,000 garment workers. The 18 Gap factories in the sample with compromised fire exits employ more than 55,000 workers. The 23 VF factories without completed fire exits employ more than 70,000 workers. More than 25,000 workers at Target factories lack access to reliable fire exits. At HBC factories, there are more than 10,000 workers in buildings that lack approved fire exits. These numbers represent only the factories in our sample, which includes 71% of Gap’s supplier factories in Bangladesh, 70% of VF’s, 67% of HBC’s, 65% of Target’s, and an unknown portion of Walmart’s.<sup>10</sup> Thus, the number of workers each of these brands is placing at risk is certainly higher. However, the Alliance’s unwillingness to provide any information on the status of specific renovations, such as the creation of viable fire exits, makes it impossible to accurately

<sup>10</sup> Because Walmart refuses to disclose its supplier factories, we do not know what portion of Walmart’s Bangladesh supplier base the factories we were able to identify represent.

quantify the extent of the problem at those factories that are not subject to the Accord's transparency requirements.

The performance of these Alliance brands must be measured against the commitments they made and in light of the fact that years have now passed since the date of those commitments. Many of these brands' factories in Bangladesh have made at least some safety improvements. In some cases, where deficiencies remain on a given issue, there has been partial progress on that issue. In some cases, factories have promised to complete the work within the next few months (though such promises have proven unreliable in many cases in the past). This partial progress is positive, because it makes factories at least somewhat safer. However, these brands did not promise in the wake of the Rana Plaza collapse to make their supplier factories *somewhat safer*; they promised to make them *safe* – and that standard has been very clearly defined in time-bound action plans for each factory. The continued presence of multiple, serious safety hazards in most of these factories might have been somewhat defensible in early 2015 – on grounds of unanticipated delays or logistical challenges in Bangladesh. Not having viable fire exits, adequate alarm systems, and secure building structures, *more than two years* after most inspections were completed, and thereby leaving hundreds of thousands of workers at risk, cannot be defended.

### **Finding: The Alliance is Overstating Safety Progress**

The failure of Gap, Target, VF, HBC, and Walmart to fulfill their commitments to bring about needed safety renovations in a timely manner is compounded by the failure of the Alliance to report accurately on its brands' performance. Instead, the Alliance is overstating the degree of progress being achieved by misclassifying as "On Track" many factories that do not, by any reasonable definition, merit this distinction.

As noted above, the Alliance, in contrast to the Accord, has never provided any detailed updates on factories' progress in implementation of mandated safety renovations. The only information available concerning the status of specific required renovations at Alliance factories is the Accord data we have used for this analysis, which is, of course, only available for Alliance factories that also produce for Accord brands. This means that there is no way of knowing the status of specific safety renovations (from fire door installation, to needed structural repairs, to removal of hazardous electrical wiring) at the 226 factories that are Alliance-only.

The only information the Alliance provides on the progress of safety renovations is a general "status" update for each factory. According to the Alliance, those factories that are following requirements and "progressing adequately" are designated "On Track." Those factories that are "falling behind" or "refusing to follow" requirements for safety renovations receive the designation "Needs Intervention." Factories performing even more poorly are labeled "Critical." Since this system of status designations represents the only information available from the Alliance as to safety conditions at its covered factories, it is obviously important that the designations present an accurate picture.



Unfortunately, the Alliance's status designations, in many cases, do not present an accurate picture. Instead, the Alliance gives the designation "On Track" to many factories that have failed to meet the deadlines for safety renovations.

A reasonable observer might ask how the Alliance can grant a positive rating, in the form of an "On Track" designation, to factories that have missed remediation deadlines, in many cases by a year or more. The answer is that this mislabeling of factories is enabled by a decision the Alliance made, at some point in 2016, to effectively waive all of the deadlines for safety renovations imposed by its own inspectors, or by Accord inspectors, at the time factories were assessed. These deadlines, still visible in many of the original Alliance corrective action plans (CAPs) posted on the organization's website, mostly expired in 2014 or 2015, but the Alliance has chosen to ignore these deadlines in assessing factories' progress.

James Moriarty, Country Director for the Alliance, explained the policy as follows, in a communication to the International Labor Rights Forum:

With respect to the Alliance's metrics for categorizing a factory's progress, we have adjusted our measurements to reflect the core question of whether a given factory will be substantially safe **when the Alliance sunsets in 2018**. "On track" means that we have full confidence that the factory will reach that standard. "Needs intervention" means that a factory could reach that standard, but will need encouragement or prodding to do so. A "critical" factory is one that will need to change its current approach to safety if it is to have any hope of becoming substantially safe by 2018. (Emphasis added.)

The Alliance has never offered any justification for the decision to ignore its own safety deadlines. Nor has the Alliance explained why it is responsible to allow factories four years to carry out life-saving renovations that should have been completed in less than one, while still labeling those factories as "On Track."

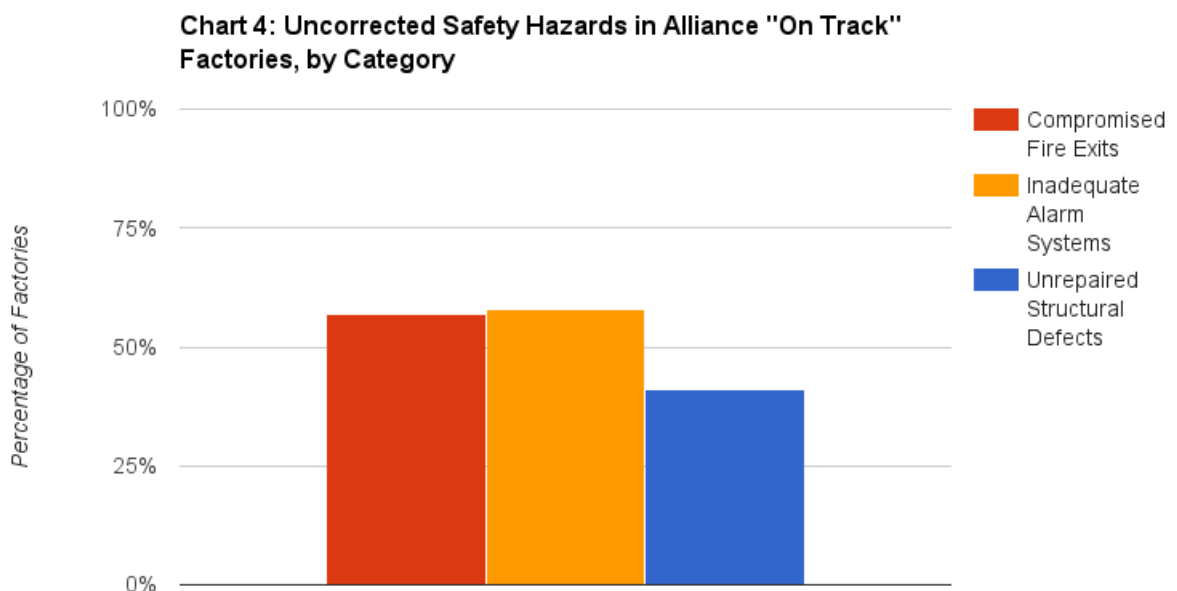
Because there have been substantial delays in safety renovations at both Accord and Alliance factories, both organizations faced a dilemma once the original deadlines had passed for most factories: honest reporting of progress, relative to mandated deadlines, would require publicly acknowledging that a large majority of factories are behind schedule and that comparatively few have gotten the work done as required.

The Accord resolved this dilemma on the side of transparency: most Accord factories, unless they have completed all renovations or were inspected only recently, carry a "Behind Schedule" designation. Because the Accord also provides detailed, regularly updated reports on progress on each required renovation at each factory, interested observers can see for themselves what this designation means in practice at a given facility – what issues have been addressed and on what issues the factory is lagging.

The Alliance made a different choice: to hide the fact that a large majority of its factories are far behind schedule on safety renovations by labeling as "On Track" over a hundred factories (out of

our sample alone) that have missed the very safety deadlines the Alliance’s own inspectors originally imposed.

Of the 175 factories in the five-brand sample we examined, the Alliance labels 107 factories as “On Track” and an additional 11 factories as having completed all renovations: thus, 67% of these Alliance factories receive a positive status designation on the Alliance website. Yet most of these factories – 99 in total – are “falling behind” in one or more of the safety categories we reviewed.<sup>11</sup> In all, 82% of the factories in the overall sample of 175 factories have deficiencies in one or more of these areas and therefore merit a negative designation, yet the Alliance only applies a negative designation to 24%. The Accord, meanwhile, accurately classifies 89% of these factories as “Behind Schedule.”



<sup>11</sup> The International Labor Rights Forum contacted the Alliance to outline the results of the initial findings of this research and seek a response. In his response, the Alliance’s Country Director, James Moriarty, attributed the contradiction between the Alliance’s status designations and the Accord’s detailed progress reports to the fact that the Alliance has recently handled onsite follow-up inspections at many of the factories in question and that the Accord is therefore unaware of the actual state of progress at these factories and its published reports are out of date. This assertion is incorrect. The Accord maintains ongoing communications *with factory managers*, concerning renovation progress, at all of the factories in question. Via these communications, the Accord regularly inquires as to the status of each required renovation, notes any progress reported by factory management, and revises its public progress reports accordingly. In a communication to the Worker Rights Consortium, the Accord’s Executive Director, Rob Wayss, explained that “The Accord updates our online CAPs for common factories where Alliance is doing follow up on remediation based mainly on the updated CAPs [we obtain] from the factory directly. With these common factories, as with all others under the Accord, **the Accord requires an updated CAP from the factory each month.** (Emphasis added.) Since the Accord data reflects any progress factory managers are reporting, the only way the Accord’s public reports could be outdated, as the Alliance claims, would be if large numbers of factory managers were denying progress they have achieved, in reports to the Accord, even as they are confirming this progress to Alliance inspectors. It is not plausible that factory managers would provide false information to make their facilities look worse.

Of the factories in our sample that the Alliance designates as “On Track:”

- 41% have uncorrected structural problems;
- 57% have compromised fire exits; and
- 58% do not have a properly functioning fire alarm system.

Among the factories that the Alliance publicly classifies as “On Track” are the following particularly poor performers – for each factory, we have included examples of uncorrected safety hazards:

- Armana Apparel Limited, a Gap supplier, provides a daycare for the workers’ children, but has located it on the second floor in violation of safety regulations, saying they “don’t have any other suitable place to run a functional daycare center.” The fact that factory management has not moved the daycare to the ground floor to ensure the safety of the children is particularly concerning given that there is no approved fire alarm (or finished sprinkler system) in the factory. Furthermore, many exit stairs are not protected by fire-rated doors and some stairwells discharge inside the building, which means workers do not have access to viable fire exits. The hazards at this factory were identified by inspection in April of 2014.
- RDM Apparels, a Walmart supplier, has cracks on two floors that have been identified as a danger to the structural integrity of the building. This issue is exacerbated by the factory management’s unwillingness to follow the loading guidelines given to them, and their decision to set up a temporary dining area on the unstable roof rather than providing a suitable, safe place for workers to eat. The factory also lacks an approved fire alarm and fire doors are missing throughout the factory, which means workers do not have access to viable fire exits. The hazards at this factory were identified by inspection in June of 2014.
- Clifton Textiles & Apparels Ltd, a Target supplier, has yet to install fire-rated doors on all exits, leaving workers without access to viable fire exits. The risk of injury or death from fire is heightened because, on multiple floors, there is no fireproof separation between the production area and storage. More than a year and a half after initial inspection, factory management still does not know if the columns in the seven-story building are strong enough to support the 50,000-pound water tank located on the roof. The hazards at this factory were identified by inspection in January of 2015.

The overall impression the Alliance’s public factory status designations convey is that a majority of factories are keeping pace on the march to building safety. Since these general designations are the only data on actual progress at individual factories that the Alliance provides, there is no other information on the Alliance website that would contradict or qualify this false impression.

Prior to the Rana Plaza collapse, public pressure on brands and retailers producing in Bangladesh remained too modest to force change, even as the death toll in Bangladesh grew through factory disaster after factory disaster. A key reason for this was the success of brands

and retailers in painting a far more positive portrait of conditions in Bangladesh, and of the level of risk to workers, than the facts warranted. It is thus disturbing to see the Alliance substantially overstating the success of its member brands' safety efforts and understating the continuing risks to workers.

Honest disclosure by the Alliance of the extent of the delays, and of the severity of the risks workers still face, would give the Alliance brands incentive to accelerate the pace of progress. By downplaying the extent of the delays, and failing to disclose the details, the Alliance instead encourages complacency.

## **Conclusion**

In the summer of 2013, Gap, Target, VF, Walmart, and HBC joined the Alliance and pledged to take all necessary action to make their supplier factories in Bangladesh safe. More than three years later, uncorrected safety hazards remain in most of the factories in the Bangladesh supply chains of Gap, Target, VF, Walmart, and HBC. These hazards could prevent workers from escaping a potentially deadly fire or could lead to injury or death as a result of the structural failure of a factory building. The problem of inadequate progress on safety renovations has been exacerbated by the decision of the Alliance to mask these deficiencies by declining to provide detailed progress reports on safety renovations in its member brands' factories and by providing general status labels that overstate progress in many cases. The Alliance's approach to reporting safety progress legitimately raises the question whether the Alliance is prioritizing the protection of its member brands' reputations over the protection of workers.