

Investor Statement Regarding Recent Events in Bangladesh

The undersigned investors released the following statement today regarding recent events in Bangladesh:

We are global investors with a combined US\$1.35 trillion in assets and assets under management.

The recent and ongoing tragedies in Bangladesh's apparel manufacturing sector, such as the Tazreen factory fire and Rana building collapse, that have resulted in a death toll of over one thousand workers, poignantly illustrate the significant reputational, operational, and legal risks that are ubiquitous in global supply chains and underscore the urgent need for companies to know their suppliers, ensure compliance with safety standards, and fully disclose their supply chains.

Improving worker safety in Bangladesh may require a collaborative effort by both companies and government. As shareholders, however, we specifically must rely on the companies in which we invest to monitor and mitigate the risks in their supply chains. We urge companies with significant purchasing power in Bangladesh – companies such as Walmart and Gap – to act swiftly and effectively. We welcome the announcement by H&M, Inditex, and others to join Phillips-VanHeusen and Tchibo in the Accord on Fire & Safety in Bangladesh and view such an agreement as an example of the crucial collaboration needed to both promote worker safety standards and protect shareholder value.

Proper risk oversight requires first that a company knows its supply chain. We expect companies in our portfolios to ensure the integrity of their supply chains. We are dismayed by public statements from any company that states it is unaware that a factory produces its products. Companies must know which factories produce their goods in order to properly manage a complex global supply chain, including being effective at monitoring safety and other compliance risks at the facilities.

Companies must also actively ensure compliance. It is not sufficient to place the onus for compliance on suppliers alone while pricing systems actively undercut requisite investment in infrastructure or encourage covert subcontracting. We expect portfolio companies to pursue cooperative relationships with suppliers that enable compliance and promote stable production.

Lastly, we urge companies to disclose their supply chains. Transparency strengthens accountability.

As investors, it is not in our interests for there to be any more tragedies.

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