



# DANGEROUS SILENCE

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Why the U.S. Military Exchanges Need to  
Address Unsafe and Illegal Conditions in  
Their Supplier Factories





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## **INTERNATIONAL LABOR RIGHTS FORUM (ILRF)**

The International Labor Rights Forum (ILRF) is a human rights advocacy organization dedicated to achieving dignity and justice for workers worldwide. Founded in 1986 and based in Washington D.C. ILRF works with trade unions and community-based labor rights advocates to expose violations of workers' rights, including child and forced labor, discrimination, and violations of workers' rights to organize and bargain collectively. Our field research helps to build and promote worker-driven organizations and solutions. We develop, propose, test, and assess government and corporate policies to ensure that global trade, procurement, and development practices support workers' rights. Through raising public awareness about working conditions in global low-wage industries — especially in the garment and agriculture industries — we educate consumers to push companies and governments for change.

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*Cover Photo:* Replace current text with: “Workers visit Tazreen Fashions in Savar, Bangladesh, after a fire that killed more than a hundred workers on November 26, 2012. Reuters /Andrew Biraj.



Rana Plaza building collapse, April 24, 2013. © Laura Gutierrez



## Dangerous Silence

# Executive Summary

In a year when the tragedies at Rana Plaza and Tazreen Fashions have spurred both governments and private retailers and apparel brands to take action for a safer Bangladeshi garment industry, retail operations run by the U.S. government have been conspicuously quiet. The U.S. military exchanges use some of the same factories as private retailers and brands to make their own private-label apparel in Bangladesh and operate more than 1,100 retail stores on military installations in all 50 states and more than 30 countries around the world. As large buyers of apparel and as agents of the U.S. government, the military exchanges should lead by example and take responsibility for safe working conditions in their supply chains. Subsidized by U.S. taxpayers<sup>1</sup>, the military exchanges are also important emissaries of American values and have a special responsibility to reflect those values in their purchasing. While the exchanges provide important services to members of the military and their families by offering low-cost merchandise and by directing its profits into morale, welfare and recreation programs, these services should not come at the cost of unsafe working conditions for the workers who make the apparel they buy.

However, the International Labor Rights Forum (ILRF) has learned that the military exchanges are, in effect, “flying blind,” sourcing their private-label clothing from factories in Bangladesh without taking any independent action to investigate or remedy safety hazards and illegal conditions. Instead, the military exchanges rely on either the factories’ own unverified statements of compliance with labor law or the social audits of companies such as Walmart

and Sears—audits that have historically failed to protect workers—to confirm safe and decent working conditions. In some cases they simply cut off relationships with suppliers when presented with evidence of violations, leaving workers behind in potential deathtraps. This recklessness toward working conditions in their supply chains first came to light when Marine Corps licensed apparel was found in the rubble of the Tazreen Fashions factory, where 112 workers were killed in November 2012.<sup>2</sup>

The exchanges’ inaction in the face of dangerous working conditions in their supply chains weakens the Obama administration’s efforts to get U.S. brands and retailers to do more to promote workers’ safety and labor rights in Bangladesh.<sup>3</sup> The appearance of a double standard for the U.S. government’s own retailers diminishes the administration’s credibility and weakens its ability to promote human rights in Bangladesh and elsewhere. The U.S. military exchanges, the Administration, and Congress should work together to eliminate this double standard and ensure that the U.S. government’s own retailers take advantage of their unique position as U.S. government representatives and buyers in the private marketplace to become an example for private-sector retailers to follow.<sup>4</sup>

## FINDINGS

With rare access to the private industry social audit reports that the military exchanges use to verify supplier factories’ compliance with safety and labor standards, ILRF has been able to probe the dangers



# THE MILITARY EXCHANGES CAN NO LONGER OUTSOURCE SOCIAL RESPONSIBILITY.

inherent in outsourcing social responsibility to the private sector.<sup>5</sup>

First, in relying on private sector social audits the military exchanges depend on a failed model of social compliance. Since 2005, more than 1,800 workers have been killed in dozens of factory fires, building collapses, and other deadly garment factory incidents in Bangladesh. Every factory in which workers were killed and injured produced for brands or retailers that routinely audit their suppliers for compliance with labor and safety standards. In case after case, workers interviewed after the tragedies reported that they found exits locked or blocked and managers refusing to heed their concerns. The workers had no union representation and no voice to demand their rights. Still, most retailers and brands continued social auditing as usual, escaping accountability because the audit reports were private and confidential, and often abandoning factories with severe problems because they had made no binding and enforceable commitment to workers' safety and rights.

The actual audit reports used by the military exchanges offer further insight into the industry social compliance model, revealing in detail what the exchanges know and do not know about their supplier factories.

In some cases the military exchanges have no information about the safety and labor conditions in their supplier factories. For example, in several cases in this report, the Marine Corps Exchange requires only a factory self-attestation that it is “in compliance

with all applicable labor laws” with no substantiating evidence to support this claim.

In other cases the military exchanges remain ignorant of flagrant violations in their supplier factories, because the industry audit reports failed to disclose them. For example, in the case of the Coast to Coast factory, the Worldwide Responsible Accredited Compliance (WRAP) audit report, used by the Army and Air Force Exchange to determine compliance with its code of conduct, shows only one non-compliance out of hundreds of compliance indicators that cover a range of labor rights and health and safety standards. However, just prior to the WRAP audit Coast to Coast workers had reported a six-foot crack in the ceiling of the top floor. The city engineer that inspected Coast to Coast just five days after the WRAP audit reports that the top two floors lack the legally required building permits and recommends an extensive investigation to determine if the building is safe.<sup>6</sup> Four months after the WRAP audit, workers reported congested aisles, blocking workers' escape in case of an emergency, and flammable materials in close proximity to hot machinery. The Army and Air Force Exchange is unaware of these potentially serious safety hazards because the WRAP auditors failed to notice or report them.

In yet other cases, the military exchanges have knowledge of flagrant safety and labor rights violations in their supplier factories but do not inform workers or Bangladeshi authorities of their findings or require that the factories fix the problems. They ignore perils to workers' safety and rights.

For example, in the case of Citadel Apparels, Walmart found violations in every health and safety category, including missing fire certificates, but gave Citadel a passing “yellow” grade and a one-year reprieve until it would next have to prove compliance. The Army and Air Force Exchange obtained this audit report to verify compliance with its code of conduct but did not raise concerns about the range of health and safety violations with the factory.

In the case of Green Fair Textiles, Sears discovered that 80 percent of workers labored 80-hour workweeks, a flagrant legal violation, but gave the factory the mildest of rebukes. Sears auditors told the factory it understands how challenging it is to reduce working hours but that it should “think about how to keep working hours down to more reasonable levels.” Sears deemed the factory “acceptable with issues.” Again, the Army and Air Force Exchange obtained the audit as a proof of compliance with its own code of conduct but said nothing and did nothing about the 80-hour workweeks.

Silence when workers’ rights are in jeopardy—let alone when their lives may be in peril—is not acceptable for U.S. government entities. The cases of Citadel, Coast to Coast, Green Fair Textiles and others documented in this report show that the U.S. government’s military exchanges do not adequately respect and protect human rights in their supply chains and even fail to comply with their own stated social responsibility policies.

With no change, it is only a matter of time before tragedy again strikes a factory that supplies the

military exchanges. In addition to harming workers, such an incident would damage the credibility of the U.S. government and its ability to effectively advance human rights in Bangladesh and elsewhere.

## RECOMMENDATIONS

As large buyers, agents of the U.S. government, and emissaries of American values, the U.S. military exchanges have an obligation and an opportunity to define a new standard for social responsibility in their supply chains. With the support of the Administration and Congress, they can set an example through their procurement of private-label apparel and prod other brands that they sell in their stores to follow. With sustained global attention on factory safety in Bangladesh, now is the time for the military exchanges to lead.

To grasp this opportunity the military exchanges can no longer outsource social responsibility. They must speak out and take action when they have information that workers’ rights—and in some cases their very lives—are in jeopardy. They should ensure workers have access to potentially life-saving knowledge about workplace hazards. They should come to the defense of workers who time after time have tried to sound the alarm about dangerous workplaces only to be silenced and then killed, while making clothing for consumers in the United States and elsewhere.

After decades of garment workers being ignored, silenced, and marginalized it is clear that the only meaningful social responsibility policy is one that puts workers’ interests in the center of health and

safety reforms, strengthens workers' voices to negotiate safe and decent working conditions through legally established unions, and ensures workers have the right to refuse dangerous work.

Today in Bangladesh, there is one established worker safety program that strengthens workers' voices and strives to balance the relation between workers and management by including an equal number of union and company representatives in its governance structure and involving unions in its implementation. That program is the Accord on Fire and Building Safety in Bangladesh, which at the time of writing includes more than 130 private-sector brands and retailers.

The military exchanges should immediately join or fully abide by the Accord to make sure workers who make their private-label apparel in Bangladesh work in safe conditions. They should also require private-sector vendors that sell clothing in military base stores and companies that obtain licenses to make military exchange logo apparel to join the Accord.

The Marine Corps Trade Mark and Licensing Office has already created the path for the exchanges to follow. According to their licensing policy announced in November 2013, every Marine Corps licensee must certify that: "it has become a signatory of or otherwise complies with applicable requirements set forth in the Accord on Fire and Building Safety in Bangladesh."<sup>7</sup> In the Defense Appropriations Act of 2014, the U.S. Congress praised the Marine Corps for adopting the Accord standard and urged the rest of the Armed Forces to do the same.<sup>8</sup>

According to its new licensing policy, every Marine Corps licensee must certify that it is a signatory to or complies with the requirements of the Accord on Fire and Building Safety in Bangladesh. In the Defense Appropriations Act of 2014, the U.S. Congress praised the Marine Corps for adopting the Accord standard and urged the rest of the Armed Forces to do the same.

The Secretary of Defense and Congress should hold the military exchanges accountable for the conditions in their supply chains and provide them with the support necessary to transform their social responsibility programs. As part of its duty to protect against human rights abuses, including abuses by companies, the U.S. government should urge private U.S. apparel retailers and brands to join the Accord and implement the same standards of social responsibility as the military exchanges. In addition, the U.S. government should use the full range of its trade and development laws and policies, coupled with targeted development assistance, to urge the government of Bangladesh to protect the safety, health and rights of workers, further contributing to equitably shared responsibility for safe and decent working conditions in the Bangladeshi apparel industry.



## WORKING CONDITIONS IN MILITARY EXCHANGE SUPPLIER FACTORIES IN BANGLADESH

### Conditions that the Military Exchanges know about through industry audits:

- + Cracks in the walls at Citadel.
- + Congested aisles and obstructed fire emergency exits at Savannah Textiles and Pinery Textiles.
- + Missing fire extinguishers and emergency exit signs at V&R Fashion.
- + No cargo-lifting equipment at Citadel and Coast to Coast.
- + Fifty percent of workers not using dust masks, and sixty-five percent of the workers barefoot at Citadel.
- + Wages below the legal minimum wage at Eastern Dresses.
- + Eighty-hour workweeks at Green Fair Textiles.
- + Illegal docking of wages at V&R Fashions.
- + Failure to implement the legally required profit sharing plans at Citadel and Trouser World.

### Conditions that the industry audits failed to disclose to the military exchanges:

- + Barred windows, garments congesting the aisles, boxes of materials blocking fire extinguishers at Citadel.
- + Illegal construction of the top two floors at Coast to Coast, and a six-foot crack in the ceiling on the sixth floor.
- + Large piles of clothing obstructing aisles and flammable materials close to hot machinery at Coast to Coast.
- + Forced and unpaid overtime at Coast to Coast.
- + Frequent verbal abuse at Coast to Coast.
- + Verbal and physical abuse at Citadel.
- + Workers' fear of being fired for speaking out or organizing a union at Citadel and Coast to Coast.
- + Lack of potable water at Citadel.



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Survivors of the November 24, 2012, fire at Tazreen Fashions. © Joseph Allchin







## Preface:

# “There are Bars on our Windows”

This has been a year of death for garment workers in Bangladesh. In November 2012 the Tazreen Fashions fire claimed the lives of 112 garment workers. In April 2013 the Rana Plaza building collapse killed an incomprehensible 1,132 workers. Unidentified human remains were still being uncovered from the wreckage eight months later.<sup>9</sup> Thousands more workers have been injured, many for life, their families pulled apart, devastated emotionally and economically. Children have been left without mothers, parents without children, husbands and wives without their partners, friends without their loved ones.

In the aftermath of these wrenching human tragedies, laws have been revised; fire safety programs devised; and fire inspectors and building engineers hired. Governments have held hearings; top-level officials from around the world have visited Bangladesh; and money has been committed. Corporations have pledged change and expanded social responsibility programs. Yet, few people have stopped to listen to the workers who continue to this day to work in conditions that can be life-threatening.

While investigating factory suppliers for the U.S. military exchanges, the International Labor Rights Forum (ILRF) discussed the meaning of safety with workers of the Citadel Apparels factory in Gazipur, Bangladesh. These workers make shirts sold at Army and Air Force exchange stores around the world. In these conversations three things became clear: First, the workers do not have confidence in their safety, despite noting some limited technical safety improvements in the aftermath of Tazreen and Rana Plaza. Second, they lack confidence in their safety

in part because they are excluded and afraid—they are excluded from discussions that may impact their health and safety; they are worried about being denied potentially life-saving knowledge; and they are fearful of possible retaliation for talking about these concerns even in a protected setting. Third, they have concrete ideas about what should be done in their factory.

*What has changed after Rana Plaza?*

“After we arrive in the morning they keep open the metal, collapsible gate. This used to not happen before,” recalls one worker. “We saw someone, maybe a construction worker, check out the premises,” remembers another worker. “There is no crack in the building. But there has been no precautionary measures taken, and no one has even discussed safety with us.”

*What about fire safety after Tazreen?*

The workers note that they now have monthly fire drills, which is more frequent than before. But the drills consist of simply exiting the building. No one explains proper evacuation procedure, they report.

Workers also note that they do not receive adequate fire safety training. “There are three forced-water lines, buckets of sand, and there may be some masks but we don’t know where they are,” says one worker. “We have approximately 40 fire extinguishers, but maybe only five or 10 of us know how to use them.”

## ALL BARS SHOULD BE REMOVED FROM THE WINDOWS.

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*In case of a fire, could you get out?*

“Because my machine is close to the stairwell I could get out,” says one worker. But the other seven workers in the room are not so sure.

“When we work, the fabrics are surrounding us so that when an emergency comes we can’t run away,” comments one worker. “We have bars in the windows. This cannot be an alternative escape area,” observes another worker. A third worker speculates that “with the right equipment” he could “cut the window bars, but that would take time.”

*What kind of equipment would you need to get out through the windows?*

It would take a saw that can cut through iron, or a sledgehammer that can break through the concrete wall around the windows, he says. “But we don’t have either of those tools in the factory.”

The workers also note that there are two staircases in the building, one for women and one for men, but they do not believe those two staircases are sufficient for all the workers in the building to get out safely in the case of an emergency.

*So, what should be done?*

“There should be an alternative stairway,” notes one worker.

“All bars should be removed from the windows,” says another.

“The fabrics should be removed to make free space,” adds a third.

“For safety we need one more stairway; all the window bars should be removed; and there should be more forced water lines installed,” sums up a fourth worker.

*Can you bring up these suggestions to the factory management?*

Impossible, the workers agreed.

“Even if they break the laws, or the production quotas are too high, or we have too long working shifts we can’t raise our voices,” says one worker. “If we raise our voices we’ll be fired

*Can you use the Worker Participation Committee<sup>10</sup> to bring up your concerns?*

No. “It was formed by management only to show buyers.”

*What about organizing a union so that you have a stronger voice?*

“If we take any initiative to form a union we will get fired,” the workers agree. “Many of our coworkers got fired last month. None of us—they or us—even know why.”

But the firings created a chilling effect.

In fact, these workers were noticeably nervous while talking with us, even in a protected setting, far away



**“WE ARE SO AFRAID TO TALK HERE. EVEN THE WALL HAS EARS; EVEN THE AIR HAS EARS.”**

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from the factory. One of them worried out loud, “If my factory management would come to know I was talking about this I would be fired immediately.” Another worker concurred, “We are so afraid to talk here. Even the wall has ears; even the air has ears. If the factory came to know we were talking here today, we would be fired tomorrow.”

Buildings need to be repaired. Engineers and fire safety inspectors are sorely needed. Money needs to

be committed. But workers are not safe until they are allowed an influential voice and can express it confidently and collectively. For workers, there is no safety without power. We urge that all fire and building safety programs currently under way in Bangladesh and elsewhere ensure that workers are at the center of discussions, in leadership and decision-making positions, and have access to all potentially life-saving knowledge. This is the only path to a safe and humane garment industry.



Survivors and families affected by the Rana Plaza building collapse demand full and fair compensation. © Ismail Ferdous







## Chapter 1:

# After a Year of Death: The U.S. Military Exchanges Reveal Deadly Secrets

In December 2012, we published *Deadly Secrets*<sup>11</sup> to lay bare the twin obstacles to safe and secure workplaces for Bangladeshi garment workers: workers' voices are silenced, and companies remain silent about workplace dangers. This has been the pattern for at least 15 years—ever since apparel brands and retailers began developing codes of conduct for their factory suppliers and contracting with social auditing firms to verify compliance. The audits are proprietary: companies' own private knowledge of workplace hazards and labor violations. The standard business practice is not to share the audits with government agencies or workers, even to warn them about imminent dangers.

At the same time, after every tragedy, workers reported that managers refused to heed their concerns. Workers smelled smoke, but were told to continue working only to be killed in fires. They observed cracks in the walls but were threatened to report to work or lose their meager wages, only to be crushed under collapsing buildings. They consistently reported that raising safety concerns with managers or joining with other workers to address the problems could be a punishable offense that would get them fired.

When *Deadly Secrets* was due to come out in the fall of 2012, we had counted at least 959 garment worker fatalities and 2,977 injuries in 278 incidents in unsafe factories since 1990.<sup>12</sup> We twice delayed publication to tell the stories of two additional massive garment factory fires. Again, we had to report that companies knew about risks to workers before the deadly

incidents, and that workers, who tried to speak out, had been silenced.

On September 11, 2012, more than 250 workers were trapped and killed in a factory fire at Ali Enterprises in Karachi, Pakistan.<sup>13</sup> Just weeks before the fire Ali Enterprises had been certified compliant with SA8000, a social compliance standard developed and overseen by Social Accountability International (SAI). After the fire, surviving workers reported that stairs and doorways had been blocked with piles of finished merchandise,<sup>14</sup> and that managers had forced them to lie about working conditions to auditors. “Do not complain or you will lose your job,” they were warned.<sup>15</sup> At the time, the Ali Enterprises fire was the deadliest industrial accident of the South Asia region since the 1984 Bhopal gas tragedy in India.<sup>16</sup>

Then, on November 24, 2012, a fire at Tazreen Fashions in Dhaka, Bangladesh, claimed the lives of 112 workers and injured at least 150 other workers.<sup>17</sup> According to production documents recovered afterwards, two months prior to the fire 55% of the factory production had been for Walmart contractors, and five weeks prior to the fire five of the 14 production lines at Tazreen were making apparel for Walmart.<sup>18</sup> Documents showing orders for U.S. Marines-licensed Softe-brand clothing were also found in the ashes.<sup>19</sup>

Walmart had known all along that Tazreen was a dangerous place to work. As far back as May 16, 2011, Walmart's Ethical Sourcing Assessor gave Tazreen an “orange” rating, which means, “the factory had violations and/or conditions which were deemed to

be high risk.”<sup>20</sup> But this knowledge was proprietary to Walmart, and the company kept it a secret from the workers. If Bangladeshi unions had known the danger, they may well have pushed for the necessary repairs, and workers’ lives may have been spared. Instead, workers were silenced. When they smelled smoke a worker yelled, “There’s a fire in the factory!” Workers rushed for the door, but managers, worried about meeting production goals, ordered the workers to continue working. “There is no fire! It is a lie!” they yelled at the workers and locked the door. These workers could not demand safe working conditions, because they had no voice and no union representation.<sup>21</sup>

A tragedy so immense it would dwarf both Ali Enterprises and Tazreen Fashions was still to come. On April 24, 2013 the Rana Plaza building in Dhaka, Bangladesh, collapsed, crushing more than 1,100 workers to death and injuring 2,500 workers. The pattern from the earlier factory fires and deadly incidents continued: the factories in Rana Plaza had been audited; the audits were trade secrets and not disclosed; and workers were silenced and killed.

Five garment factories—New Wave Bottoms, Ether Tex, Phantom Apparels, Phantom Tac, and New Wave Style—occupied the eight-story building of Rana Plaza, which had an illegal permit for five stories and no permit for the rest of the construction.<sup>22</sup> On Tuesday, April 23, factory workers noticed cracks in the building. Managers in a bank and small shops that occupied the first and second floor of the building also noticed the cracks, closed shop, and told their employees to stay home the following day.

But the garment factories ordered their workers to return to work on April 24, threatening the loss of one month’s pay if they did not comply. The vast majority of these workers had no union representation and no voice to demand their rights or to refuse dangerous work.

Documents uncovered after the building collapse show that one of the factories, Ether Tex, had produced Fame Jeans for Walmart for the fall 2012 shopping season.<sup>23</sup> In addition to a number of European brands, Joe Fresh for JCPenney, Children’s Place, and Cato Fashions labels were found in the rubble at Rana Plaza.<sup>24</sup> Business Social Compliance Initiative (BSCI) had audited two factories in Rana Plaza, New Waves Style and Phantom Apparel.<sup>25</sup> According to Ether Tex’s website, it too had passed inspection by BSCI and also the Service Organization for Compliance Audit Management (SOCAM).<sup>26</sup> None of these audits helped to protect workers.

## **CORPORATIONS AND GOVERNMENTS TAKE ACTION**

The Rana Plaza building collapse finally shook the apparel industry out of its complacency. Prior to Rana Plaza, unions and labor rights organizations, including the ILRF, had worked for years towards a new worker safety agreement between companies and Bangladeshi and global unions with three key features: 1) Companies would have to make a legally-binding and enforceable commitment to make factories safe for workers; 2) Factory audits, investigations, and remediation plans would be public and not proprietary to companies; 3) Workers would

have a meaningful voice and influence through trade union participation in implementation and overall governance of the program.

For nearly 12 months only two companies had signed onto this agreement: the U.S.-based PVH Corp., the first company to sign, and the German retailer Tchibo. Within weeks of the Rana Plaza tragedy dozens of companies signed the agreement, now called the Accord on Fire and Building Safety in Bangladesh. At the time of writing more than 130 global brands and retailers have joined the Accord.<sup>27</sup> Notably, workers in Accord factories now have the right to refuse dangerous work. Had the workers at Tazreen Fashions and Rana Plaza had this right many lives would have been saved.

Walmart, Gap and many other U.S. companies refused to join the Accord, but realized that doing nothing would harm their corporate reputations. “Damage to their brands in the wake of the Bangladesh tragedy has been one of the most serious reputational risks for retailers,” observed Marsh, a risk management firm.<sup>28</sup> Twenty-six companies formed the Alliance for Bangladesh Worker Safety,<sup>29</sup> a retailer-led worker safety program, which rejects the central principles of the Accord.<sup>30</sup>

The devastating Rana Plaza tragedy also prompted governmental action. The U.S. government suspended Bangladesh’s tariff benefits under the Generalized System of Preferences program (GSP) citing its repeated failure to improve worker safety and labor rights.<sup>31</sup> The Bangladeshi government signed a National Tripartite Plan of Action on Fire Safety and

Structural Integrity and amended the Bangladesh Labour Act of 2006.<sup>32</sup> The European Commission, the Bangladeshi government, and the International Labour Organization signed the “Compact for Continuous Improvements in Labour Rights and Factory Safety in the Ready-Made Garment and Knitwear Industry in Bangladesh,” with support from the United States.<sup>33</sup>

**On average there is one factory fire a week in Bangladesh. On average two workers are injured or killed in a factory fire every day. This is without counting the Tazreen Fashions and Rana Plaza tragedies.**

Despite corporate and governmental action for a safer industry, most companies still hold tightly to their private knowledge of workplace dangers, and workers are still being killed in factory fires. In fact, since the Tazreen Fashions fire, at least 26 workers have been killed and nearly 823 workers injured in 57 factory fires.<sup>34</sup> On average, there is one factory fire a week in Bangladesh. On average two workers are injured or killed in a factory fire every day. These figures do not take into account the Tazreen Fashions and Rana Plaza tragedies, but only the everyday fires and ordinary deaths and injuries that do not make mainstream news because they appear not to reach catastrophic proportions. Workers continue to lose their lives, quietly, with few people paying attention.

# THE EXCHANGES HAVE NOT DEMANDED THE FACTORIES FIX THE PROBLEMS.

## U.S. MILITARY EXCHANGES ENTITIES REVEAL DEADLY SECRETS

Retail stores run by the U.S. government—the U.S. military exchanges—have now revealed private and confidential industry social audit reports on their Bangladeshi supplier factories, documenting the ordinary dangers workers face every day.<sup>35</sup>

Researching labor rights in global supply chains for garments, the House Committee on Education and the Workforce turned its attention to the garment suppliers of the U.S. military exchanges in Bangladesh. The military exchanges operate retail stores on military bases and use some of the same factories as private retailers and brands to make their own private-label merchandise, such as “R&R Casuals,” an Army and Air Force Exchange brand, “1775,” a Marine Corps Exchange brand, and “Basic Concepts,” a Navy Exchange brand. The Department of Defense requires the exchanges to assure that private-label merchandise is not produced with forced or child labor. The exchanges have adopted supplier codes of conduct, addressing child labor, forced labor, working hours, compensation and benefits, disciplinary practices, freedom of association, the right to collective bargaining, discrimination, and health and safety.<sup>36</sup>

Committee staff requested that the exchanges explain how they verify and ensure compliance with their codes of conduct. In response, the exchanges submitted compliance documents ranging from full third-party audit reports to factory self-attestations for a total of 20 factories in Bangladesh. The audits

had not been conducted by or for the exchanges, but for private industry retailers and brands. Many of the audit reports were marked “private and confidential,” and none of the reports had been disclosed to the public.

These audit reports offer a startling behind-the-scenes view of the failed social compliance methods of leading private U.S. retailers and brands. In some cases these companies accept audit reports suggesting that factories are completely or nearly completely free of labor and safety violations, a notion contradicted by years of research and garment worker reports from Bangladesh. In other cases the auditors and the companies appear to diminish the significance of serious legal infractions that they have documented by failing to insist on swift remediation. Furthermore, over a year after the tragedy at Tazreen Fashions we now know that these retailers still keep potentially life-saving information, detailed in the audit reports, from workers.

More troubling yet is that the U.S. military exchanges have long had access to the same audit reports and accepted them as proof of compliance with their own codes of conduct. They have not questioned reports that show no violations. In some cases they have not gone beyond unverified factory self-attestations of compliance. Like the private retailers, the military exchanges have taken no action to inform workers or Bangladeshi authorities of potentially deadly hazards in the factories they use. Nor have they demanded that the factories fix the problems documented in the audit reports. The only action they appear to have taken when presented with evidence of violations in



their supplier factories is to discontinue business with suppliers. They leave behind the workers to face the same unsafe and abusive conditions.

The cases discussed in the pages to follow are neither more nor less egregious than other reports released by the military exchanges. Thousands of reports similar to those that the military exchanges released are produced every year by the private industry. From an industry viewpoint they may not appear especially

remarkable, but perhaps ordinary and unremarkable in a country where every day two workers are killed or injured in factory fires that do not make headline news or receive international attention. Yet, from a different point of view, many of these audit reports contain alarming details about workplace hazards, while in others there is an alarming absence of information about existing safety and labor rights violations. All the reports released by the military exchanges are now publicly available.<sup>37</sup>

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## THE US MILITARY EXCHANGES AT A GLANCE

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+ The U.S. Military Exchanges include the Army and Air Force Exchange Services (AAFES), Navy Exchange Services (NEXCOM), the Marine Corps Exchange (MCX), and the Coast Guard Exchange (CGX). The AAFES alone operates more than 1,100 retail stores on military installations worldwide and carry clothing from major retail brands, such as Ralph Lauren, Nautica, Michael Kors, Levis, Under Armour, Carter's, and Nike.<sup>38</sup> The exchanges also produce and sell their own private-label lines, such as R&R Casuals, Basic Concepts, and 1775.<sup>39</sup>

+ The exchanges sell about \$1.5 billion of apparel and footwear annually.<sup>40</sup> They made \$485 million in profits in 2012.<sup>41</sup> They provide low-cost apparel and support welfare, morale, and recreation programs—such as youth services, Armed Forces Recreation Centers, arts and crafts, aquatic centers, and golf courses—for members of the U.S. military and their families.<sup>42</sup>

+ The exchanges get more than 90% of their clothing from overseas factories.<sup>43</sup>

+ The exchanges do not use taxpayer dollars for procurement. They are classified as Non-Appropriated Fund Instrumentalities of the U.S. government and are designed to be self-sufficient and to generate a profit. As such, they are exempt from the Federal Acquisitions Regulations and most appropriated-fund procurement laws established by Congress. The Berry Amendment, which requires the Department of Defense to procure apparel made in the United States, does not apply to the military exchanges.<sup>44</sup>

+ The Department of Defense sets procurement policy for the military exchanges.<sup>45</sup> In the case of the AAFES, the civilian director has primary responsibility for the worldwide administration and operation of AAFES activities, including procurement procedures.<sup>46</sup> The Director reports to the governing council, known as the Board of Directors,<sup>47</sup> which is accountable to the Secretary of the Army and the Secretary of the Air Force.<sup>48</sup>



## Chapter 2:

# What the Military Exchanges Are Not Telling Workers:

## The Cases of Citadel Apparels and Other Supplier Factories

Citadel Apparels is a ready-made garments factory in Gazipur, outside of Dhaka, the capital of Bangladesh. With 700 employees<sup>49</sup> it is located on the second floor of a seven-story building. Four other factories, under the same ownership as Citadel, occupy the other floors: Onus Garments, Onus Designs, Odyssey Dresses and Onus Poly Pack. Citadel makes woven short-sleeve and long-sleeve shirts and supplies a range of brands and retailers including Walmart, JC Penney, Kohls, and San Mar. In 2013 this factory shipped more than 534 metric tons of garments to Walmart.<sup>50</sup>

Citadel also makes private-label apparel for the Army and Air Force Exchange (AAFES), which is part of the U.S. military base store system. The 43rd largest retail organization in the U.S. with \$10.3 billion in revenue in 2012, the AAFES operates 1,155 stores in 50 U.S. states, five U.S. territories and more than 30 countries, serving members of the U.S. military and their families.<sup>51</sup> In 2013 this factory shipped more than 20 metric tons of men's short-sleeved polyester shirts to the AAFES.<sup>52</sup>

On July 18, 2012, Walmart conducted an audit of Citadel and rated it "orange," the same grade Walmart gave Tazreen Fashions.<sup>53</sup> Walmart uses color codes to designate levels of social compliance in factories. Green and yellow ratings are acceptable, requiring follow-up audits after two years and one year, respectively. "Orange" means "higher risk" violations. After three orange assessments within two years a factory is disapproved and prohibited from doing business with Walmart for at least one year. After

receiving a red rating a factory is banned from doing further business with Walmart.<sup>54</sup>

Walmart's next audit of Citadel, conducted from January 14 to 15, 2013, found that Citadel had made some corrections, but violations of health and safety and freedom of association laws persisted. This time Walmart gave the factory a "yellow" grade, allowing it to continue to place orders for the next 12 months. The AAFES used these audits to determine compliance with its code of conduct.

The findings of the audits are all the more startling considering the management of Citadel and the other factories. The Managing Director, Mr. Md. Shafiul Islam of Onus Group was President of the Bangladesh Garment Manufacturers and Exporters Association (BGMEA) from 2011 to 2012.<sup>55</sup> BGMEA claims to be workplace safety and compliance "watch dogs."<sup>56</sup>

### HEALTH AND SAFETY VIOLATIONS

The audit reports on the building in which Citadel operates are particularly concerning in light of the Rana Plaza collapse and recent estimates by the Bangladesh Institute of Architects that as many as 50 percent of Bangladesh's factories may be unsafe.<sup>57</sup> The July 2012 and January 2013 audit reports stated that the seven-story building does not have cargo-lifting equipment, mandatory in buildings constructed for industrial purposes. The January 2013 audit report stated that cracks in the wall, discovered during the Walmart audit six months earlier, had been "repaired." But it did not indicate whether they were simply plastered and painted over, hiding a

## SIMPLY ENDING COMMERCIAL TIES WITH FACTORIES IS NOT AN ADEQUATE REMEDY FOR WORKERS.

potentially serious structural hazard, or if an engineer assessed and addressed the structural integrity of the building.

Furthermore, the audits found that there was no coordinated evacuation-plan for the five factories in the building, even though the Onus Group manages all of them. The legally required fire-safety certificate was not valid for all parts of the building. Three different work areas, where 22 people worked, lacked secondary exits, and many areas of the building lacked emergency exit signs. The secondary exit on the sixth floor was narrower than allowed by the law. Management used the seventh floor rooftop as a workplace, but neglected to install a handrail on half of the rooftop to prevent seven-story falls.

The January 2013 Walmart audit also shows that Citadel management neglected basic health and safety prevention measures. Materials were stacked hazardously high in three different work zones. The auditor found that half of the workers in the sewing, cutting, fusing and finishing areas were not using dust masks. Sixty-five percent of the workers were barefoot. Oil was stored in an inappropriate container. The audit report offered no indication that management provided occupational safety and health training to the workers. Such training, including instruction on appropriate footwear, personal protective equipment and safe handling of chemicals, is vital to keeping workers alive, free from injury, and healthy.

The Walmart audits gave no indication that the Citadel management proactively prevents health

and safety hazards, raising concern that a dangerous incident may only be a matter of time. The July 2012 audit noted that fire extinguishers were blocked by merchandise described by management as an emergency order, and that the aisles in the sewing, cutting and finishing areas were also blocked. The January 2013 audit concluded that the problems were corrected because the fire extinguishers were unobstructed and the aisles clear. The audit did not indicate that the management had done anything to prevent the fire extinguishers from being obstructed or the aisles from being blocked during the next emergency order. Without a preventive plan these workplace hazards are likely to recur, as Walmart and other apparel giants have normalized “emergency orders” to meet last minute design changes, seasonal rushes and fast-fashion business plans.

### **FREEDOM OF ASSOCIATION AND OTHER VIOLATIONS**

Walmart’s January 2013 audit noted that Citadel’s Worker Participation Committee did not function properly because management selects workers to serve on the committee. According to Bangladeshi law, workers must elect worker representatives on the Worker Participation Committee.

Walmart’s January 2013 audit of Citadel also reported violations of laws governing compensation. The audit report stated that there was no worker welfare fund. Bangladeshi law requires companies like Citadel to pay five percent of annual net profits into a welfare fund, which should be managed by a board comprised of equal numbers of worker and employer

## HALF OF THE WORKERS WERE NOT USING DUST MASKS. 65% WERE BAREFOOT.

representatives. Two-thirds of the fund should be paid out in cash to the workers and one-third invested by the company.<sup>58</sup>

Thus far the AAFES has not communicated Walmart's audit findings of workplace dangers and labor rights violations to the Citadel workers or the Bangladeshi government, and has not requested that Citadel remedy the violations.

### **GREEN FAIR TEXTILES: SEARS AND THE ARMY AND AIR FORCE EXCHANGE SHOW BLATANT DISRESPECT FOR THE LAW**

On January 29, 2013, Sears itself conducted an audit of AAFES supplier Green Fair Textiles factory in Chittagong, Bangladesh, rating it “acceptable with issues.” Examining workers’ time cards and payroll from December 2012, an auditor employed by Sears found that 80 percent of workers at the cutting, sewing, quality, and finishing sections worked an average of 80 hours per week—that is 20 hours beyond the legal maximum of 60 hours per week including overtime. In response to this gross legal violation, Sears showed apparent concern and understanding for the predicament of factory management, gently advising them to do what they could to reduce working hours.

“While there may be challenges to reduce the working hours immediately,” the Sears auditor told managers, “the factory needs to think about how to keep working hours down to more reasonable levels. Sears Holdings Management Corporation would ask that the factory makes more progress to reduce the excessive overtime

working hours.” Sears also suggested that in order to reduce working hours the factory “may consider adding more staff, creating a second shift, staggering the start times to avoid idle time, among other ways.”

Sears’ gentle rebuke of such a serious and flagrant violation of the Bangladeshi labor code may betray Sears’ preference for labor standards that are voluntary and somewhat pliable—like its own code of conduct—not binding and inescapable. In fact, compared to the Sears code of conduct, Green Fair Textiles is not so far off the mark. The “Sears Holding Management Corporation supplemental working hours requirements” allows up to 72 hours of work in a week during peak season. Assuming a production peak in December 2012, Green Fair Textiles merely exceeded the Sears standard by eight hours, which

Sears found that 80 percent of workers at the cutting, sewing, quality, and finishing sections worked an average of 80 hours per week—that is 20 hours beyond the legal maximum of 60 hours per week including overtime. “While there may be challenges to reduce the working hours immediately,” the Sears auditor gently advised managers, “the factory needs to think about how to keep working hours down to more reasonable levels.”

was, in the company's opinion, "acceptable with issues."

Still more surprising than Sears' apparent lackadaisical attitude towards the legal limits on working hours is the Army and Air Force Exchange's (AAFES) uncritical acceptance of the Sears audit as proof of compliance with its own code of conduct. Green Fair Textiles is one of 11 AAFES Bangladeshi supplier factories with "approved social responsibility status."<sup>59</sup>

### **V&R FASHIONS: THE MARINE CORPS EXCHANGE AVERTS ACTION TO ADDRESS ABSENCE OF BUILDING PERMITS AND COMPETENCY CERTIFICATES, AND OTHER WORKPLACE HAZARDS**

V&R Fashions Ltd. is a factory in Bangladesh with 900 workers that produced the "1775" label clothing for the Marine Corps Exchange (MCX) and garments for the Sears Holdings Corporation. Sears' audit company, Elevate Limited, conducted a follow-up audit of V&R against the Sears Code of Conduct on June 27, 2013. MCX accepted a document entitled "Audit Results and Corrective Action Plan" as proof of compliance with the MCX Social Responsibility Policy. However, the June 2013 audit stated that the factory "Needs Improvement."

According to the audit, V&R operates in a building constructed for commercial use, not for industrial purposes. This raises concerns about a potentially unsafe number of electronic appliances, such as fans and other machines, causing excessive electric

current, potentially resulting in circuit damage, overheating, fire or explosion.<sup>60</sup> Furthermore, V&R reconstructed the factory floor plan without the legally required permit. The audit also found that V&R did not have the legally required number of fire extinguishers or functional emergency exit signs and had not effectively trained employees on emergency response in case of a fire. The V&R boiler operator did not have the legally required competency certificate, and the factory used a power generator without the requisite permit from the Bangladesh Energy Regulatory Commission.

The audit also reported that V&R violated laws on working hours, wages, benefits, and health and safety. V&R docked salaries illegally, withholding a full day's wage when employees were absent only half a day, and did not pay out annual leave to its workers. The auditors found wage and hours records so inconsistent that they could not make an assessment, reporting, "Due to inconsistencies noted during the audit, appropriate payment of wages and working hours could not be verified at this time." The first aid kit lacked supplies, and V&R had not appointed a Welfare Officer, the legally required position to oversee occupational safety, health and conditions.

Furthermore, the audit report notes that factory workers "could not recognize worker participation committee members," and that the committee members themselves were "not aware of their roles and responsibilities," depriving workers of any means to voice their concerns.

ILRF asked the Marine Corps Exchange if they had contacted the factory, the supplier, or Sears about these violations, and, if so, what actions they had taken to address the violations. They responded that in November 2013 they had “discontinued the purchase of merchandise made in any factory in Bangladesh from the domestic vendor Rousso, who provided the audit.” They did not indicate any other actions to address the violations.<sup>61</sup> Simply ending commercial relationships with factories is not an adequate remedy for the workers who will be left behind in unsafe and abusive workplaces even though the Marine Corps Exchange now can claim not to be associated with the safety and labor violations at V&R Fashions.

### **TROUSER WORLD: THE MARINE CORPS EXCHANGE AVERTS ACTION TO ADDRESS RUPTURED WALL AND OTHER POTENTIAL HAZARDS**

Trouser World is a factory in Bangladesh that produced “1775” label clothing for the Marine Corps Exchange and garments for Walmart. The audit firm Intertek conducted an audit against Walmart Ethical Sourcing standards on June 10, 2012.

The audit assessed building safety, finding “a ruptured wall ... on the southern side of the facility building almost in all the floors from 1st floor to 5th floor.” According to the audit, Trouser World management promised to have an engineer assess the wall.<sup>62</sup>

According to the Walmart audit, Trouser World also failed to properly store hazardous wastes and to train

staff on proper handling of wastes. The auditors observed that workers were not using essential personal protective equipment. Furthermore, the auditors noted that Trouser World management did not record working hours consistently and completely. While security attendance records noted weekend work, management did not record these hours, raising concerns both about excessive hours and lack of overtime compensation. Trouser World also had not established the legally required welfare fund or Worker Participation Committee. The audit also stated that the Walmart social compliance standards were not posted for workers to see, per Walmart policy.

ILRF asked the Marine Corps Exchange if they had inquired further about the ruptured wall to ascertain whether the building is safe. As in the case of V&R Fashions, they responded that in November 2013 they had “discontinued the purchase of merchandise made in any factory in Bangladesh from the domestic vendor Starride, who provided the audit.” They did not indicate any other actions to address the violations and to ensure better conditions for workers.<sup>63</sup>

### **CAESAR APPARELS: THE MARINE CORPS EXCHANGE AVERTS QUESTIONS ABOUT DUBIOUS COMPLIANCE CERTIFICATION**

Caesar Apparels in Chittagong, Bangladesh, was an approved supplier factory for the Marine Corps Exchange, having received a Platinum Certification from Worldwide Responsible Accredited Production (WRAP), its highest level of certification. The

certification is good for two years and expires September 4, 2014. Yet, the audit summary page, provided to the exchange by the audit firm Bureau Veritas, does not tell an unambiguously positive story. Caesar Apparels' overall grade is "B," which means "acceptable." The factory received a "B" rating in each labor rights subcategory, except for the "health and safety" category, in which it received a "D." In the rating scheme of Bureau Veritas, "D" is one step below "unacceptable" and means "critical." The obvious question is how Caesar Apparels could have received WRAP's highest rating while having critical health and safety violations.<sup>65</sup>

ILRF asked the Marine Corps Exchange if they had inquired with WRAP why the factory received its highest level of certification despite scoring only a "D" in health and safety, if they were aware of the specific health and safety violations at Caesar Apparels, and if they had taken any actions to address these violations. As in their responses to the questions about V&R Fashions and Trouser World, they responded that in November 2013 they "discontinued the purchase of merchandise made in any factory in Bangladesh from the domestic vendor One Step Up, who provided the audit." They did not indicate that they had questioned the WRAP certification, knew about specific health and safety violations, or had taken any actions to remedy the violations.

A Sears audit found that Eastern Dresses was illegally paying below the minimum wage to 87 out of 440 sewers and 29 workers in the quality section. The audit states workers had been demoted to a lower-grade position when the minimum wage for sewers increased in November 2010 in order to keep costs down.

## ADDITIONAL CASES OF HIDDEN EGREGIOUS VIOLATIONS

Unfortunately, this is not the totality of factories with egregious labor violations that are suppliers to the U.S. military exchanges. In addition to the factories profiled in this chapter, the exchanges know of egregious violations at many other factories in Bangladesh. Here are some examples:

+ A November 5, 2012 audit by Sears of the garment factory Savannah Fashions reported congested aisles in the sewing area, obstructed fire emergency exits on the second floor, missing needle guards on sewing machines, and missing eye guards on bar tack machines. Savannah supplies both Sears and the AAFES.

+ At Eastern Dresses, also an apparel supplier to Sears and the AAFES, a Sears audit on November 29, 2011—the latest audit report that AAFES provided



at Congress's request—found that the factory was illegally paying below the minimum wage to 87 out of 440 sewers and 29 workers in the quality section. The audit states that Eastern Dresses' management had downgraded the 87 sewers to a lower-grade position when the minimum wage for sewers increased in November 2010, in order to keep costs down.

+ At P&G Textiles, another garment supplier to Sears and AAFES, an audit on February 14, 2013 reported such overcrowding that some workers labored while standing in the middle of the aisles.

+ On May 22, 2012, a Sears audit of Pinery Textiles, a supplier for AAFES, reported congested aisles, obstructed fire emergency exits, and workers not using personal protective equipment.

The number and severity of violations at the factories profiled and the lack of follow-up action by the military exchanges reflect a dangerously inadequate program of social responsibility to ensure safety and labor rights compliance in their supply chains.



**ONUS GROUP**

1. CITADEL APPARELS LTD.
2. ONUS GARMENTS LTD.
3. ONUS DESIGN LTD.
4. ODYSSEY DRESSES LTD.
5. ONUS POLY PACK LTD.

KUNA, JOY BANGLA ROAD, BARRI, GAZIPUR-1704



Citadel Apparels



## Chapter 3:

# What the Auditors Are Not Telling the Military Exchanges, and What the Workers Would Tell Them If They Could:

## The Cases of Coast to Coast and Citadel Apparels

At the Coast to Coast factory in Dhaka, Bangladesh, workers cut, sew, press, finish, inspect, and pack hoodies, jackets, tank tops, and polo shirts for the Army and Air Force Exchange (AAFES). The factory shipped more than 10 metric tons of apparel to AAFES in 2013. According to audits and worker reports, workers also make apparel for Sears, Paradise, Regata, Tema, Wrangler, and Jansport.

AAFES has accepted the factory as compliant with its code of conduct because Worldwide Responsible Accredited Production (WRAP) certified it to be compliant with its 12 principles, including health and safety standards. In fact, the WRAP audit report of May 29, 2013 does not show a single non-compliance in any of the 12 principles, except for the absence of an elevator, which is required in a seven-story industrial building. Two auditors of the audit firm Intertek conducted the WRAP audit in one day, on May 6, 2013. The auditors interviewed nine workers individually and six workers in groups of two—15 workers out of 1,300 total workers<sup>66</sup> at Coast to Coast. The auditors reported that the workers were “well aware of their rights” and management was “cooperative and helpful” during the audit process. Coast to Coast has a “Gold Certificate of Compliance” from WRAP, valid until June 28, 2014.

However, forty Coast to Coast workers interviewed by *The New York Times*, an additional eight Coast

to Coast workers interviewed by the Worker Rights Consortium in September 2013, and a building engineer’s report from May 2013 tell a different story. These reports indicate that Coast to Coast is not free of violations and that the WRAP audit report does not give AAFES an accurate view of the state of labor and safety compliance at Coast to Coast.

### BURNS AND PUNCTURE WOUNDS

*According to the workers interviewed by The New York Times, production quotas and the pace of work are so high “workers routinely burn themselves with irons... often requiring hospitalizations.”<sup>67</sup>*

*Eight workers interviewed by the Worker Rights Consortium in September 2103 confirm what the workers told The New York Times: “There have been multiple instances in which a worker’s finger has been punctured by the sewing machine needle,” the Worker Rights Consortium reports. “There have also been instances in which workers in the finishing section have been burned by an iron and have been sent to the hospital for treatment.”*

The WRAP audit does not report on actual worker injuries but states that management “properly tracks all types of health and safety injuries” and also “root causes this type of injury and take necessary steps to avoid injuries”. Any burns or puncture wounds that

## IF WORKERS DO NOT MEET THE PRODUCTION QUOTA, MANAGERS YELL AT THEM, CALLING THEM “SON OF A BITCH” OR “SON OF A WHORE.”

WRAP auditors might have noticed in management’s report of injuries were not enough to raise concern about non-compliances in the area of health and safety.

### FORCED AND UNPAID OVERTIME

*At the end of the day, the manager swipes workers’ timecards, but “orders them to keep sewing,” workers told The New York Times.<sup>68</sup> Similarly, the workers reported to the Worker Rights Consortium that: “If they have not met their production target by 5pm, managers will take their ID cards and swipe them out, so that their time cards show that they finished at 5pm, even though they must keep working. If they have not met their target by 5pm, they will not be paid for the hours of overtime that they must work to finish the production quota. If they have met their target by 5pm, they will be paid for the overtime work that they do that day.”*

The WRAP audit found no overtime violations. According to Section 6.2 of the audit, “the facility has a program to train all individuals responsible for production coordination and scheduling to ensure that employees work no more than the legal maximum, including overtime ceilings.” Among the WRAP audit’s 15 worker samples, no one worked more than 58 hours in a week, including overtime. The WRAP auditors conclude that, “Overtime is correctly calculated and paid right on time”.

### DENIAL OF SICK LEAVE

*Workers reported to the Worker Rights Consortium that management routinely denies them sick leave. “There*

*are usually at least two instances per month in which workers will faint in the factory because they are sick and are not permitted to leave,” they told the Worker Rights Consortium. “If a worker feels sick and asks their supervisor for permission to visit the factory’s clinic, the supervisor is often reluctant to give them permission, and will tell the worker that even if the doctor says they are sick and need to go home, they will not be permitted to leave.” Workers who defy the orders of management to go home because of sickness are punished when they return. “They will be forced to stand and will not be given a machine to work at,” the Worker Rights Consortium reports.*

The WRAP audit does not report on compliance with sick leave policies and regulations, but found no non-compliance against the corresponding Principle 5, Compensation and Benefits. WRAP states that Coast to Coast “maintains adequate communication (such as awareness and trainings) for all employees about legally mandated compensation rights, such as leave, maternity and resign benefits.”

### VERBAL ABUSE

*Workers reported “frequent instances of verbal abuse by managers” to the Worker Rights Consortium. “If workers are unable to meet their production target, managers will yell at them, calling them ‘son of a bitch’ or ‘son of a whore.’”*

WRAP did not find any violation against Principle 4, Harassment and Abuse. The auditors found that the “facility totally prohibits all types of harassment,

## WRAP DID NOT FIND ANY VIOLATION AGAINST PRINCIPLE 4, HARASSMENT AND ABUSE

abuse and corporal punishment” and did not find any instances of “corporal or psychological punishment.”

### FEAR OF SPEAKING OUT

*Workers interviewed by the Worker Rights Consortium report a fire two years ago at Coast to Coast. “It started in the boiler room, and three workers were injured,” they recall. According to the Worker Rights Consortium: “A worker in the finishing section, near the boiler room, saw the fire and pushed the alarm bell. He was reportedly fired and not paid his termination benefits. He had worked at Coast to Coast for 10 years. Now workers say they would be afraid to sound the alarm if there was a fire in the factory.” The New York Times report that the Coast to Coast workers were afraid of being seen with a reporter and would only do the interview late at night, dressed in burqas.<sup>69</sup>*

WRAP auditors did not report on any fear of workers to speak out about workplace hazards. On the contrary, the audit report states that Coast to Coast has a fully functioning Worker Participation Committee and that the “...facility consults with employee representatives [of the Worker Participation Committee] on any issue that [they are required to consult on] by law.” The auditors conclude that Coast to Coast is in full compliance with Principle 9, “Freedom of Association and Collective Bargaining.” The auditors wrote: “There was no evidence found that management discriminates against employees who form or participate in lawful associations.”

### FIRE HAZARDS

*Workers are concerned about the risk of fire, the Worker Rights Consortium reports. Large piles of clothing are stored very close to the sewing machines, which generate considerable heat. A special type of foam used for the production of the jackets is especially flammable. In addition, workers remember the boiler room fire two years ago.*

WRAP’s audit report does not mention the boiler room fire two years ago and states, “no aisles and exits were found blocked during the audit.” It is possible that management simply cleared the aisles to prepare for the WRAP audit. The audit report states that the audit was not unannounced, thus giving management time to move merchandise. Workers reported to the Worker Rights Consortium that management typically clears the aisles before a fire drill.

*A fire in the dark would be especially worrisome, workers told the Worker Rights Consortium. While there is an independent power supply system that is supposed to light the pathways in case the power goes, the main machine needed to run this system does not work, workers report. So the pathways would be dark if the fire happened in the evening or at night. Workers say they typically work from 8 a.m. to 8 p.m. In the month of December the sun sets shortly after 5 p.m. in Dhaka. In June and July, the months with most daylight, the sun sets shortly before 7 p.m., leaving at least an hour of work with no sunlight.*

The WRAP audit does not report on any emergency light system.

## WRAP AUDITORS FAILED TO NOTICE OR FAILED TO REPORT THE SIXTH FLOOR CEILING- CRACK.

### A SAFE BUILDING?

Workers reported “a six-foot crack in the ceiling of the top floor of the factory” to *The New York Times*, and said that when it rains it pours through the crack. They told the Worker Rights Consortium that an engineer recommended the rooftop and the sixth floor be closed off because of a “crack in the ceiling of the sixth floor.” Unfortunately, when they closed the sixth floor they moved the machines to other floors, increasing crowding and “making it difficult to exit the production floors quickly,” they reported.

In fact, the workers had earlier reported the ceiling crack to management, which requested an inspection by engineers at the Bangladesh University of Engineering and Technology. The engineers, Dr. Ahsanul Kabir and Dr. Mohammad Shariful Islam, carried out their inspection on May 11, 2013, just five days after the WRAP audit. Based on a preliminary analysis, the engineers noted that:<sup>70</sup>

+ RAJUK, the Development of Authority of Bangladesh, had approved the building for five stories of residential use, but not for the present seven stories of industrial use.

+ The building was constructed without engineering supervision.

+ The visible cracks on the beams of the sixth floor ceiling appear to be shrinkage and temperature cracks.

+ The columns appear inadequate for a seven-story building of its size and layout.

+ The footing size appears to be inadequate for seven stories, considering the bearing capacity of red Dhaka clay.

The engineers did not observe any “sign of distress” in the building structure, but warned: “the failure of this type of building can be sudden with the crushing of columns giving not enough warning to the dwellers.” They concluded that, “the building cannot be used safely for existing operations as a 7-storied building,” and urgently recommended the removal of all moveable loads from the sixth floor and above. Those loads are not to be stored anywhere else in the building, and finished materials or cargo cannot be stored anywhere beyond the limit of 200 kilogram per square meter other than on the ground floor, the engineers stated. They further recommended an extensive investigation to determine the strength of the building, followed by necessary strengthening and retrofitting measures to make it safe.<sup>71</sup>

The WRAP audit report simply states that the “facility has a complete building approval plan from concerned authority (Local govt.)” This finding appears to be false, in light of the engineering report. The WRAP auditors also somehow failed to notice or failed to report the sixth floor ceiling-crack, which the engineers examined just five days after the WRAP audit, despite the fact that they appear to have visited the sixth floor. The WRAP audit report states that there were 110 employees working as sewers and cutters on the sixth floor.<sup>72</sup>

### **DO THE MILITARY EXCHANGES KNOW THE FULL EXTENT OF VIOLATIONS AT CITADEL APPARELS?**

Coast to Coast is not the only factory where the military exchanges may have less than complete and accurate information about the state of safety and labor rights compliance. For example, despite documenting a range of health and safety and labor rights violations, Walmart’s audit reports of Citadel Apparels appear to have omitted additional violations.

One possible reason for such omissions is that management coaches the workers prior to audits. Citadel workers reported to ILRF<sup>73</sup> that the supervisors instruct the workers to say, “We work eight hours and two hours of overtime. There is no night shift. We enjoy all the leaves. We don’t work on weekends. We get our salary on the seventh of every month. We are not abused by management.” Walmart’s audits did not comment on management coaching of workers and how auditors might have overcome this challenge to reliable audit findings.

Another reason that Walmart auditors did not report on the full extent of violations at Citadel may be that they did not ask all the relevant questions. For example, the auditors noted that there was no registered union at Citadel, in itself not a labor rights violation, but did not raise questions about management compliance with workers’ rights to organize and collectively bargain. It did not ask if unions are permitted onsite to visit workers, if company policies state respect for freedom of association and collective bargaining rights, or

if management has ever discouraged organizing during company meetings, harassed or fired workers suspected of organizing, or otherwise interfered with workers’ rights to organize and collectively bargain. Walmart auditors also failed to ask these questions in the case of Trouser World. Similarly, Sears failed to ask these questions in the case of V&R Fashions.

Without asking questions about workers’ fundamental labor rights Walmart and Sears—and by extension the military exchanges—cannot know if the factory respects these rights. Ignoring questions about workers’ right to organize is particularly troubling as the threats to worker organizers in Bangladesh are obvious to anyone doing basic due diligence on labor rights risks in the country. In April 2012 Aminul Islam, a worker organizer with the Bangladesh Garment and Industrial Workers’ Federation (BGIWF), was tortured and murdered.<sup>74</sup> The circumstances suggest government security forces murdered Mr. Islam in retaliation for his labor rights work in the garment industry.<sup>75</sup> To date, nobody has been held responsible for this crime, a message not lost on workers. At the same time, the Bangladeshi government has long maintained trumped-up criminal charges against labor leaders and workers. Even while the government began responding to pressure from the U.S. government and international rights organizations by dropping some of the charges against the labor leaders and registering trade unions in the second half of 2013, the authorities continued surveillance of a lengthy list of labor rights advocates.<sup>76</sup> In November 2013, the Dhaka press reported that two workers were killed during a protest for wage increases.<sup>77</sup> In these circumstances auditors

# IF WE RAISE OUR VOICES WE WILL BE FIRED.

should pay extra close attention to the obstacles workers may face in the exercise of their associational rights, not ignore those questions.

Finally, the Citadel audit reports do not indicate that the auditor verified information obtained from documents, or from interviews with managers and workers, all of which are notoriously prone to manipulation by factory managers, who are focused on fulfilling orders. For example, the audit reports give no indication that the auditors observed start, end, and break times of work or assessed factory output along with the reported working hours. Had they done so, they would have been able to cross reference the records provided by management and interviews against the actual times when workers arrived, departed and took breaks. While the July 2012 audit noted excessive working hours, the January 2013 audit merely reported that total weekly working hours were reduced to the legal limit of 60, providing no further detail. Overtime compliance is both a legal requirement and an important safety indicator, as most workplace accidents occur during overtime hours.<sup>78</sup>

## WHAT CITADEL WORKERS WOULD REPORT IF THEY COULD

Citadel workers are afraid to raise any concerns about safety or working conditions with management. “If we raise our voices we’ll be fired,” they say.

They cannot bring up concerns in the Worker Participation Committee, because, they say, it only exists “to show buyers,” not to address workers’ issues.

They are too afraid to organize a union. “If we take any initiative to form a union we will get fired,” they assert matter-of-factly. “Many of our coworkers got fired last month. None of us—them or us—even know why,” they add.

Some of the Citadel workers were courageous enough to share their concerns about the conditions at Citadel with the International Labor Rights Forum, but they were noticeably nervous talking with us even in a protected setting, far away from work. One of them worried, “If my factory management would come to know I was talking about this I would be fired immediately.” Another worker concurred, “We are so afraid to talk here. Even the wall has ears; even the air has ears. If the factory came to know we were talking here today, we would be fired tomorrow.”

But when they did talk with us, they confirmed some findings of violations in Walmart’s audits and also voiced a range of concerns about which Walmart’s audits are noticeably silent.

For example, they reported on both physical and verbal abuse.

“Sometimes we are physically abused, but we are always verbally abused,” said one worker.

Another worker reported, “Yes, many times I have been verbally abused by management. It happens every day on the floor. They call us ‘son/daughter of a bitch,’ ‘prostitute,’ ‘child prostitute,’ and other bad words.”



“I have seen the production manager and general manager beat workers on the floor, slap their face and head and also take them into their office and beat them with a stick,” observed a third worker.

The workers explained that excessive production quotas are the usual catalyst of abuse. “We have a production quota of about 1,000 shirts per 10 hour shift. Because of excessive production quotas we are being yelled at all the time by supervisors, even for minor mistakes,” one worker said. “If we can’t reach the production quotas we are not even given refreshment during the break. The supervisors are often so upset I’ve even seen them hit our coworkers on the back of the head,” observed another worker.

Workers also reported that management frequently forces them to work when they are sick. “We are not free to use our leaves, even when we are sick. They make us do work. When we get sick and go to the management to ask for leave, they just keep us working,” reported one worker.

The Citadel workers also sometimes have to work on Fridays, the customary day of rest in Bangladesh. “In June [2013] we almost didn’t get the weekends; we had to work three out of the four weekends,” said one worker. According to another worker, “On most Fridays [we have to work] we get overtime, but we don’t get any alternative holiday.”

Finally, in interviews with *The New York Times*, the workers reported that virtually none of the original problems Walmart had found in July 2012—including garments congesting the aisles, boxes of materials blocking fire extinguishers, materials stacked so high as to constitute a safety hazard—had ever been corrected.<sup>79</sup> While Walmart upgraded Citadel from an “orange” to a “yellow” rating based on its January 2013 audit, worker interviews indicate that the factory is still a “high risk” place of work. This is what workers would tell the military exchanges if they could.





## Chapter 4:

# Outsourcing Social Responsibility

The military exchanges use the same factories that supply private sector retailers and brands and rely on the same private-sector or third-party auditors that have largely failed to discover or remediate workplace hazards and labor rights violations in those factories. Several reports have revealed that death-trap factories in Bangladesh and Pakistan have operated illegally and in violation of the most basic health and safety standards; yet, they have been audited by private sector companies or certified as safe and compliant by third party auditors.<sup>80</sup> These reports present a clear pattern of failure by voluntary and proprietary social audits to protect workers from factory fires, building collapses, and other labor violations.

In relying on private sector retailers to assess and ensure labor compliance in their supplier factories, the exchanges are, in effect, outsourcing social responsibility to retailers such as Walmart and Sears. They are failing to assess their own human rights impact, act on findings of human rights violations,

and ensure remediation. They have abrogated their responsibility to ensure their private-label apparel is produced in safe and decent working conditions.

### **GOVERNMENT REPORT: THE EXCHANGES “ASSUME” GOOD WORKING CONDITIONS**

This is not the first time that the exchanges have faced criticism for a somewhat uncritical attitude towards labor compliance in overseas supplier factories.

In 2002, the Government Accountability Office (GAO) reported on the risk of labor abuses in factories manufacturing goods for military exchange private labels.<sup>81</sup> The GAO found that the military exchanges were not as proactive as their private-sector counterparts in determining working conditions in overseas factories that produce private-label merchandise and that they did not seek to verify factory compliance with labor laws and regulations. Instead, they merely “assumed that their suppliers

Leading retailers...are far more proactive than the military exchanges in identifying working conditions in overseas factories. ...only the Army and Air Force Exchange knew the identity of the factories that manufactured its private label merchandise, and none of the exchanges knew the nature of the working conditions in these factories. **Instead, they assumed that their suppliers and other government**

**agencies ensured good working conditions.** At the same time, they have not taken steps to verify that overseas factories have complied with labor laws and regulations or otherwise acted to determine the status of employee working conditions.

--U.S. General Accountability Office, 2002 (emphasis added)

The Army & Air Force Exchange Service (The Exchange), Navy Exchange Service Command (NEXCOM) and Marine Corps Exchange (MCX) have a very rich and proud heritage of serving the men and women of the uniformed services and their families. The military exchanges perform a vital mission in bringing an array of products and services to military members and their families serving throughout the world. Our mission is global; we are citizens of many worldwide communities, supported by a very diverse workforce. Our endeavors are deeply rooted in the tenets of integrity,

accountability and compassion, which are embodied in our core values. Consistent with those values, AAFES, NEXCOM, and MCX require their suppliers and/or manufacturers of private label merchandise and merchandise imported directly by the exchanges, to assess their practices, as well as those of their subcontractors, for compliance with these Social Responsibility and Labor Standards.

--Policy of Social Responsibility and Labor Standards for Private Label and Directly Imported Merchandise for AAFES, NEXCOM, and MCX, June 27, 2013

and other government agencies ensured good working conditions.”<sup>82</sup>

Following the GAO report, the House Committee on Armed Services directed the Secretary of Defense to develop a program to ensure there is no child or forced labor in the exchanges’ private-label merchandise.<sup>83</sup> On July 30, 2002, the Department of Defense amended Defense Directive 4105.67, directing the Heads of the Department of Defense Components to prescribe Non-Appropriated Fund procurement procedures that “ensure military exchanges implement a program that ensures that private label merchandise is not produced by child or forced labor” (Section 4.3.7).

Accordingly, the exchanges adopted codes of conduct for overseas supplier factories, addressing child labor, forced labor, working hours, compensation and benefits, disciplinary practices, freedom of association, the right to collective bargaining, discrimination, and health and safety. Suppliers must identify all production facilities and prove or be able to prove compliance by presenting a social audit, a certification from a large U.S. retailer or brand name company or monitoring organization, or evidence of participation in a multi-stakeholder social responsibility program.<sup>84</sup>

In practice, the exchanges’ “proof” of compliance with their code of conduct ranges from industry audit

<b>Factory</b>	<b>Proof of Compliance</b>	<b>Auditor</b>
1. Afrah Dresses (MCX)	Self-attestation*	None
2. Authentic Garments (MCX)	Self-attestation*	None
3. Caesar Apparels (MCX)	WRAP certificate and audit cover sheet	Bureau Veritas
4. Citadel Apparels (AAFES)	Walmart audit report	Walmart
5. Coast to Coast Fashion (AAFES)	WRAP audit report	Intertek Bangladesh
6. Creative Shirts (AAFES)	Walmart audit report summary	Not known
7. Eastern Dresses (AAFES)	Sears audit report	Sears
8. Ettade Jeans (AAFES)	Sedex Members Ethical Trade Audit (SMETA) report	SGS Bangladesh
9. Fashion Park International (MCX)	Self-attestation*	None
10. Green Fair Textiles (AAFES)	Sears audit report	Sears
11. JK Shirt and Fashion (MCX)	Self-attestation*	None
12. P&G Textile (AAFES)	Sears audit report	Sears
13. Pinery Textile (AAFES)	Sears audit report	Sears
14. Premier Fashion Wear (MCX)	Self-attestation*	None
15. Savannah Fashion (AAFES)	Sears audit report	Sears
16. Sundry Apparel (MCX)	None - information pending	Not known
17. Stylo Fashions Garments (MCX)	WRAP certificate	Not known
18. Trouser World (MCX)	Walmart audit report	Intertek Bangladesh
19. V&R Fashions (MCX)	Sears audit report	Elevate Limited
20. The Well Tex (AAFES)	WRAP audit report	ALGI, Bangladesh

\*The self-attestation reads: "We certify that our establishment and any contracted factories are in compliance with all applicable labor laws. At no time will convict, forced, or indentured labor or illegal child labor be employed for the production of merchandise for Scope Imports, Inc." (Scope Imports Inc. is the vendor on record).<sup>87</sup>

reports to a one-sentence unverified self-attestation of compliance signed by the vendor and the factory. The Marine Corps Exchange (MCX) accepts a factory self-attestation but requires suppliers to provide further proof, such as a certification by a social auditing firm or private sector retailer, upon request.<sup>85</sup> According to AAFES, factories may prove compliance with the AAFES code of conduct by paying “an independent social responsibility audit firm to provide an audit service (such as Worldwide Responsible Accredited Production [WRAP])” or by “providing an existing audit report from any well-known U.S. retailer.”<sup>86</sup> For a total of 20 supplier factories in Bangladesh, the AAFES and the MCX have collected five self-attestations; three certificates or audit report summaries; and eleven audit reports. In one case, the exchange has no information about the factory. The table to the left shows the evidence of compliance that the exchanges keep on file.

While we have not obtained any reports on factories producing for the Navy Exchange Service Command (NEXCOM), this exchange has adopted the same social responsibility policy as the AAFES and MCX.<sup>88</sup> The Coast Guard states that their largest private label, the “Coast Guard” label, is made in the United States. They use third-party vendors for imported merchandise, including the AAFES, and state that they “follow the guidelines set by the other Exchange services” to determine where Coast Guard merchandise can be made.<sup>89</sup>

The following inquiry by the Committee on Education and the Workforce to Gregg Cox, Director, Washington Office and Executive Secretary, AAFES

Board of Directors, illustrates the exchanges’ hands-off attitude towards labor compliance in their supplier factories, and their apparent unquestioning trust in private sector retailers to assess labor conditions. The Committee’s inquiry repeatedly invites Director Cox to show evidence of any action AAFES takes independently to ensure its private brand apparel is made in safe and decent conditions.<sup>90</sup>

*Committee staff:* Does AAFES ever independently lean on the factory to shape up, by directly communicating with them?

*Director Cox:* The Exchange does not directly communicate with the factory.

*Committee staff:* Has AAFES ever stopped orders independently until factory working conditions improve at a foreign supplier? Or does AAFES rely upon the retailers/brands to take action regard the factory social audits?

*Director Cox:* We rely on an auditor’s report to determine if the factory has taken improvement actions and evaluate the follow-on report. ... For example, we do not accept Wal-Mart’s Orange or Red rating but Green or Yellow rating only.

*Committee staff:* The Wal-Mart audit of the Citadel factory, which was a follow-up audit for an “Orange” ranking by Wal-Mart, noted a crack in the building. The audit asked the factory to ensure the cracks were not “hampering building safety.” The factory said it would consult with an engineer to assess whether the cracks were compromising the building’s structural

integrity. The follow up audit, which was rated “yellow,” indicates that this matter was “corrected” adding that the cracks were fixed, but providing no indication as to whether the cracks in that seven-story building were reviewed by an engineer and deemed not to be a threat. Did such an engineering inspection and approval occur?

*Director Cox:* We did not know if these occurred based on the report we received.

*Committee staff:* In the Members’ letter to AAFES of August 5, 2013, it noted that the Citadel factory had numerous fire safety problems, bars on windows and serious management abuses. When we looked at the AAFES code of conduct, it appeared that many of these concerns would have violated the code of conduct, based on the report from over 50 worker interviews. The Wal-Mart audit validated a number of the worker concerns, but failed to detect others. For example, workers claimed the management did not pay workers for overtime and engaged in verbal and physical abuse for failing to meet production quotas. To what extent did AAFES follow up on these concerns independently, given the audit failed to address them?

*Director Cox:* We rely on the audit report and its findings to assess the factory and to determine if it is acceptable.

*Committee staff:* Or was the Wal-Mart audit sufficient to meet minimum AAFES requirements?

*Director Cox:* Wal-Mart’s social responsibility requirements and acceptance standards (their Green or Yellow rating only) meet our minimum requirements.

Unfortunately it appears that the exchanges still simply “assume” that their suppliers or other buyers ensure good working conditions.

### **FAILING TO COMPLY WITH ITS OWN SOCIAL RESPONSIBILITY POLICY?**

The exchanges’ reliance on outsourced audits and compliance certifications or, in some cases, unverified self-attestations of compliance, raise questions about whether the exchanges are fulfilling their duties under the Department of Defense Instruction 4105.71 (Paragraph 6.1.6.). The AAFES claims it is in compliance with Department of Defense policy requirements “by including internationally recognized audit standards in procurement contract clauses.”<sup>93</sup> Similarly, MCX states it “adheres to DoD Instruction 4105.71 (Paragraph 6.1.6) and DoD Directive 4105.67 (Paragraph 4.3.7).”<sup>94</sup>

The Instruction requires the military exchanges to exercise due diligence to ensure code of conduct compliance through three steps: 1) *communicate* the code of conduct to staff, business partners, and factory workers; 2) *train* each group in code of conduct implementation; and 3) *monitor* for code of conduct compliance.<sup>95</sup> The AAFES and MCX appear to acknowledge that they do not take any of those steps by stating they do not communicate directly with factories, let alone with factory workers.

## OUTSOURCING SOCIAL RESPONSIBILITY TO WALMART

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One of the problems in outsourcing social responsibility is the reliability of the social responsibility contractor. In the case of the Citadel factory the Army and Air Force Exchange relies on a Walmart audit to determine compliance with its own code of conduct. However, in the Citadel case it is questionable whether Walmart is even implementing its own standards.

According to Walmart's 2013 Global Social Responsibility Report, "facilities found to have fire safety-related violations will have 30 days to take corrective action before production is barred." Walmart's latest audit, as well as ILRF's worker interviews, shows that Citadel violates several of Walmart's "minimum standards for fire and building safety."

Worker testimony and Walmart's own latest audit indicates that Citadel is not in compliance with the following 12 of Walmart's minimum standards:

- + Walmart standard: "No locked doors. Doors should have push-bar operation for easy exit in case of emergency." Workers report: *There is no push-bar.*
- + Walmart standard: "All doors to exit staircases and fire escapes must be kept closed at all times to prevent smoke from filling the stairwell and keeping workers from safely exiting the building." Workers report: *The doors are not always closed.*
- + Walmart standard: "Barred windows must have an internal mechanism for emergency release or removal to allow for worker escape and must remain unlocked." Workers report: *The windows are barred, but there is no such mechanism, and the only way to escape through the windows is with a metal saw to saw through the iron bars or with a sledge hammer to hammer through the concrete walls.*
- + Walmart standard: "A one-hour, fire-rated enclosed staircase or external fire escape route is recommended." Workers report: *This does not exist.*
- + Walmart standard: "Fire escape routes must lead to safe assembly points without any obstructions. Assembly points must be designated and marked as such and must be kept clear at all times." Workers report: *The assembly point is not clearly designated and marked as such, and it is not kept clear at all times.*
- + Walmart standard: "Proper access for fire department vehicles and other fire-fighting equipment in the factory premises." Workers report: *The road that leads to the*

*factory is too narrow. It is not wide enough for two cars side by side without blocking sidewalk space for pedestrians. So it is not wide enough for fire department vehicles.*

- + Walmart standard: "Adequate water supply for sprinkler and fire hydrant systems." Workers report: *There isn't a sprinkler system.*
- + Walmart standard: "Marked and lighted exit routes for all floors and areas of the building, including stairwells. Emergency lights to be fire grade 'industrial emergency lights' for use in smoke and fire environments." Workers report: *There are marks for exits, but there aren't lighted exit routes. The factory has an emergency power supply, but it doesn't work.*
- + Walmart standard: "Quarterly joint fire drills including all floors of the building to be overseen by an external party, such as the fire authority, for timely and effective personnel evacuation. Documentation of these drills must be retained by the facility for review during any visit to the facility." Workers report, and Walmart's own audit confirms: *Yes, there are fire drills, but there is no coordinated evacuation plan for all workers in the building.*
- + Walmart standard: "Fire safety training conducted for all personnel every six months." Workers report: *The training is for about 18-20 selected workers, not all workers.*
- + Walmart standard: "Valid fire license where required by law." Walmart's own audit notes the absence of valid fire certificates for the ground floors of building 1, building 2, shed 1 and shed 2.
- + Walmart standard: "Valid construction approval where required by law." Walmart's own audit notes that the building lacks a cargo lift, which is mandatory in buildings used for industrial purposes, raising concerns that the building may not have been constructed to withstand garment manufacturing.

Despite Citadel's apparent non-compliance with Walmart's minimum standards for fire and building safety, Walmart's latest audit does not state that Citadel has 30 days to correct the violations before production is barred. Instead, Citadel received a "yellow" rating, which means that Walmart found "medium-risk violations" and that "the factory will be re-audited within 1 year." The Army and Air Force Exchange has outsourced social responsibility to a company that appears to be failing to apply its own standards.



Beyond apparent non-compliance with the Department of Defense Instruction 4105.71, the exchanges' silence in the face of findings of cracked walls, congested aisles, barred windows, and other workplace dangers in its Bangladeshi supplier factories increases workers' peril.

## **FAILING TO FULFILL HUMAN RIGHTS RESPONSIBILITIES**

In outsourcing social responsibility and in relying on other buyers' failed model of social compliance, the military exchanges are failing to fulfill internationally accepted human rights due diligence responsibilities. These responsibilities are established in both the Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises and the United Nations Guiding Principles on Business and Human Rights (UNGPs).

The United States government, an OECD member, has endorsed the OECD Guidelines. In adherence with the Guidelines, the United States has established a National Contact Point to promote awareness of the Guidelines and ensure U.S. company compliance.<sup>96</sup> The United States has also endorsed the UNGPs, stating: "The U.S. government encourages stakeholders to treat the Guiding Principles as a 'floor' rather than a 'ceiling' for addressing issues of business and human rights, and to recognize that implementing the Guiding Principles should be a continuous process."<sup>97</sup>

The OECD Guidelines and UNGPs start with the premise that assuring fundamental human rights

in a global economy is only feasible if companies meet their responsibility to respect human rights, governments meet their duty to protect against human rights abuses by third parties, including business enterprises, and workers have effective access to remedy. Within this "protect, respect, remedy" framework the OECD and the UN define clear responsibilities for companies to manage their supply chains.

**The U.S. government as a market actor is one of the largest consumers of goods and services in the world. As such, the government needs to be aware of the human rights impacts of its purchasing decisions.<sup>102</sup>**

- U.S. Department of State, Bureau of Democracy, Human Rights & Labor

Under the international normative framework of the UNGPs and OECD Guidelines, the military exchanges are required to exercise business human rights due diligence procedures. Companies must "identify, prevent, and mitigate" "actual and potential" human rights violations that are linked to their operations, products, or services even when the companies have not "contributed to" or caused the human rights violation.<sup>98</sup>

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In the cases of Citadel, Coast to Coast, and other factories profiled in this report, the military exchanges are failing to fulfill their human rights responsibilities. By outsourcing social responsibility and refraining from assessing human rights violations and working with factories and other supply chain partners to remedy violations, they fail to identify and mitigate human rights violations. By refraining from addressing root causes of violations—such as emergency orders that result in blocked aisles or obstructed fire extinguishers—they fail to prevent human rights violations. Simply cutting commercial ties with suppliers without engaging factories to address violations is not acceptable human rights due diligence.

As a U.S. government entity under the authority of the Department of Defense, the U.S. military exchanges also have the responsibility to “protect against human rights abuses by third parties, including business enterprises, through appropriate policies, regulation, and adjudication.”<sup>99</sup> UNGP Principle 6 states that part of governments’ duty to protect human rights is to “promote respect for human rights by business enterprises with which they conduct commercial transactions.”<sup>100</sup> The commentary to the Principle 6 explains:

“States conduct a variety of commercial transactions with business enterprises, not least through their procurement activities. This provides States—individually and collectively—with unique opportunities to promote awareness of and respect for human rights by those enterprises, including through the terms of contracts, with due regard to States’ relevant obligations under national and international law.”

The U.S. government is the world’s largest single purchaser of goods and services. As such, the Department of Defense and other federal government agencies already recognize a responsibility to ensure that taxpayer dollars do not contribute the criminal activity of human trafficking and forced labor.<sup>101</sup> This responsibility extends to other forms of human rights violations and illegal activities that deprive workers of safe and decent working conditions and dignified living.

By outsourcing social responsibility and refraining from assessing human rights violations and working with factories and other supply chain partners to remedy violations in their procurement supply chains the U.S. military exchanges also fail to fulfill their duties under the UNGPs.



## Conclusion:

# Speaking Up and Taking Action When Rights Are Imperiled

*Anywhere that human rights are under threat, the United States will proudly stand up, unabashedly, and continue to promote greater freedom, greater openness, and greater opportunity for all people. And that means speaking up when those rights are imperiled.*

--Secretary of State John Kerry, April 2013<sup>103</sup>

*The American government has pushed retailers like Walmart and Gap to demand better working conditions at factories in the developing world that make their merchandise. But it turns out that the government, which buys more than \$1.5 billion of clothes from overseas factories, does not follow its own advice.*

--The New York Times Editorial Board, December 29, 2013<sup>104</sup>

As Secretary Kerry notes, standing up for justice and human rights, and speaking out against human rights abuses, are fundamental values of the United States. The military exchanges are part of the United States government and important emissaries of national values globally. “We are citizens of many worldwide communities,” the exchanges observe.<sup>105</sup> Yet, the military exchanges appear silent when they know workers’ rights are imperiled and their lives in jeopardy, trusting in the private industry, such as Walmart and Sears, to verify compliance and remedy violations.

As a Congressional staff report observes: “It appears this branch of the U.S. government has outsourced its oversight responsibility, leaving Walmart’s minimum standard and questionable audit results—no matter how inadequate—as the de facto U.S. government standard.”<sup>106</sup>

With no change in this policy, it is only a matter of time before tragedy strikes a factory that supplies the military exchanges. The social compliance system of Walmart, Sears and other companies has failed the workers of Tazreen, Rana Plaza, and other factories; the conditions at Citadel, Coast to Coast and other factories profiled in this report show that their social auditing system continues to put workers at risk of safety hazards. In addition to harming workers, a fire or other workplace calamity would tragically highlight the contradictory policies of a government that does not do itself, through its own retailers, what it is urging private sector retailers and brands to do: ensure better working conditions in Bangladesh’s garment factories. The U.S. government’s credibility would suffer, and its ability to effectively support human rights in Bangladesh and elsewhere would be impaired.

As international emissaries of American values and representatives of the U.S. government, the military exchanges have a moral imperative to not wait for tragedy to take action. As large buyers, they have the opportunity to set an example for the private-sector companies.

## **VOICE AND INFLUENCE FOR WORKERS**

One of the U.S. State Department’s recommended “best practices for companies with operations in Bangladesh” is strengthening workers’ voices to ensure there is no retaliation against those reporting hazards.<sup>107</sup> Similarly, the U.S. Senate Foreign Relations Committee majority staff report on “Worker Safety and Labor Rights in Bangladesh’s Garment

## WORKERS ARE BEST PLACED TO OVERSEE THEIR OWN SAFETY.

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Sector” observes, “workers are best placed to oversee their own safety.”<sup>108</sup> In Secretary Kerry’s terms, the military exchanges should work to ensure that workers themselves can “speak up when [their] rights are imperiled.”

Walmart and Sears, two retailers that provide substantial social auditing data for the military exchanges, are not likely to assist the military exchanges in strengthening workers’ voices. These companies purport to support worker empowerment but their programs do not place workers on a more equal level with management, mitigate workers’ fear of speaking out, or expand workers’ influence in the workplace.

Walmart and Sears are founding members of the Alliance for Bangladesh Worker Safety, a retailer-led factory safety program started in 2013. According to the Alliance “Member Agreement,” participating companies commit to: “empower workers to take an active role in their own safety, and to be able to speak out about unsafe conditions without any risk of retaliation.”<sup>109</sup> Article Three of the Agreement is titled “Empower Workers” and explains that the members are “keenly aware that effective worker empowerment is a critical element in achieving meaningful fire and building safety in Bangladesh.” The members will work to ensure “true worker empowerment,” the Agreement states.<sup>110</sup>

Worker empowerment means two things to Alliance members. First is the development of mobile technology to allow workers to report problems through a hotline.<sup>111</sup> In itself this hotline is merely

a technologically sophisticated complaint box. It provides Alliance companies with information, and the companies retain the power to decide whether or not to address the complaints. It does not grant workers the authority to determine or influence investigations and does not allow them to hold companies accountable for addressing the problems they report.

Alliance members also require the establishment of Worker Participation Committees (WPCs) as a means of “worker empowerment.” Bangladeshi law already requires WPCs in factories with 50 or more workers.<sup>112</sup> When functioning as intended, the WPCs give workers some voice in dialogue with management, but “are essentially powerless and have no leverage when dealing with management,” as the majority report of the U.S. Senate Foreign Relations Committee notes. By law, the purpose of WPCs is simply to “inculcate and develop a sense of belonging and worker commitment.”<sup>113</sup>

As the U.S. Senate Foreign Relations Committee report observes, worker empowerment to oversee their own safety “is best achieved through independent, representative labor unions.”<sup>114</sup> Chapters 13 and 14 of the Bangladesh Labour Act of 2006 give unions the right to negotiate legally enforceable agreements on wages, benefits, and workplace conditions with management, and the authority to file grievances to protect workers from safety hazards and other legal infractions.

## BY PARTICIPATING IN THE BANGLADESH SAFETY ACCORD THE EXCHANGES WILL HELP TO STRENGTHEN WORKERS' VOICES.

Notably, the word “union” only appears parenthetically in one section of the 18-page Alliance Member Agreement.<sup>115</sup> In the 11-page Action Plan, “union” only appears once. In both documents, the role of unions is incidental. In case a union is present in a factory, an Alliance inspector is authorized to notify the worker representatives of an “immediate danger” to worker safety.<sup>116</sup> For Walmart, Sears, and other Alliance companies, “empowerment” is something that happens without unions and without granting workers official authority or power based in the law. Without the protection of unions with legally sanctioned powers, workers are likely to remain fearful of voicing their concerns about safety hazards.

Fortunately, there is a better path for the exchanges than the Alliance plan.

The Accord on Fire and Building Safety in Bangladesh involves unions both in the governance and implementation of the program. The Accord’s executive committee includes an equal number of representatives of trade unions and companies. The Accord’s training teams also includes trade union representatives to educate workers about their rights, including the right to refuse dangerous work. As a signatory to the Accord, trade unions can initiate binding arbitration against another signatory to compel it to comply with the terms of the agreement. By fostering a more equal relationship between companies and unions, the Accord helps to address workers’ fear about speaking up to defend their safety and their rights.<sup>117</sup>

By participating in the Bangladesh Safety Accord, the military exchanges will help to strengthen workers’ voices. Participating in the Accord, they will also switch from industry-controlled social audits to independent expert assessments and give workers in their supply chains the right to refuse dangerous work. The results of the factory inspections and the remediation plans will be made public. This transparency will help to build public trust in the military exchanges’ social responsibility policy.

The military exchanges can follow the lead of the Marine Corps Trade Mark and Licensing Office. Marine Corps licensed apparel was found in the rubble of the Tazreen Fashions factory, where 112 workers were killed in November 2012. However, in November 2013 the Marine Corps Trade Mark and Licensing Office adopted a licensing policy that requires a licensee that provides garments from Bangladesh to certify that: “it has become a signatory of or otherwise complies with applicable requirements set forth in the Accord on Fire and Building Safety in Bangladesh.”<sup>118</sup> In the Defense Appropriations Act of 2014 the U.S. Congress praised the Marine Corps Trade Mark and Licensing Office for adopting the Accord standard, and urged the rest of the Armed Forces to do the same.<sup>119</sup> In order to make sure the exchanges’ own private-label garments are not produced under weaker standards than the garments produced in Bangladesh by Marine Corps’ licenses, the exchanges should replicate the Marine Corps policy throughout their supply chains.

# THE EXCHANGES CAN SET AN EXAMPLE FOR PRIVATE-SECTOR RETAILERS.

The Marine Corps is commended for adopting a requirement to abide by the Accord for Fire and Building Safety in Bangladesh, and the rest of the Armed Forces are strongly encouraged to adopt this standard.

- United States Congress, Department of Defense Appropriations Act, 2014

The imperative to speak up when people's rights are imperiled means the military exchanges can no longer outsource social responsibility to the private sector, but must take action to protect the safety and rights of workers in their supply chain. In so doing, they should take advantage of their unique position as U.S. government representatives and buyers in the private marketplace. They should work with members of the Bangladesh Safety Accord to ensure that workers themselves have an effective voice in their workplaces, in Bangladesh and throughout their supply chains. Workers know the dangers and labor rights infractions they face day-to-day in their own workplaces. As one Citadel worker observes, "For safety we need one more stairway, all the window bars should be removed, and there should be more forced water lines installed." Creating the conditions in which this worker and others like her can voice their demands for safety is an indispensable step to a safe and humane garment industry in Bangladesh.

## RECOMMENDATIONS FOR THE MILITARY EXCHANGES

The U.S. government's own retailers have an obligation and an opportunity to define a new standard for social responsibility in their supply chains. With the support of the Administration and Congress, they can set an example through their procurement of private-label apparel and prod other brands that they sell in their stores to follow. With sustained global attention on factory safety in Bangladesh, now is the time for the military exchanges to lead. This is what they should do:

1. Join the Accord on Fire and Building Safety in Bangladesh or fully abide by its requirements.
2. Require licensees that use Bangladeshi suppliers to join the Accord.
3. Require vendors that supply products from Bangladesh to join the Accord.
4. Extend the Accord model to address compliance requirements beyond fire and building safety in Bangladesh and other supplier countries. The exchanges should establish legally binding and enforceable, multiyear compliance agreements with suppliers, and, where possible, labor unions. The agreements should include:
  - 4.1. A requirement to comply with international core labor standards as well as all applicable law in the country of production.
  - 4.2. Independent inspections by trained fire, building safety and labor rights experts that report directly to the exchanges and whose findings are made public.
  - 4.3. Mandatory repairs and renovations to address all identified hazards and labor violations.

4.4. A central role for workers and unions, including worker-led safety committees in all factories and access to factories for unions to educate workers on how they can protect their rights and their safety, including their right to refuse unsafe work.

4.5. Sufficient financing and adequate pricing to cover factories' cost of eliminating deadly hazards and operating in a safe manner in compliance with all legal requirements and international core labor standards, and a minimum of a two-year commitment at constant or increasing order levels to all safe factories that respect workers' core international labor rights provided such business is commercially viable.

5. Develop and maintain up-to-date and publicly available lists of all suppliers and factories in each of the exchanges' apparel supply chains, and disclose publicly all the audit reports of those factories.

## **RECOMMENDATIONS FOR THE U.S. ADMINISTRATION AND CONGRESS**

1. Congress and the Secretary of Defense should require the military exchanges to implement the recommendations stated above.
2. Congress should require quarterly progress reports on the above recommendations for the first 12 months, and, thereafter, annual compliance reports on worker safety and international core labor standards in the military exchanges' supply chains.
3. The White House should set up a system of interagency coordination and collaboration among the military exchanges and other federal, state and municipal agencies that purchase apparel internationally. A collaborative body that pools

information and resources can assist the military exchanges and other government agencies and entities to replace industry audits with their own coordinated supply chain investigations and remediation activities in Bangladesh and elsewhere. It can also help to develop and promote best practices in procurement and human rights, and provide trainings and other support to contracting officers. A standardized approach on safety and labor rights compliance across government would benefit contractors, licensees, and suppliers, and would provide far greater efficiency than separate agency approaches or outsourced social responsibility.

In addition the U.S. government should continue to address the systemic safety and labor rights challenges in Bangladesh, and help to create an environment that will support the social responsibility efforts of the military exchanges. In this regard, key initiatives include:

4. The U.S. government should urge private U.S. apparel companies to follow the recommendations stated above for the military exchanges. The U.S. government has a duty to protect human rights by working proactively to ensure that U.S. multinational enterprises respect internationally recognized human rights by identifying, preventing and mitigating actual and potential human rights violations in their operations and supply chains. The Accord provides a good model for the apparel industry to meet their human rights due diligence responsibilities. The more companies that adopt this model, the easier for the military exchanges to comply with its requirements.

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5. The Department of State, the Office of the United States Trade Representatives, the United States Agency for International Development, and the U.S. Customs and Border Protection should support labor law enforcement through diplomacy, U.S. trade laws, development assistance and other levers at the disposal of the U.S. government. For example, any country that refuses to meet its duties to respect fundamental labor rights should not receive financial rewards through trade preferences, as established in the Generalized System of Preferences. Any shipment of goods produced with forced labor or child labor should not be permitted entry into the U.S., as established by the Tariff Act of 1930. Enforcement of these laws is vital to enabling the military exchanges

to sustain their commitment to offer socially responsible apparel to military personnel and their families.

6. The Department of State and other U.S. government agencies should foster the political will in the Bangladeshi government and apparel industry to invest in safe factory buildings and operations that are fully compliant with all labor laws and health and safety measures. In a country where the majority of buildings are unsafe and egregious factory safety and labor rights violations are the norm, a political transformation must ultimately accompany all reform initiatives.



## END NOTES

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<sup>1</sup>The exchanges fund nearly all of their operating budgets from sales of goods and services. The Army and Air Force Exchange, for example, states that 98% of its operating budget comes from sales and 2% from appropriated funds or tax dollars (see “Exchange Quick Facts,” <http://www.shopmyexchange.com/AboutExchange/exchangequickfacts.htm>). However, according to a U.S. General Accounting Office report, the exchanges also receive indirect benefits from appropriated funds that are not recorded on the exchanges’ books. Those benefits include rent-free use of properties owned by the U.S. government, the utilities in overseas exchanges, and the salaries of military personnel working for the exchanges (see United States General Accounting Office, “Industry Practices Can Help Military Exchanges Better Assure That Their Goods Are Not Made by Child or Forced Labor,” January 2002, <http://www.gao.gov/htext/do2256.html> (accessed 3 February 2014)).

<sup>2</sup>A year after the Tazreen Fashions tragedy the Marine Corps Trade Mark and Licensing Office adopted a new licensing policy requiring Marine Corps licensees to join or abide by the Accord on Fire and Building Safety in Bangladesh. This licensing policy is discussed later in this report a model for exchange procurement.

<sup>3</sup>For example, after the Rana Plaza disaster the Department of State convened private-sector apparel brands and retailers to impress on them the important role they can play as buyers in improving worker safety in Bangladesh. They urged the companies to see Bangladesh as a long-term and important source of apparel and to collaborate with Bangladeshi industry groups as well as worker organizations and civil society in developing a cohesive and impactful fire and building safety initiative.

<sup>4</sup>While this report focuses on the U.S. military exchanges, a recent *New York Times* investigative report on overseas sweatshops that make apparel for a variety of U.S. government agencies indicates that inadequate human rights due diligence procedures in government procurement is a government-wide problem. This problem is not limited to procurement of overseas clothing. A recent U.S. Senate committee investigation reveals widespread labor law violations among major government contractors that operate in the United States, including serious safety hazards. For the *New York Times* report, see: Urbina, Ian, “U.S. Flouts Its Own Advice in Procuring Overseas Clothing,” *The New York Times*, 22 December 2013,

[http://www.nytimes.com/2013/12/23/world/americas/buying-overseas-clothing-us-flouts-its-own-advice.html?\\_r=0](http://www.nytimes.com/2013/12/23/world/americas/buying-overseas-clothing-us-flouts-its-own-advice.html?_r=0) (accessed 22 January 2014). For the U.S. Senate committee report, see: “Acting Responsibly? Federal Contractors Frequently Put Workers’ Lives and Livelihoods at Risk,” U.S. Senate Committee on Health, Education, Labor and Pensions Majority Staff Report, 11 December 2013, <http://www.harkin.senate.gov/documents/pdf/52a876boe4d63.pdf> (accessed 22 January 2014).

<sup>5</sup>While industry social audits are typically closely guarded corporate secrets, these audit reports became publicly available information when the U.S. Congress obtained them. See: “Staff Report to George Miller, Senior Democratic Member of the Committee on Education and the Workforce, U.S. House of Representatives: Supply Chain Practices by U.S. Military Exchanges and Labor Conditions in Bangladesh Garment Factories,” Exhibits 1-12, December 20, 2013, <http://democrats.edworkforce.house.gov/sites/democrats.edworkforce.house.gov/files/documents/StaffReportMilitaryExchangeBangladeshFINAL.pdf> (accessed 22 January 2014).

<sup>6</sup>Islam, Dr. Mohammad Shariful and Kabirand, Dr. Ahsanul, “Report on visual inspection of the building Rented by Coast to Coast Fashion Ltd. & Coast to Coast Apparels Ltd.,” Department of Civil Engineering, Bangladesh University of Engineering and Technology, May 19, 2013.

<sup>7</sup>Greenhouse, Steven, “Marines Toughen Rules for Makers of Licensed Garments,” *The New York Times*, November 22, 2013, <http://www.nytimes.com/2013/11/23/business/marines-toughen-rules-for-makers-of-licensed-clothing.html> (accessed 3 February 2014).

<sup>8</sup>United States Defense Appropriations Act, 2014, <http://www.gpo.gov/fdsys/pkg/CREC-2014-01-15/html/CREC-2014-01-15-pt2-PgH475-2.htm> (accessed 6 February 2014).

<sup>9</sup>“Over 100 human bones found at Rana Plaza,” *The Financial Express*, 28 December 2013, <http://www.thefinancialexpress-bd.com/2013/12/28/11023> (accessed 22 January 2014) and “28 more human bones retrieved from Rana Plaza debris,” 3 January 2014, <http://unbconnect.com/more-bones-2/#&panel=10> (accessed 22 January 2014).

<sup>10</sup> The Bangladesh Labor Code 2006, Section 205, requires Worker Participation Committees with elected worker representatives in establishments with fifty or more employees. These committees are intended to give workers a voice in dialogue with management.

<sup>11</sup> Claeson, Bjorn, “Deadly Secrets,” *International Labor Rights Forum*, December 2012, <http://www.laborrights.org/sites/default/files/publications-and-resources/DeadlySecrets.pdf>.

<sup>12</sup> These figures were based on research on Bangladesh garment factory fire incidents, 1990-2012, conducted by Professor Robert J.S. Ross of Clark University, the Clean Clothes Campaign, the Fair Wear Foundation, and the International Labor Rights Forum (ILRF). ILRF compiled all findings and independently confirmed each incident with reputable media sources using the LexisNexis Academic search engine. We used the latest available figures on worker deaths and injuries for each incident. In those cases where the numbers of injured workers were reported as approximate figures, we erred on the conservative side. For example, when “hundreds of injured workers” were reported, we counted 100 workers, and when “dozens of injured workers” were reported, we counted 12 workers. For 2006-2009, we use the Government of Bangladesh’s Fire Service and Civil Defense Department statistics of 414 garment worker deaths in 213 factory fires during the four-year period, cited in: Chowdhury, Syed Tashin. “Dhaka blaze adds to garment sector toll.” *Asia Times*, 16 December 2010, [http://www.atimes.com/atimes/South\\_Asia/LL16Dfo5.html](http://www.atimes.com/atimes/South_Asia/LL16Dfo5.html) (accessed 6 November 2012). Media have reported on only a fraction of the factory fires reported by the Bangladesh Fire Service and Civil Defense Department during 2006-2009. Assuming that media have not reported on all factory fires for the periods 1990-2005 and 2010-2012, we in all likelihood underestimated the numbers of fire incidents, worker deaths, and worker injuries.

<sup>13</sup> Ur-Rehman, Zia, Declan Walsh, and Salman Masood, “More Than 300 Killed in Pakistani Factory Fires,” *The New York Times*, 12 September 2012, <http://www.nytimes.com/2012/09/13/world/asia/hundreds-die-in-factory-fires-in-pakistan.html?pagewanted=all> (accessed 9 December 2012).

<sup>14</sup> Tanoli, Qadeer, “None of the victims had appointment letters,” *The News*, September 13, 2012, <http://www.thenews.com.pk/Todays-News->

[4-131570-None-of-the-victims-had-appointment-letters](#) (accessed 9 December 2012).

<sup>15</sup> “A Fact Sheet By Pakistani Workers Federation (PWF) On Criminal Negligence and Profit Hungry Owners: Case of ‘Ali Enterprise’ Karachi.” On file with International Labor Rights Forum.

<sup>16</sup> “A Fact Sheet By Pakistani Workers Federation (PWF), Ibid.

<sup>17</sup> See, for example, Alam, Julhas, “112 killed in fire at Bangladesh garment factory,” AP report published in *US News*, <http://www.usnews.com/news/world/articles/2012/11/25/112-killed-in-fire-at-bangladesh-garment-factory> (accessed 2 December 2012), and “Bangladesh blames sabotage for factory fire; country mourns,” Reuters report published in *Chicago Tribune*, <http://www.chicagotribune.com/news/sns-rt-us-bangladesh-firebre8apo-zf-20121126,0,1227987.story> (accessed 2 December 2012).

<sup>18</sup> See, for example, Yardley, Jim, “Horrific Fire Revealed a Gap in Safety for Global Brands,” *The New York Times*, December 6, 2012, <http://www.nytimes.com/2012/12/07/world/asia/bangladesh-fire-exposes-safety-gap-in-supply-chain.html?pagewanted=all> (accessed 7 December 2012), and Greenhouse, Steven, “Documents Indicate Walmart Blocked Safety Push in Bangladesh,” *The New York Times*, December 5, 2012, <http://www.nytimes.com/2012/12/06/world/asia/3-walmart-suppliers-made-goods-in-bangladeshi-factory-where-112-died-in-fire.html> (accessed 10 December 2012).

<sup>19</sup> Mosk, Matthew, “Bangladesh Factory Fire: Patterns for Marine Corps Sweats, Tank Tops Found in Ashes,” *ABC News*, December 4, 2012, <http://abcnews.go.com/Blotter/bangladesh-factory-fire-patterns-marine-corps-sweats-tank/story?id=17875010> (accessed 3 January 2014), and Mosk, Matthew, “Marines Move to Dump Clothes Company After Deadly Factory Fire,” 11 December 2012, <http://abcnews.go.com/Blotter/marines-move-dump-clothes-company-deadly-factory-fire/story?id=17933416> (accessed 3 January 2014).

<sup>20</sup> Walmart’s notice to Tazreen Fashions of its first “orange” rating was available on the website of the Tuba Group, the parent company of Tazreen Fashions until December 2012. It is now available at: <https://>

[www.documentcloud.org/documents/524544-walmart-tazreen.html](http://www.documentcloud.org/documents/524544-walmart-tazreen.html) (accessed 22 January 2014).

<sup>21</sup> See: “Survivor of Bangladesh’s Tazreen Factory Fire Urges U.S. Retailers to Stop Blocking Worker Safety,” *Democracy Now*, 25 April 2013, [http://www.democracynow.org/2013/4/25/survivor\\_of\\_bangladeshs\\_tazreen\\_factory\\_fire](http://www.democracynow.org/2013/4/25/survivor_of_bangladeshs_tazreen_factory_fire) (accessed 22 January 2014); Eidelson, Josh, “I Jumped to Save My Body,” *The Nation*, 18 April 2013, <http://www.thenation.com/blog/173921/i-jumped-save-my-body-walmart-slammed-over-nicaragua-stabbings-and-bangladesh-fire#> (accessed 22 January 2014).

<sup>22</sup> Ali, Tawfique, “Collapsed Rana Plaza: Factory Licenses given, renewed despite faults,” *The Daily Star*, 18 May 2013, <http://archive.thedailystar.net/beta2/news/factory-licences-given-renewed-despite-faults/> (accessed 22 January 2014).

<sup>23</sup> Fame Jeans, “Purchase Order# 134320,” lists Wal-Mart as the customer and Ether Tex Ltd. as the vendor. It was uncovered along with the wire transfer confirmation from HSBC and e-mail correspondence between Ether Tex Ltd. and Fame Jeans in the rubble of Rana Plaza, following the building collapse.

<sup>24</sup> Yardley, Jim and Manik, Julfikar Ali, “Building Collapse in Bangladesh Leaves Scores Dead,” *The New York Times*, 24 April 2013, <http://www.nytimes.com/2013/04/25/world/asia/bangladesh-building-collapse.html?pagewanted=all> (accessed 22 January 2014).

<sup>25</sup> Business Social Compliance Initiative: An initiative of the Foreign Trade Association, “Statement on the Rana Plaza Building Collapse in Bangladesh,” 30 April 2013, <https://bsci-intl.org/news-events/statement-rana-plaza-building-collapse-bangladesh> (accessed December 12, 2013).

<sup>26</sup> Ether Tex Limited, “Factory Profile,” <http://www.cbc.ca/asithappens/Ether%20Tex%20Ltd.%20Company%20Profile.pdf> (accessed 22 January 2014).

<sup>27</sup> See <http://www.bangladeshaccord.org/>.

<sup>28</sup> “Bangladesh Factory Collapse: Lessons in Risk for the Retail Industry,” *Marsh*, June 2013, <http://usa.marsh.com/NewsInsights/MarshRiskManagementResearch/ID/31606/Bangladesh-Factory-Collapse-Lessons-in-Risk-for-the-Retail-Industry.aspx> (accessed 3 February 2014).

<sup>29</sup> See <http://www.bangladeshworkersafety.org/>.

<sup>30</sup> See “How does the Accord differ to the Alliance for Bangladesh Worker Safety?” <http://www.bangladeshaccord.org/faqs/>.

<sup>31</sup> United States Department of Labor, “Statement by the U.S. Government on Labor Rights and Factory Safety in Bangladesh,” 19 July 2013, <http://www.dol.gov/opa/media/press/ilab/ILAB20131494.htm> (accessed 22 January 2014).

<sup>32</sup> “ILO statement on reform of Bangladesh labour law,” 22 July 22, [http://www.ilo.org/global/about-the-ilo/media-centre/statements-and-speeches/WCMS\\_218067/lang--en/index.htm](http://www.ilo.org/global/about-the-ilo/media-centre/statements-and-speeches/WCMS_218067/lang--en/index.htm) (accessed 3 February 2014).

<sup>33</sup> International Labour Organization, “ILO, EU, Bangladesh government adopt new compact on garment factory safety,” 10 July 2013, [http://www.ilo.org/global/about-the-ilo/activities/all/WCMS\\_217271/lang--en/index.htm](http://www.ilo.org/global/about-the-ilo/activities/all/WCMS_217271/lang--en/index.htm) (accessed 22 January 2014) and United States Department of Labor International Labor Affairs Bureau, “Statement by the U.S. Government on Labor Rights and Factory Safety in Bangladesh,” 19 July 2013, <http://www.dol.gov/opa/media/press/ilab/ILAB20131494.htm> (accessed 22 January 2014).

<sup>34</sup> The American Center for International Labor Solidarity, Bangladesh office, uses local media reports and worker interviews to maintain the figures on garment factory fire incidents in Bangladesh.

<sup>35</sup> “Staff Report to George Miller, Senior Democratic Member [of the Committee on Education and the Workforce, U.S. House of Representatives]: Supply Chain Practices by U.S. Military Exchanges and Labor Conditions in Bangladesh Garment Factories,” Exhibits 1-12, December 20, 2013, <http://democrats.edworkforce.house.gov/sites/democrats.edworkforce.house.gov/files/documents/>

StaffReportMilitaryExchangeBangladeshFINAL.pdf (accessed 22 January 2014).

<sup>36</sup> “The Social Responsibility policy of the Army & Air Force Exchange Service (The Exchange), Navy Exchange Service Command (NEXCOM) and Marine Corps Exchange (MCX),” <http://www.shopmyexchange.com/DoingBusiness/QualityAssurance/> (accessed 22 January 2014).

<sup>37</sup> Ibid, end note 35.

<sup>38</sup> See, for example, the exchange online store at [https://shop.aafes.com/shop/Search/default.aspx?category|category\\_root|5055=Apparel&cm\\_re=A-\\_-TopNav-\\_-Apparel](https://shop.aafes.com/shop/Search/default.aspx?category|category_root|5055=Apparel&cm_re=A-_-TopNav-_-Apparel).

<sup>39</sup> See <http://www.shopmyexchange.com/AboutExchange/PublicAffairs/trademark.htm>; <http://www.mymcx.com/index.cfm/myproducts/apparel/1775/>; and [https://www.mynavyexchange.com/command/about\\_us/trademarks.html](https://www.mynavyexchange.com/command/about_us/trademarks.html).

<sup>40</sup> See [http://www.resaleresearch.org/uploads/Industry\\_Exchange\\_Resource\\_Guide\\_2012.pdf](http://www.resaleresearch.org/uploads/Industry_Exchange_Resource_Guide_2012.pdf).

<sup>41</sup> Urbina, Ian, “U.S. Flouts Its Own Advice in Procuring Overseas Clothing,” *The New York Times*, 22 December 2013, [http://www.nytimes.com/2013/12/23/world/americas/buying-overseas-clothing-us-flouts-its-own-advice.html?\\_r=0](http://www.nytimes.com/2013/12/23/world/americas/buying-overseas-clothing-us-flouts-its-own-advice.html?_r=0) (accessed 22 January 2014).

<sup>42</sup> Army & Air Force Exchange Service, “Exchange Quick Facts,” <http://www.shopmyexchange.com/AboutExchange/exchangequickfacts.htm/> (accessed 3 December 2013).

<sup>43</sup> Urbina, Ibid.

<sup>44</sup> The Berry Amendment explicitly excludes Commissaries, Exchanges, and other Non-Appropriated Fund Instrumentalities operated by the Department of Defense. (10 USC § 2533a(g)).

<sup>45</sup> The Assistant Secretary of Defense for Readiness and Force Management, under the Under Secretary of Defense for Personnel and Readiness, prescribes procurement policy for the exchanges

(DoD Instruction Number 4105.71, “Non-Appropriated Fund (NAF) Procurement Procedure,” at 5.1).

<sup>46</sup> Army Regulation 215-8 (2-5), [http://www.apd.army.mil/pdffiles/r215\\_8.pdf](http://www.apd.army.mil/pdffiles/r215_8.pdf).

<sup>47</sup> The Board of Directors includes the following members:

- (1) Deputy Chief of Staff, Manpower and Personnel, U.S. Air Force (USAF A1).
  - (2) Deputy Chief of Staff, G-4 (DCS, G-4), U.S. Army.
  - (3) Deputy Assistant Secretary of the Army (Personnel Oversight).
  - (4) Deputy Assistant Secretary of the Air Force (Force Management Integration).
  - (5) Military Deputy for Budget, Office of the Assistant Secretary of the Army (Financial Management and Comptroller).
  - (6) Deputy Assistant Secretary of the Air Force (Budget).
  - (7) Europe member (Deputy Commanding General, U.S. Army Europe or Vice Commander, U.S. Air Forces in Europe).
  - (8) Commander, Army and Air Force Exchange Service.
  - (9) Pacific Rim (PACRIM) member (Deputy Commander, U.S. Army Pacific or Vice Commander, Pacific Air Forces).
  - (10) Assistant Deputy Chief of Staff, G-1 (DCS, G-1), U.S. Army.
  - (11) Director of Services, U.S. Air Force.
  - (12) A general officer representing the Reserve Components for a two-year rotating appointment beginning January 1993.
  - (13) Commander, U.S. Army Family and Morale, Welfare and Recreation Command.
  - (14) Director of Budget Operations, Office of the Deputy Assistant Secretary of the Air Force (Budget).
  - (15) Sergeant Major of the Army.
  - (16) Chief Master Sergeant of the Air Force.
  - (17) Army member-at-large for a 1-year appointment renewable up to 3 years.
  - (18) Air Force member-at-large for a 1-year appointment renewable up to 3 years.
- See: (Army Regulation 15-110/AFI 34-203(I)), [http://www.apd.army.mil/pdffiles/r15\\_110.pdf](http://www.apd.army.mil/pdffiles/r15_110.pdf)

<sup>48</sup> Army Regulation 215-8 (2-1), [http://www.apd.army.mil/pdffiles/r215\\_8.pdf](http://www.apd.army.mil/pdffiles/r215_8.pdf).

<sup>49</sup> See Citadel Apparels Ltd., [http://media.wix.com/ugd/of6766\\_5a4dfb40e9fo4ef84d4391e63a17dca7.pdf](http://media.wix.com/ugd/of6766_5a4dfb40e9fo4ef84d4391e63a17dca7.pdf).

<sup>50</sup> Source: Import Genius, [www.importgenius.com](http://www.importgenius.com).

<sup>51</sup> AAFES operates “131 main stores, 174 Military Clothing facilities, 850 Specialty Stores.” Source: Army & Air Force Exchange Service, “Exchange Quick Facts,” <http://www.shopmyexchange.com/AboutExchange/exchangequickfacts.htm/> (accessed 3 December 2013).

<sup>12</sup> Import Genius, *Ibid*.

<sup>53</sup> *Ibid*, end note 35.

<sup>54</sup> “Audit Process,” <http://corporate.walmart.com/global-responsibility/ILRF> contacted the Marine Corps Exchange by email on January 22, 2014. The Marine Corps acknowledged receipt of our questions, but had not replied by February 7, 2014.

<sup>55</sup> Bangladesh Garment Manufacturers and Exporters Association, “Immediate Past Board of Directors for 2011-2012,” [http://www.bgmea.com.bd/home/pages/Board\\_of\\_Directors\\_for\\_20112012#.UrBW6vRDtK4](http://www.bgmea.com.bd/home/pages/Board_of_Directors_for_20112012#.UrBW6vRDtK4) (accessed 17 December 2013).

<sup>56</sup> Bangladesh Garment Manufacturers and Exporters Association, “BGMEA’s Activities,” <http://www.bgmea.com.bd/home/pages/BGMEASACTIVITIES#.UrBUMPRDtK4> (accessed 17 December 2013).

<sup>57</sup> Nessman, Ravi, “More Bangladesh factories dangerous,” AP, 13 June 2013, <http://news.yahoo.com/ap-exclusive-more-bangladesh-factories-004057310.html> (accessed 22 January 2014).

<sup>58</sup> International Labour Organization, *A Handbook on The Bangladesh Labour Act, 2006*, 2009, page 123, <http://www.ilo.org/dyn/travail/docs/352/A%20Handbook%20on%20the%20Bangladesh%20Labour%20Act%202006.pdf> (accessed 3 February 2014).

<sup>59</sup> Letter from Thomas C. Shull, Director/CEO, Army and Air Force Exchange, to Representative George Miller and Representative Jan

Schakowsky, August 21, 2013, <http://democrats.edworkforce.house.gov/sites/democrats.edworkforce.house.gov/files/documents/12.23.13-BangladeshExchange-Exhibit2.pdf> (accessed 22 January 2014).

<sup>60</sup> Amin, Ashaa Mehrin and Hussain, Amhede, “Another garment factory tragedy: could it have been averted?” *The Daily Star*, 21 May 2004, <http://www.thedailystar.net/magazine/2004/05/03/coverstory.htm> (accessed 22 October 2012).

<sup>61</sup> Email from Bryan Driver, Public Affairs Officer, Semper Fit and Exchange Services Division, HQMC, February 6, 2014.

<sup>62</sup> In December 2013, an engineer with the Accord on Fire and Building Safety in Bangladesh examined the building and preliminarily concluded the crack was superficial, but found other structural deficiencies.

<sup>63</sup> Email from Bryan Driver, *Ibid*.

<sup>65</sup> *Ibid*.

<sup>66</sup> The WRAP audit itself contains a startling inconsistency. The “worker analysis” section of the audit states that there are 663 “total number of workers at the facility,” including 232 male workers and 431 female workers. Yet, Section 8.11 of the audit reports on a fire drill on June 13, 2013, in which 1,262 factory workers participated. Workers themselves estimated that there were 1,500 workers. The Accord website states 1,300 workers.

<sup>67</sup> Urbina, *Ibid*.

<sup>68</sup> Urbina, *Ibid*.

<sup>69</sup> Urbina, *Ibid*.

<sup>70</sup> Islam, Dr. Mohammad Shariful and Kabirand, Dr. Ahsanul, “Report on visual inspection of the building Rented by Coast to Coast Fashion See for example, A.E. Dembe, J.B. Erickson, R.G. Delbos, S.M. Banks, “The impact of overtime and long work hours on occupational injuries and illnesses: new evidence from the United States,” Occupational

and *Environmental Medicine*, 2005;62:588-597 and Kate Sparks, Cary Cooper, Yitzhak Fried, Arie Shirom, “The effects of hours of work on health: A meta-analytic review,” *Journal of Occupational and Organizational Psychology*, 1997; 70, 4: pages 391-408.

<sup>71</sup> Islam, Dr. Mohammad Shariful, Ibid.

<sup>72</sup> Coast to Coast is a factory that produces for a signatory to the Accord on Fire and Building Safety in Bangladesh. While the engineers have stated that immediate cessation of production at Coast to Coast is not necessary, the Accord has flagged Coast to Coast as a high priority for inspection once its inspection program is implemented.

<sup>73</sup> Beginning in July 2011 and spanning a period of 12 months, and again in February 2013 the International Labor Rights Forum worked with local researchers to conduct a total of 50 interviews with factory workers at Citadel Apparels. In July 2013, researchers conducted interviews with an additional eight workers at the same factory.

<sup>74</sup> See, “Labour leader, Aminul Islam, was allegedly killed after being abducted by the law enforces,” Odhikar fact-finding report, on file with International Labor Rights Forum.

<sup>75</sup> This is not just the judgment of former colleagues of Mr. Islam and his family. In the letter to Prime Minister Hasina, eleven industry associations from Europe and North America express concern that “the apparent circumstances leading up to and surrounding Mr. Islam’s death could be perceived to be part of a deliberate campaign to repress efforts to raise and address issues related to unsatisfactory working conditions in the RMG sector.” See “A Chronology of the Investigation of the Murder of Labor Activist Aminul Islam,” International Labor Rights Forum, 6 August 2012, <http://www.laborrights.org/creating-a-sweatfree-world/sweatshops/partner-spotlight-bangladesh-center-for-worker-solidarity/reso>.

<sup>76</sup> Islam, Rabiul and Khan, Mohammad Jamil, “Lawmen Identify ‘instigators,’” *Dhaka Tribune*, 20 November 2013, <http://www.dhakatribune.com/labour/2013/nov/20/lawmen-identify-%E2%80%98instigators%E2%80%99> (accessed February 3, 2014).

<sup>77</sup> Islam, Rabiul, Ibid.

<sup>78</sup> See for example, A.E. Dembe, J.B. Erickson, R.G. Delbos, S.M. Banks, “The impact of overtime and long work hours on occupational injuries and illnesses: new evidence from the United States,” *Occupational and Environmental Medicine*, 2005;62:588-597 and Kate Sparks, Cary Cooper, Yitzhak Fried, Arie Shirom, “The effects of hours of work on health: A meta-analytic review,” *Journal of Occupational and Organizational Psychology*, 1997; 70, 4: pages 391-408.

<sup>79</sup> Urbina, Ibid.

<sup>80</sup> Walsh, Declan and Steven Greenhouse, “Inspectors Certified Pakistani Factory as Safe Before Disaster,” *The New York Times*, 19 September 2012, [http://www.nytimes.com/2012/09/20/world/asia/pakistan-factory-passed-inspection-before-fire.html?pagewanted=all&\\_r=0](http://www.nytimes.com/2012/09/20/world/asia/pakistan-factory-passed-inspection-before-fire.html?pagewanted=all&_r=0) (accessed 3 February 2014); Brown, Garret, “The record of failure and fatal flaws of CSR factory monitoring,” January 2013, [http://mhssn.igc.org/MHSSN\\_Statement\\_on\\_CSR\\_Monitoring-Jan2013.htm](http://mhssn.igc.org/MHSSN_Statement_on_CSR_Monitoring-Jan2013.htm) (accessed 3 February 2014); Asia Monitor Resource Center, “The Reality of Corporate Social Responsibility: Experiences from China, South Korea, India and Indonesia,” <http://www.amrc.org.hk/node/1220> (accessed 3 February 2014).

<sup>81</sup> United States General Accounting Office, “Industry Practices Can Help Military Exchanges Better Assure That Their Goods Are Not Made by Child or Forced Labor,” January 2002, <http://www.gao.gov/htext/do2256.html> (accessed 3 February 2014). The Congressional requesters of the GAO report were Representatives Cynthia McKinney, Sherrod Brown, David E. Bonior, Julia M. Carson, Peter A DeFazio, Sam Farr, Earl F. Hilliard, Marcy Kaptur, Dennis Kucinich, Jim McGovern, George Miller, Lynn Nancy Rivers, Bernard Sanders, Jan Schakowsky, and Fortney Pete Stark.

<sup>82</sup> United States General Accounting Office, Ibid.

<sup>83</sup> The Committee stated: “Military Exchange Private Label Manufacturers: The committee believes that the three military exchange systems perform a vital mission in bringing an array of products and services to military members and their families serving

throughout the world. Part of that mission is providing a touch of home, and is represented by the many brand name products sold by military exchanges. Another part of that mission is savings, which are provided to some degree by private label goods sold by the exchanges. Private label programs are increasing, with Army and Air Force Exchange private label goods manufactured in some 70 factories located in 18 countries and with sales approaching \$50.0 million annually. The committee is concerned that the exchanges have no knowledge of worker conditions at these widespread factories. While the committee understands that no national standard exists under which worker conditions at these factories may be judged, the committee believes that the exchanges should at minimum be able to assure its patrons that none of its products are manufactured with child or forced labor. The committee also does not wish the exchanges to lag behind the generally accepted practices of responsible domestic retailers. The committee believes that the exchanges may rely upon the manufacturers of brand name products to monitor the production of their own goods, but believes the exchanges should have visibility of the conditions under which their private label goods are produced. Accordingly, the committee directs the Secretary of Defense to ensure the military exchanges implement a program that assures that private label exchange merchandise is not produced by child or forced labor.” (Emphasis added). (National Defense Authorization Act for Fiscal Year 2002, Report of the Committee on Armed Services, House of Representatives, H.R. 2586).

<sup>84</sup> See, for example, the Social Responsibility policy of the Army & Air Force Exchange Service (AAFES), Navy Exchange Service Command (NEXCOM) and Marine Corps Exchange (MCX), <http://www.shopmyexchange.com/DoingBusiness/QualityAssurance/> (accessed 22 January 2014).

<sup>85</sup> According to Bryan Driver, Public Affairs Officer, Semper Fit and Exchange Services Division, HQMC, the Marine Corps Exchange accepts proof of compliance, such as a certification from Social Accountability International (SAI), Worldwide Responsible Accredited Production (WRAP), or Amana; participation in the Clean Clothes Campaign, Fair Labor Association, or Fair Wear Foundation; certification by a nationally recognized private sector retailer or brand

name company with supporting information; or certification by one of the military exchanges (email February 6, 2014).

<sup>86</sup> Ibid, end note 59.

<sup>87</sup> Letter from Cindy Whitman Lacy, Deputy Director/Chief Operations Officer, Semper Fit and Exchange Services Division, to U.S. Representative George Miller, November 18, 2013, <http://democrats.edworkforce.house.gov/sites/democrats.edworkforce.house.gov/files/documents/12.23.13-BangladeshExchange-Exhibits8and9and10and11.pdf> (accessed 22 January 2014).

<sup>88</sup> Department of the Navy, “Social Responsibility,” October 4, 2002, [https://www.mynavyexchange.com/command/contractor\\_vendor/PUBS/pdf/soc-respon.pdf](https://www.mynavyexchange.com/command/contractor_vendor/PUBS/pdf/soc-respon.pdf) (accessed 3 February 2014).

<sup>89</sup> E-mail communication from the Coast Guard to *The New York Times*.

<sup>90</sup> Ibid, end note 35.

<sup>91</sup> Walmart, “Our Commitment to Worker Safety in Bangladesh,” <http://corporate.walmart.com/global-responsibility/ethical-sourcing/promoting-responsible-sourcing-in-bangladesh> (accessed 3 February, 2014).

<sup>92</sup> Walmart, “Ethical Sourcing Audit Process,” <http://corporate.walmart.com/global-responsibility/ethical-sourcing/audit-process> (accessed 3 February, 2014).

<sup>93</sup> Ibid, end note 59.

<sup>94</sup> Email from Bryan Driver, Ibid.

<sup>95</sup> Department of Defense, “Instruction Number 4105.71, February 26, 2001, Administrative Reissuance Incorporating Change 1, 30 July 2002,” 6.1.6.1 – 6.1.6.3, <http://www.dtic.mil/whs/directives/corres/pdf/410571p.pdf> (accessed 22 January 2014).

<sup>96</sup> See “U.S. National Contact Point for the OECD Guidelines for Multinational Enterprises,” <http://www.state.gov/e/eb/oeecd/usncp/index.htm> (accessed 4 February 2014).

<sup>97</sup> United States Department of State, Bureau of Democracy, Human Rights and Business, “U.S. Government Approach on Business and Human Rights,” 1 May 2013, <http://www.humanrights.gov/2013/05/01/u-s-government-approach-on-business-and-human-rights/> (accessed 16 December 2013)

<sup>98</sup> See OECD, *OECD Guidelines for Multinational Enterprises*, 2011, OECD Publishing, <http://dx.doi.org/10.1787/9789264115415-en>, Ch. II (A)(10)ö and United Nations Human Rights Council, *Guiding Principles on Business and Human Rights: Implementing the United Nations “Protect, Respect and Remedy” Framework*, 21 March 2011, <http://www.ohchr.org/documents/issues/business/A.HRC.17.31.pdf>.

<sup>98</sup> United Nations Human Rights Council, *Ibid.*

<sup>100</sup> United Nations Human Rights Council. *Ibid.*

<sup>101</sup> For example, in its Federal Register request for comments on proposed Federal Acquisition Regulation to strengthen protections against trafficking in persons in federal contracts the General Service Administration states, “As the largest single purchaser of goods and services in the world, the Federal Government bears a responsibility to ensure that taxpayer dollars do not contribute to any form of [trafficking in persons].” See: <http://www.gpo.gov/fdsys/pkg/FR-2013-09-26/pdf/2013-23311.pdf>.

<sup>102</sup> Bureau of Democracy, Human Rights and Labor, U.S. Department of State, “U.S. Government Approach on Business and Human Rights,” <http://www.humanrights.gov/2013/05/01/u-s-government-approach-on-business-and-human-rights/> (accessed 4 February 2014).

<sup>103</sup> Secretary of State, John Kerry, “Remarks on the Release of the Human Rights Report,” April 19, 2013, <http://www.state.gov/secretary/remarks/2013/04/207791.htm> (accessed 4 February 2014).

<sup>104</sup> “Uncle Sam’s Sweatshops,” *The New York Times*, 29 December 2013, [http://www.nytimes.com/2013/12/30/opinion/uncle-sams-sweatshops.html?\\_r=0](http://www.nytimes.com/2013/12/30/opinion/uncle-sams-sweatshops.html?_r=0) (accessed 4 February 2014).

<sup>105</sup> “Diversity is at the core of the Exchange culture,” <http://www.shopmyexchange.com/aboutexchange/diversity/training.htm> (accessed 4 February 2014).

<sup>106</sup> *Ibid.*, end note 35.

<sup>107</sup> U.S. Department of State, “United States Government Recommendations on Best Practices for Companies with Operations in Bangladesh,” 11 March 2013, <http://www.humanrights.gov/2013/03/11/united-states-government-recommendations-on-best-practices-for-companies-with-operations-in-bangladesh/> (accessed 4 February 2014).

<sup>108</sup> Committee on Foreign Relations, United States Senate, “Worker Safety and Labor Rights in Bangladesh’s Garment Sector,” November 22, 2013, <https://www.gpoaccess.gov/congress/index.html>, p. 1. (accessed 4 February 2014).

<sup>109</sup> “Members Agreement,” <http://www.bangladeshworkersafety.org/files/Alliance-Member-Agreement-FINAL.pdf> (accessed 4 February 2014).

<sup>110</sup> *Ibid.*

<sup>111</sup> See “Members Agreement,” *Ibid.*, and “Action Plan,” <http://www.bangladeshworkersafety.org/files/Alliance-Action-Plan-Package-FINAL.pdf> (accessed 4 February 2014).

<sup>112</sup> Section 205, Bangladesh Labour Act, 2006, as amended July 15, 2013.

<sup>113</sup> Committee on Foreign Relations, *Ibid.*, p.11.

<sup>114</sup> “Functions of Worker Participation Committee,” Section 206, Labour and Industrial Laws of Bangladesh: The Bangladesh Labour



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<sup>115</sup> Committee on Foreign Relations, Ibid.

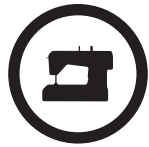
<sup>116</sup> “Members Agreement,” Ibid.

<sup>117</sup> “Action Plan,” Ibid.

<sup>118</sup> “Accord on Fire and Building Safety in Bangladesh,” 13 May 2013, [http://www.bangladeshaccord.org/wp-content/uploads/2013/10/the\\_accord.pdf](http://www.bangladeshaccord.org/wp-content/uploads/2013/10/the_accord.pdf) (accessed 5 Februar 2014).

<sup>119</sup> Greenhouse, Steven, “Marines Toughen Rules for Makers of Licensed Garments,” *The New York Times*, November 22, 2013.

<sup>120</sup> Ibid, end note 8.



**DANGEROUS SILENCE**