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In Depth analysis of the PwC Report and Benetton's obligation.



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Scott Nova of the Worker Rights Consortium provides an in depth analysis of the PwC Report addressing Benetton's obligation to compensate the victims of the Rana Plaza disaster

Having reviewed PricewaterhouseCooper's (PwC) 60-page analysis, and the related statement from the corporate-funded group WRAP, it is clear that the primary purpose of this elaborate exercise was to confer moral legitimacy on Benetton's otherwise disreputable decision to save itself several million dollars, while leaving the families of those killed in the Rana Plaza collapse still without adequate compensation.

The PwC analysis is based on a deeply flawed premise, ignores key issues that argue for Benetton to accept a greater share of responsibility for compensating the Rana Plaza victims, and includes a great deal of content that has no plausible purpose other than public relations. WRAP's statement endorsing Benetton's decision is downright unseemly in its fawning praise of the retailer and is entirely lacking in substantive content, demonstrating that WRAP failed to play the oversight role claimed by Benetton, which, given WRAP's track record, is unsurprising.

The fundamental problems with the PwC report are as follows:

PwC assumes, without offering any rationale, that the information provided by Benetton concerning its relationship with its supplier factory in Rana Plaza is accurate and complete, despite the fact that Benetton has a record of false statements on the subject. PwC gives no indication that it performed any due diligence to assure the veracity of this information, on which its entire analysis is based.

PwC assumes that Benetton's obligation to the victims is in strict proportion to its share of the output of the

factories in the building, ignoring multiple factors that elevate Benetton's level of responsibility:

- The fact that Benetton publicly lied about its relationship with Rana Plaza in the weeks after the collapse, initially denying any connection to the building and then, after being forced to acknowledge that its goods were indeed made there, repeatedly understating the extent of its relationship to the largest factory in the building – even as other brands swiftly owned up to their role;
- The fact that Benetton has dragged its feet on compensation for two years, as other brands contributed, helping delay compensation for the victims and giving cover to other holdouts;
- The fact that Benetton, by its own acknowledgement, produced more than a quarter of a million units in Rana Plaza, working with the factory for more than eight months, but never took any steps to assess the factory's labor and worker safety practices, even as Benetton conducted multiple factory visits to assess production quality;
- The fact that Benetton, whose parent company has \$15 billion in annual revenue, has greater ability to pay than many of the other companies that produced at Rana Plaza.
- These are all reasons to conclude that Benetton's level of responsibility to the victims is greater than that of many other companies, yet none of these issues are acknowledged, much less taken into appropriate account, by PwC.

PwC also lards its analysis with dozens of pages of information (e.g., a discussion of the events on the day of the building collapse, a list of various groups to which PwC has talked, a timeline of events related to compensation, etc.) that has no bearing on its actual calculation of Benetton's liability, which consists simply of estimating the total amount of units produced at Rana Plaza in the year prior to the disaster and dividing this into the number of units Benetton says it made there. The only plausible purpose of including this large volume of information, to which PwC gave no substantive consideration, is to make Benetton's decision to pay only in proportion to its own claimed share of production seem like the product of a deeply thoughtful and reflective process. In the end, PwC and Benetton, with the blessing of WRAP, decided on a means of estimating Benetton's level of responsibility that was guaranteed to produce a low dollar figure; nothing else in the PwC report had any impact on this calculation.

The PwC report does serve one useful purpose: it documents, in greater detail than before, the extensive nature of Benetton's involvement with New Wave Style, the largest factory in Rana Plaza – and therefore shows Benetton's deceptive claims in the weeks after the collapse to be more brazen than previously understood. The PwC report shows that New Wave Style produced numerous orders for Benetton; that these orders (and 39 related invoices) were shipped directly from Rana Plaza to Benetton and that Benetton must therefore have directly paid New Wave Style and did so at least 39 times; that Benetton personnel repeatedly visited Rana Plaza to evaluate New Wave Style's operations; and that Rana Plaza workers shipped an order to Benetton a mere 11 days before the collapse.

In view of this, Benetton's claim that "none of the companies involved is a supplier to any of our brands," can only be seen as an extraordinarily brazen and cynical public misrepresentation – for which Benetton, to date, has never apologized.

Scott Nova

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