



To end forced labor and promote decent
work for cotton workers in Central Asia

Responsible Sourcing of Cotton Products from Uzbekistan

Brand Webinar - May 19, 2022





Agenda

1. Introductory Remarks

(Bennett Freeman – Co-founder Cotton Campaign)

2. Status of the Uzbek Cotton Pledge and Implications for Sourcing

(Patricia Jurewicz – Co-founder Cotton Campaign and Founder and CEO, Responsible Sourcing Network)

3. Challenges and Opportunities for Sourcing from Uzbekistan

(Allison Gill – Cotton Campaign Steering Committee Member and Forced Labor Program Director, GLJ-ILRF)

4. The Cotton Campaign Framework for Responsible Sourcing from Uzbekistan

(Raluca Dumitrescu – Cotton Campaign Coordinator, GLJ-ILRF)

5. The Opportunity for Brands

(Julie Hughes – President, United States Fashion Industry Association)



Introductory Remarks

Bennett Freeman
Co-founder Cotton Campaign



Status of the Uzbek Cotton Pledge and Implications for Sourcing

Patricia Jurewicz
Co-founder Cotton Campaign and
Founder and CEO, Responsible Sourcing Network

The Uzbek Cotton Pledge 331 Signatories



ZARA

ZARA HOME

stradivarius

UTERQÜ

INDITEX



CORPORATION



Walmart

OYSHO

Massimo Dutti

PULL&BEAR

Bershka

El Corte Inglés

Target.

Cotton Campaign Lifted the Pledge on March 10, 2022



- ▶ CC encourages responsible sourcing from Uzbekistan
- ▶ Brands must conduct human rights due diligence

Serious risks remain and must be mitigated

- ▶ No enabling environment for labor rights
- ▶ No mechanisms to ensure and demonstrate labor rights protection
- ▶ Low capacity and expertise



Challenges and Opportunities for Sourcing from Uzbekistan

Allison Gill

**Cotton Campaign Steering Committee Member and
Forced Labor Program Director, GLJ-ILRF**



Challenges for Sourcing from Uzbekistan

2021 Harvest monitoring findings

- › No centrally-controlled state-imposed forced labor

However:

- › Individual cases of forced labor
- › In some districts, government officials remained involved in organizing the recruitment of cotton pickers → risks for coercion
- › Some cotton pickers continue to perceive a threat of penalty for refusing to pick cotton
- › Cases of children accompanying parents to pick cotton
- › Unequal relationship between farmers and the clusters they produce cotton for → farmers vulnerable to exploitation as well as to interference and pressure by local officials
- › No mechanisms to prevent, identify and address forced labor or labor exploitation at textile clusters



Challenges for Sourcing from Uzbekistan

Civic space restrictions

- ▶ Reforms towards an enabling environment lag far behind economic reforms
- ▶ Constraints on freedom of association, assembly and expression
- ▶ Roadblocks for independent labor and human rights groups to register and operate
- ▶ Low capacity for monitoring; limits to effective monitoring



Challenges for Sourcing from Uzbekistan

Production-specific risks

- ▶ Majority of cotton is grown through the contract system
→ risks for unfair recruitment, exploitative practices

- ▶ Cotton traded domestically or imported
→ risks for loss of traceability

- ▶ Thousands of textile units outside the cluster system
→ risks for illegal subcontracting; loss of traceability, transparency, and labor rights protections

An Expanding Textile Industry



- ▶ 120+ textile clusters; some cluster owners operate several clusters
- ▶ Production of yarn, fabric, and finished goods
- ▶ Clusters control multiple aspects of the textile value chain from cotton growing, harvesting, and ginning, through to production of value-added goods
- ▶ According to the Uzbek Textile Association, as of March 2022, the textile industry employs approx. 400,000 workers (excluding cotton pickers)
- ▶ Some clusters are investing in upskilling and worker training

Opportunities

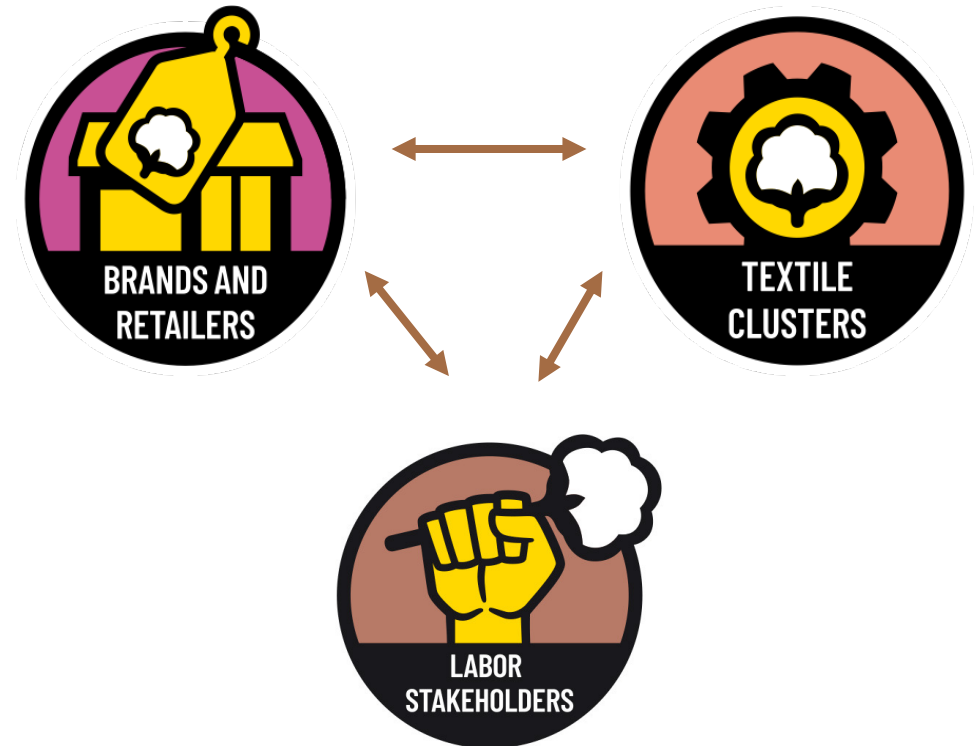
› Supply chain integration

› Full traceability



Opportunities



1. Supply chain integration
2. Full traceability
3. The chance to create a new kind of supply chain, with full transparency, traceability, and accountability for labor rights





The Cotton Campaign Framework for Responsible Sourcing from Uzbekistan

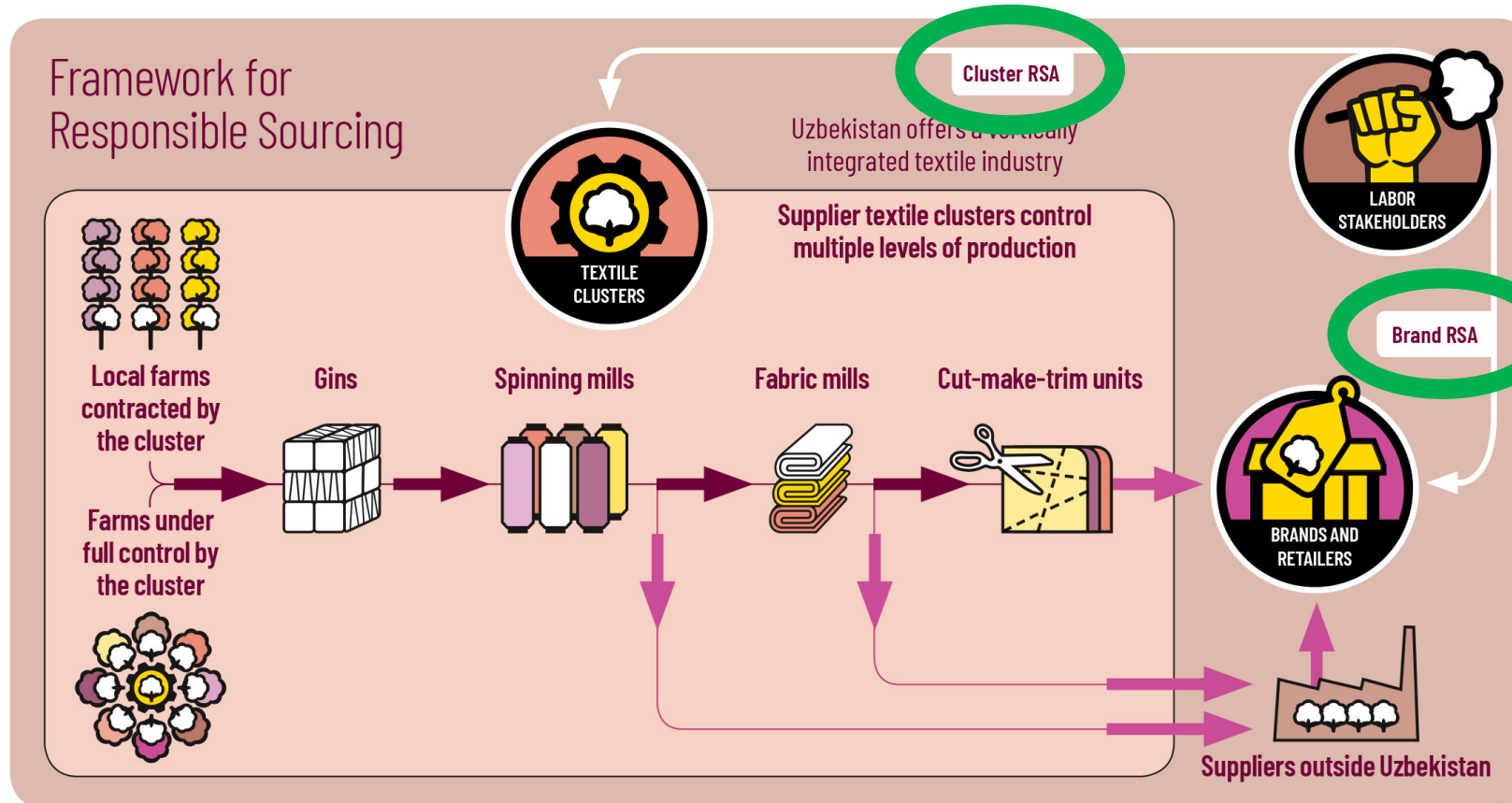
Raluca Dumitrescu
Cotton Campaign Coordinator, GLJ-ILRF



Cotton Campaign Framework for Responsible Sourcing

- › Co-governance by buyers, labor, and clusters
- › Based on international best practice to safeguard workers' rights
- › Independent and credible mechanisms for traceability, monitoring, grievance and remedy, and accountability
- › Rights protected include 1) freedom of association, 2) collective bargaining, 3) protection from retaliation for using the grievance mechanism
- › Scope can be expanded
- › Creates a level playing field

Two Interlocking Responsible Sourcing Agreements (RSAs)



Producers commit to:

- ▶ Implement international labor standards at all levels of production
- ▶ Allow training and capacity building of employers, farmers, and workers on international labor standards
- ▶ Pay workers at least the minimum wage

Buyers commit to:

- ▶ Source only from covered producers
- ▶ Use commercial leverage to ensure protection of labor rights
- ▶ Establish and maintain fair purchasing practices



Different from the Social Auditing Model

Cotton Campaign Framework is based on the key elements of effective human rights due diligence:

- › A risk-based approach to identifying and addressing human rights impacts
- › Meaningful engagement with affected stakeholders
- › Access to effective remedy
- › Responsible sourcing practices

Differences from social audits include:

- › Establishes a **grievance mechanism** to provide effective remedy at all levels of the supply chain, based on UNGP criteria: legitimacy, accessibility, predictability, equitability, transparency, rights-compatibility, and consultation with affected stakeholders
- › Entails **independent, ongoing, and on-site** monitoring of the implementation of international Labor Standards, as opposed to annual/bi-annual surveys conducted by auditors
- › The **funding model** considers all actors of the supply chain, as opposed to the audit model, where the suppliers are expected to pay the full costs of social audits



Next Steps for Implementation

- › Statements of interest from the brands – by end of June 22
- › Pilot program with a small group of brands and producers
 - › Monitoring the harvest at the producers covered – September – November 22
 - › Develop training curriculum for factory level
 - › Develop grievance mechanism

At the same time

- › Capacity building with the Ministry of Labor
- › Identify complementarity with the other initiatives in the country





The Opportunity for Brands

Julie Hughes
President, United States Fashion Industry Association



No Forced Labor is a Requirement for Supply Chains

U.S. law mandates no forced labor in supply chains

- ▶ Withhold Release Orders (WROs) focus on cotton products with focus on XUAR and Turkmenistan
- ▶ Uyghur Forced Labor Prevention Act (UFLPA) begins new enforcement process on June 21

USMCA requires Canada and Mexico to mandate no forced labor in supply chains

EU Commission developing EU import control mechanism and Mandatory human rights due diligence (mHRDD)

Reputational and legal risks remain a top concern for brands and retailers





Uzbekistan is an Opportunity for Sourcing

Uzbekistan has the potential to become a key sourcing country for sustainable cotton products:

- › No state-imposed forced labor in the 2021 harvest
- › High quality yarn and fabric
- › Expansion of finished goods production

But to be certain that Uzbek cotton products are not produced with forced labor and in exploitative working conditions, brands need:

- › Assurances that reforms to end forced labor are sustainable and irreversible
- › Credible mechanisms for monitoring, grievance and remedy, and accountability at all levels of production
- › Full traceability of the cotton supply chain

The Cotton Campaign Framework supports brands in conducting human rights due diligence at all stages of production in Uzbekistan

Links and Contact Information

- › Uzbek Forum's 2021 cotton harvest report <https://www.cottoncampaign.org/resources-uzbekistan/2021-harvest-report-no-central-government-imposed-forced-labor-freedom-of-association-needed-to-sustain-reforms>
- › The Cotton Campaign's press release on lifting the Pledge <https://www.cottoncampaign.org/news/cotton-campaign-ends-its-call-for-a-global-boycott-of-cotton-from-uzbekistan>
- › Zoom recording of the press conference, March 10, 2022 - <https://www.youtube.com/watch?v=5jHsPRAYVbE>
- › Contact information

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A TURNING POINT IN UZBEKISTAN'S COTTON HARVEST

NO CENTRAL GOVERNMENT-IMPOSED FORCED LABOR
FREEDOM OF ASSOCIATION NEEDED TO SUSTAIN REFORMS



UZBEK FORUM
FOR HUMAN RIGHTS