



# COTTON SOURCING SNAPSHOT:

A Survey of Corporate Practices to End Forced Labor



RESPONSIBLE **sourcing** network



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## **Responsible Sourcing Network**

[www.sourcingnetwork.org](http://www.sourcingnetwork.org)

Responsible Sourcing Network (RSN), a project of the non-profit organization As You Sow ([www.asyousow.org](http://www.asyousow.org)), is dedicated to ending human rights abuses and forced labor associated with the raw materials found in products we use every day. RSN builds responsible supply chain coalitions of diverse stakeholders including investors, companies, and human rights advocates. Currently, RSN works with network participants to leverage their influence in the areas of forced labor in the cotton fields of Uzbekistan and conflict minerals from the Congo to create positive change for brands, consumers, and the impacted communities.

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# EXECUTIVE SUMMARY

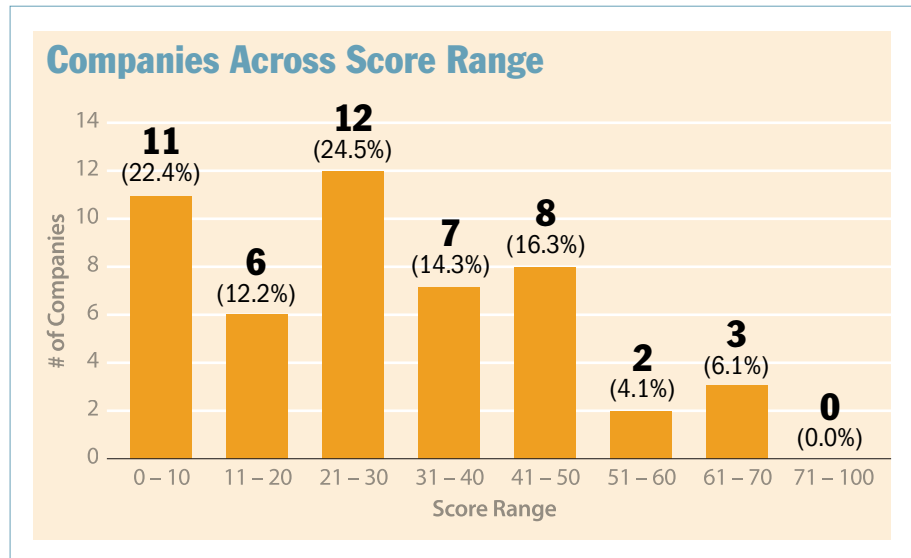
It is well documented that for decades the Government of Uzbekistan has been forcing up to a million of its citizens to work in the cotton harvest each year. However, due to international and corporate pressure, during the 2012 and 2013 cotton harvests, the Uzbek government almost entirely eliminated the number of children under 15 years of age it forced to work in the fields. Unfortunately, it is now sending even larger numbers of older children and adults to labor in the cotton fields.

Having engaged corporations involved in the apparel industry since 2007 on the issue of forced labor in the Uzbek cotton sector and urged by non-governmental organizations (NGOs), Responsible Sourcing Network (RSN) and sustainable and responsible investors (SRIs) decided it was time to take a snapshot of what the apparel and home goods industries are doing, and not doing, to help transition Uzbekistan away from institutionalized labor abuse.

This cotton survey was conducted to capture best practices and to gain an overall understanding of what the industries are doing to identify risks, establish policies, implement procedures, and disclose practices to eliminate and prevent forced labor.

A maximum of 100 points could be assigned across 11 indicators in the categories of Policy, Public Disclosure, Engagement, and Implementation & Auditing. It was not surprising to see the highest scores in the Policy and Engagement sections and the lowest scores in the Public Disclosure and Implementation & Auditing sections. Historically, companies have been hesitant to publicly report on their activities lest they be ridiculed for not attaining higher accomplishments. Similarly, although companies have been willing to establish policies to demonstrate their values, fully implementing procedures and auditing several tiers of suppliers can be a complex and expensive challenge for companies.

Although no one company scored the highest for all 11 indicators, at least one company did score the highest for 10 of the 11 indicators. Below are the results associated with the highest-scoring activities. All percentages listed here and provided throughout the report are in reference to the 49 companies surveyed, not the industries at large.



- 35% have a robust public policy, which includes a well-defined strategy or action plan
- 4% have Supplier Codes of Conduct (COC) that apply to “first and second tier suppliers”, spinners/mills, and the harvesting (farm) level<sup>1</sup>
- 2% fully disclose progress and/or any challenges with their strategies on Uzbek cotton
- 12% disclose the countries from which they source as well as provide the names of their cut/sew suppliers (0% disclosed this and the names of their spinners/mills)
- 18% have signed on to at least one advocacy letter to government representatives/traders/international institutions, and/or attended at least one in-person advocacy meeting
- 18.5% are involved in spinner efforts individually or through another initiative
- 16% provide training and require their suppliers/spinners to abide by their policies. 8% also include this in their supplier contracts
- Almost 41% have requirements for tracing Country of Origin (COO)
- 6% have fully implemented a traceability or spinner verification program
- 12% have independent third-party audits of their spinners/mills
- 2% publish aggregated cut/sew audit responses and aggregated spinner/mill audit responses

In reviewing the individual company scores, out of a maximum of 100 points, five companies scored above 50 points (with 68 being the highest score) and 28 companies scored under 30 points (with two companies scoring zero).

The overall highest-scoring companies, with points greater than 50, were: adidas AG, Marks and Spencer Group plc (M&S), IKEA AG, Patagonia, Inc., and Phillips-Van Heusen Corp (PVH). The five lowest-scoring companies were: All Saints Retail Limited, Urban Outfitters, Inc., Costco Wholesale Corporation, Forever 21, Inc., and Sears Holding Corporation.

The full list of companies' ratings (alphabetical and by score) is included in the Appendix.

Although C&A, Eileen Fisher, The Gap, Inc., Levi Strauss & Co., L Brands, Inc. (formerly Limited Brands), Tesco plc, and Wal-Mart Stores, Inc. all scored under 50 points, RSN would like to acknowledge all of the effort they have put in over the years to address the issue of Uzbek cotton and to encourage the Government of Uzbekistan to change its practice of forcing its citizens to labor in the cotton fields.

By having a greater understanding of what the leading companies are doing and what percentage of the industries are following suit, the path forward becomes more evident. Upon analysis of the survey results, it is recommended that companies take the following actions:

- Contribute to the establishment of an industry-wide spinner and mill certification system
- Integrate supplier compliance into existing IT management systems
- Disclose practices and challenges

By working to reject any form of forced labor and continuing the coordination of NGO and corporate activities, completely eradicating forced labor of children and adults from Uzbek cotton fields is an attainable goal in the next five years.

# INTRODUCTION

## LABOR ABUSES IN THE APPAREL SECTOR

Labor and human rights abuses in apparel supply chains have existed since the 17th century. Although the infamous 1911 Triangle Shirtwaist Factory fire in New York brought about extreme changes to factory safety work standards and labor laws in the United States, rapid commercialization in the late 20th century led apparel companies to outsource production abroad, where standards for working conditions were minimal, non-existent, or not enforced.

The tragic fire at the Tazreen Fashions factory and the collapse of the Rana Plaza building in Bangladesh in 2012, which together killed at least 1,451 workers, drew global attention to the atrocious labor conditions for Bangladeshi workers. These tragedies have renewed the public's interest in apparel and home goods corporations taking responsibility for poor labor conditions in their supply chains.

Although improvements have been made by creating and enforcing Codes of Conduct, the Bangladesh tragedies reveal that labor issues continue to exist at the first and second tiers of supply chains. When looking even further to the third tier (knitting or weaving mills), or into the harvesting of commodities, even greater abuses are hidden from our view. The U.S. Department of Labor's *List of Goods Produced by Child Labor or Forced Labor* documents nine countries producing cotton with forced labor and 17 countries producing cotton with child labor. Forced labor in the cotton industry has been reported in China, India, Pakistan, Uzbekistan, Turkmenistan, Burkina Faso, Benin, Kazakhstan, and Tajikistan.<sup>2</sup>

For the past seven years, sustainable and responsible investors (SRIs) have been asking apparel and home goods companies to investigate working conditions beyond their manufacturing facilities, especially at the cotton harvesting level. SRIs are asking companies to identify risks throughout their entire supply chains and to implement systems to eliminate and prevent abuse.

## FORCED LABOR OF CHILDREN AND ADULTS IN UZBEKISTAN

In 2012/2013, Uzbekistan was the seventh largest producer and fifth largest exporter of cotton in the world.<sup>3</sup> While the cotton industry is very profitable for a few political elites, cotton farmers live in dire poverty. The Government of Uzbekistan forces up to a million of its citizens to work in the cotton harvest each year.<sup>4</sup> Working conditions during the harvest include physical and verbal abuse and lack of freedom of movement. Independent union representation is nonexistent for workers and journalists who report on the abuses in the cotton harvest are harassed and sometimes jailed.<sup>5</sup>

For the past 30 years, the Uzbek government has forced children as young as six years old to work harvesting cotton. However, due to pressure from human rights groups, corporations, and the International Labor Organization (ILO), during the 2012 and 2013 cotton harvests, the Government of Uzbekistan almost entirely eliminated the number of children under 15 years of age from being forced to work in the fields. This reduction was the first major change in government orchestrated labor in decades demonstrating the Uzbek government's sensitivity to efforts such as the large corporate support of the *Cotton Pledge* (see sidebar) coordinated by RSN. Unfortunately, the Uzbek government is now forcing even greater numbers of older children and adults to labor in the cotton harvest.<sup>6</sup>

In its *2013 Trafficking in Persons Report*, the U.S. State Department moved Uzbekistan to a Tier 3 ranking, which is the lowest category a country can be placed in for tolerating human trafficking and forced labor.<sup>7</sup>

## RSN COTTON REPORTS AND SURVEY

In 2012 RSN released its first cotton publication, *From the Field: Travels of Uzbek Cotton Through the Value Chain* to clarify information about characteristics of Uzbek cotton and export mechanisms involved in moving cotton around the globe.<sup>10</sup> In early 2013, RSN released its second report, *To the Spinner: Forging a Chain to Responsible Cotton Sourcing* to convey mechanisms companies could utilize to determine and eliminate high-risk cotton linked to forced and child labor from their supply chains.<sup>11</sup>

Included in RSN's *To the Spinner* report were several best practice policies and procedures from leading companies. *Cotton Sourcing Snapshot* was conducted to not only capture additional best practices, but to also gain an overall understanding of what the apparel and home goods industries are doing to be transparent, identify risks, establish policies, implement procedures, and disclose practices to eliminate and prevent practices of forced labor. The survey is also being used to understand how companies are holding their suppliers accountable to their commitments not to source Uzbek cotton and to determine what activities or structures are missing that could support companies and their suppliers to adhere to their commitments.

The survey indicators are divided by four main criteria: Policy, Public Disclosure, Engagement, and Implementation & Auditing. Eleven questions were asked, and a total of 100 points could be awarded. Questions were weighted so that some counted for more points. The pre-populated survey was sent to a pool of 49 companies. For companies that did not respond to RSN (14 cases), the company score only reflects the information that was gathered from publicly available information. With RSN's shareholder and NGO partners, 50 companies were chosen to contact based on stakeholders' priorities and to provide a representative but manageable amount of companies to survey. Thirty-three of these companies have signed RSN's *Cotton Pledge* (see sidebar) and 16 have not (see company ratings in the Appendix). During the process, one company dropped out due to selling the brand name resulting in a total of 49 companies surveyed.

### Cotton Pledge

In 2011, RSN launched the *Cotton Pledge Against Child and Adult Forced Labor in Uzbek Cotton*.<sup>8</sup> By signing the pledge, companies commit to not knowingly source Uzbek cotton for the manufacturing of any of their products until the Government of Uzbekistan ends the practice of forced labor of children and adults in its cotton sector. By having a common pledge, the Uzbek government and others in the cotton industry can see in one place the breadth and depth of retailers and brands committed to ending this abuse. As of January 2014, the *Cotton Pledge* had 141 signatories. The 33 companies surveyed for this report that are signatories to the pledge are indicated in the company ratings in the Appendix.<sup>9</sup>

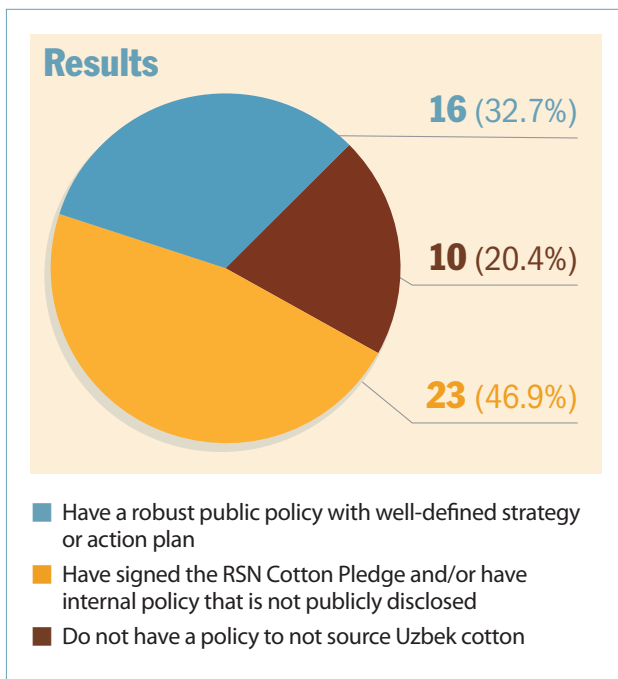
# EXAMINING THE SURVEY INDICATORS

The indicators used in this survey were based on previous discussions with companies regarding their practices, information RSN's shareholder partners requested, and corporate activities human rights groups have inquired about. The indicators are divided by four main categories: Policy, Public Disclosure, Engagement, and Implementation & Auditing. These categories and the indicators within capture elements the investor community considers essential for understanding how companies are addressing human rights risks buried in their supply chains at the level of raw material extraction.

## Policy

### 1. POLICY STATEMENT

*Describe your company's policy to not source Uzbek cotton until the issue of forced labor is resolved.*



### TRENDS

Of the 23 companies that signed RSN's *Cotton Pledge* (see sidebar p. 6) and/or have an internal policy, 18 have signed the pledge and five have an internal policy. Of the 16 companies who have a robust public policy, 15 are also signatories to the *Cotton Pledge*. Therefore overall, 33 (67%) of the 49 surveyed companies have signed the *Cotton Pledge*.

Even though Uzbek activists have been campaigning for a global boycott of cotton from Uzbekistan since 2007, news articles frequently highlight the ongoing violations, and an industry-wide *Cotton Pledge* is available to sign, a surprising 20% of those surveyed still do not have a policy in place. In this case, a company typically commented that its code of conduct addresses forced and child labor, but that its code does not specifically mention cotton or Uzbekistan.

### BEST PRACTICES

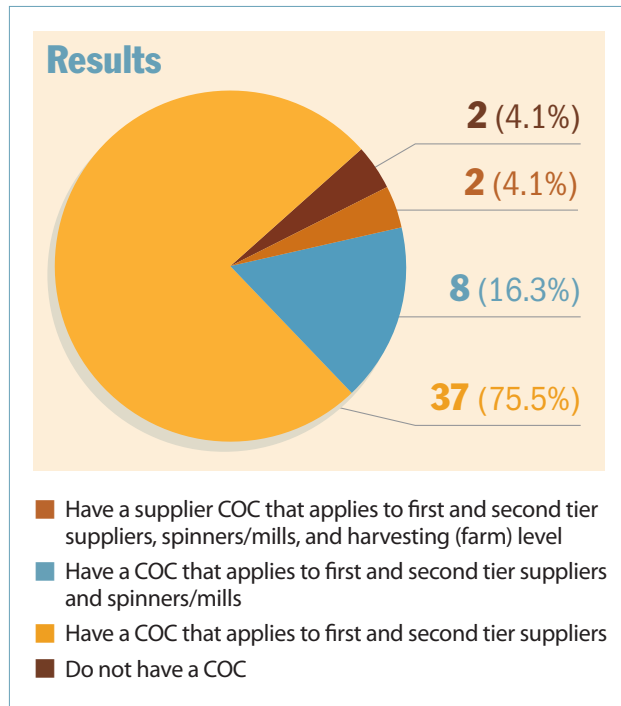
**High Scores:** *adidas, C&A, Eileen Fisher, Fruit of the Loom, Inc., Gap Inc., The Gymboree Corporation, H&M HENNES & MAURITZ AB (H&M), IKEA, J.Crew Group, Inc., Kohl's Corporation, Levi Strauss, Target Corporation, The TJX Companies, Inc. (TJX), VF, Walmart, The Walt Disney Company*

Eileen Fisher has an entire page on its website dedicated to the issue of cotton from Uzbekistan, how it is taking action, what its goals are, how it is holding its suppliers accountable, and resources for further information.<sup>12</sup>

Levi Strauss has a document in the Sustainability section of its website that goes into detail explaining the process Levi Strauss took in investigating the origin of the cotton in its products.<sup>13</sup>

## 2. SUPPLIER CODE OF CONDUCT

Describe your company's Supplier Code of Conduct (COC) as it relates to forced labor in cotton sourcing.



### TRENDS

A common comment left by 75% of companies that have a supplier COC only applicable to first and second tier cut/sew suppliers was that while their codes are principally applied to the entire supply chain, the focus of their monitoring programs is on first and second tier suppliers and sewing sub-contractors, where they have the biggest influence. Adidas commented that through active participation in industry-wide initiatives like Better Cotton Initiative (BCI) (see sidebar p. 17), its goal is to eventually drive oversight and management through the entire supply chain.

In the past, companies only focused on auditing suppliers when they had direct relationships. But now companies are beginning to realize that additional systems and tools are needed in order to identify and eliminate human rights risks from their supply chains down to raw material extraction.

### BEST PRACTICES

**High Scores:** American Apparel, Inc., Patagonia

Patagonia's Supplier Workplace Code of Conduct introduction explicitly states that requirements of its code apply to the "whole supply chain, including sub-suppliers, sub-contractors, and farms."<sup>14</sup>

### Fair Labor Association (FLA)

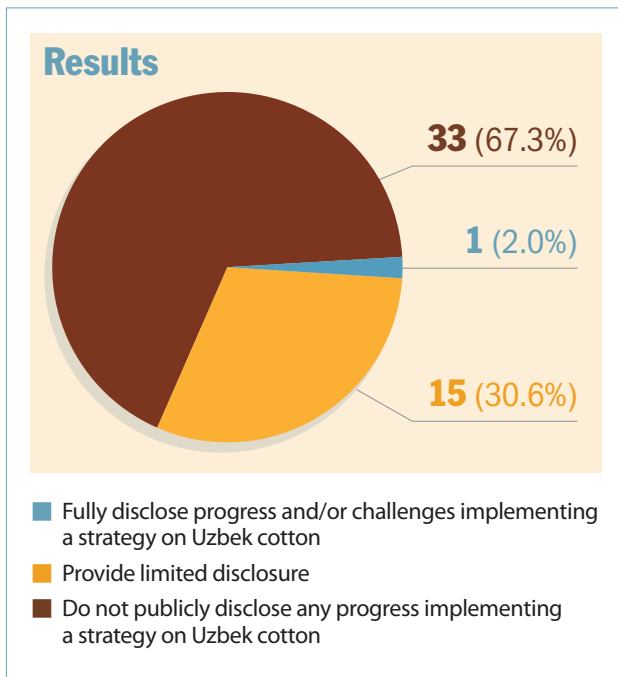
FLA holds its affiliated companies accountable for enforcing its Code of Conduct at the factory and farm level and conducts independent assessments and monitoring which are published on FLA's website. FLA affiliates include adidas, American Eagle Outfitters, Columbia, Fifth and Pacific, Fruit of the Loom, Hanesbrands Inc., H&M, Levi Strauss, Nike, Nordstrom, Patagonia, PVH, and VF.<sup>15</sup>



# Public Disclosure

## 3. DISCLOSE PROGRESS ON IMPLEMENTATION

Does your company publicly disclose progress on implementing a strategy on Uzbek cotton?



### TRENDS

The fact that the majority of the surveyed companies do not provide up to date information on how they are in compliance with their Uzbek cotton strategy reveals that companies still do not feel comfortable reporting out on areas where they could use improvement. In other words, companies still do not want to disclose progress on implementing their Uzbek cotton strategies unless required to. That said, the California Transparency in Supply Chains Act is forcing companies who conduct business in California to provide more disclosure on their policies to eradicate forced labor and human trafficking (see sidebar).

Over half of the surveyed companies do not publicly disclose on their progress regarding forced labor in their cotton supplies because they have not developed compliance systems that need to be enforced beyond their first and second tier suppliers. Research by As You Sow has shown that the reason most companies have not taken action in this area is because it is difficult to independently implement a policy and enforce it through audits when the

brand has no contractual relationship. The complexity of implementing a compliance program down to the raw material level requires a willingness to commit significant resources and work in collaboration to find better solutions that will permanently reduce levels of non-compliance in Uzbek cotton sourcing.<sup>16</sup>

### BEST PRACTICES

**High Score:** *Gap Inc.*

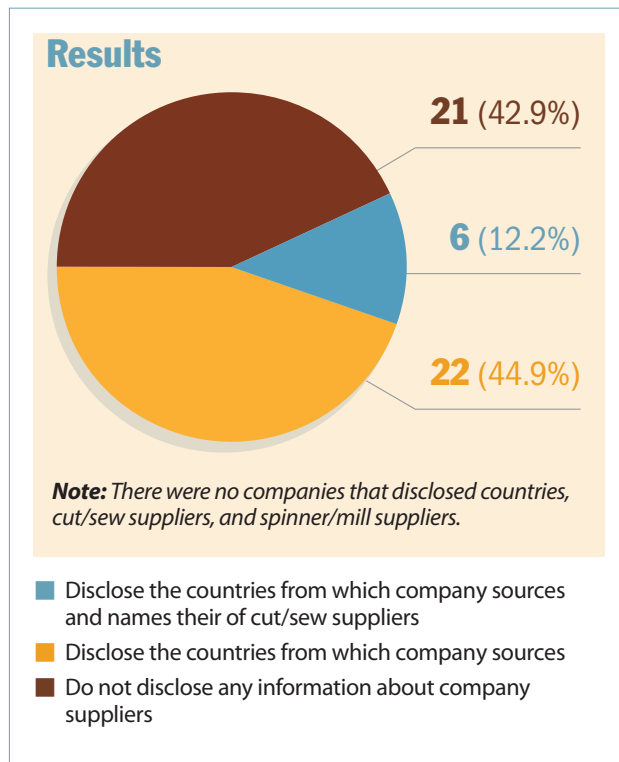
In its 2007/2008 Social Responsibility Report and in each of its subsequent reports, Gap Inc. has included a section on Uzbek cotton. Gap Inc. discloses when the company began addressing the issue, activities it undertook, challenges it encountered, and future goals.<sup>17</sup>

### SB-657: California's Transparency Law

The California Transparency in Supply Chains Act (SB-657) went into effect on January 1, 2012 and requires companies to disclose via their websites efforts to eradicate slavery and human trafficking from their supply chains. The act impacts retail and manufacturing companies who conduct business in California and have at least \$100 million in revenue globally. This legislation is important as it helps consumers and investors better understand whether they are supporting companies that are aligned with their own values. The act operates on the premise that by requiring public disclosure, companies will face pressure to implement policies, systems, and tools that will eradicate slavery and trafficking and ensure their business practices do not contribute to these abuses in the future. The type of forced labor in Uzbekistan's cotton sector falls under the definition of slavery in SB-657. Therefore, companies manufacturing and retailing cotton goods are required to report on what they are doing to ensure Uzbek cotton picked with forced labor is not in their products. The website *KnowTheChain* provides the SB-657 disclosure status of approximately 500 companies.<sup>18</sup>

## 4. DISCLOSURE OF SUPPLIERS

Does your company disclose the countries from which company sources, the names of company's cut/sew suppliers, and/or the names of company's spinners/mills?



### TRENDS

The research found the general consensus around supplier disclosure is that if companies are willing to disclose any information about their manufacturing, they are the most comfortable listing only the locations where their products are manufactured.

Some companies say they do not publicly disclose their supplier names for competitive reasons. Other companies stated that while they do not disclose their full supplier lists, they do disclose select supplier information via industry initiatives in which they participate. For example, as of February 2, 2014, the *Accord for Building and Structural Safety in Bangladesh (Accord)*, which has 145 company signatories, discloses a list on its website of approximately 1,613 factories the group works with collectively.<sup>19</sup> Due to being a signatory to an initiative such as the *Accord*, some companies are being forced to rethink their disclosure policies.

Up until now, C&A stated that due to existing contractual obligations, it was not able to disclose details of its individual contractual partners to third-parties. However, upon joining the *Accord*, it had to seek consent from its

contractual partners to disclose details of its relationship with each supplier. C&A commented that it is in a transition phase from not disclosing any information about its contractual suppliers to a more modern age where such information sharing will become part of its global license to operate.

As of December 2013, the *Alliance for Bangladesh Worker Safety (Alliance)* listed more than 708 factory names that are part of its members' factory base.<sup>20</sup> The devastating fires and building collapse in Bangladesh have uncovered the fact that many western brands still do not have a clear understanding of where all of their products are being manufactured. There is a demand from labor groups and consumer advocates for brands to know which factories are manufacturing their products, to perform social audits on all of the suppliers, and to report the audit results. As systems such as the *Accord* and the *Alliance* are fully implemented and leading companies post their supplier lists, it is likely factory disclosure will become the norm.

The growing trend in supply chains over the past four to six years is to have increased transparency all the way to the raw commodity extraction level. Companies in a variety of industries are starting to disclose more details about their supply chains due to legislation, public demand from human rights groups, and investor pressure. A good example of this is the legislation on Conflict Minerals – Section 1502 of the Dodd Frank Act – and the company Hewlett Packard (HP) (see sidebar p. 11). Although no apparel companies have yet to release a mill or spinner list for cotton, this is expected in the near future.

## BEST PRACTICES

**Note:** No companies scored in the highest category.

**Top Performers:** *Benetton Group S.p.A., Columbia Sportswear Company, Fruit of the Loom, H&M, Levi Strauss, Patagonia*

In 2013 Fruit of the Loom launched its new website which includes an interactive world map where one can click on any country and a corresponding list of the company's suppliers will appear.<sup>22</sup>

For each country from which it sources, H&M discloses the factories it uses and their contact information.<sup>23</sup>

Patagonia not only discloses its complete factory list but it also lists its top eight raw materials suppliers on its *Footprint Chronicles* map. This interactive map provides the name of its mills, their locations, and number of workers.<sup>24</sup>

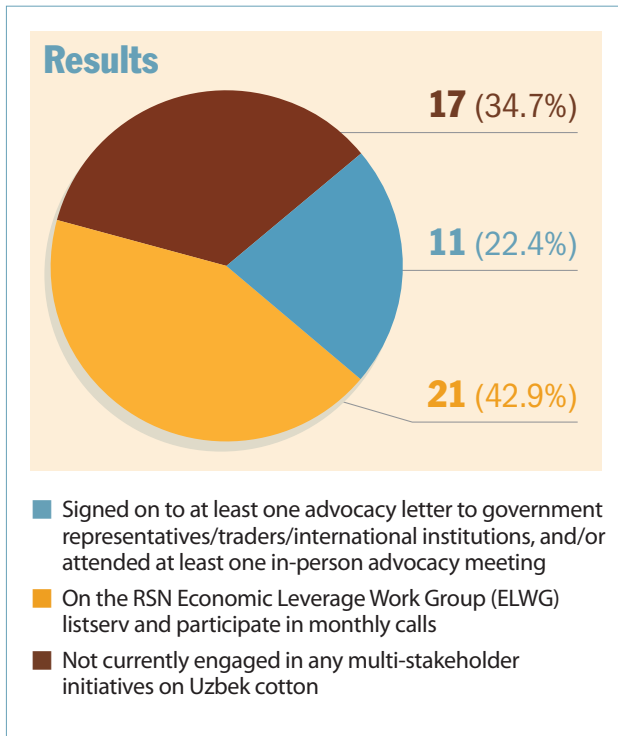
### Hewlett Packard's List of Smelters

Although not specifically required by the Conflict Mineral legislation, in 2013 HP was the first company to publish a list of the 195 smelters it had identified in its supply chain thus far. This was considered a milestone activity toward achieving a conflict-free supply chain. The smelter list followed the list of its manufacturing suppliers, which HP released in 2008.<sup>21</sup>

# Engagement

## 5. ACTIVE UZBEK COTTON ENGAGEMENT

Does your company participate in any of the following multi-stakeholder initiatives on Uzbek cotton?



### TRENDS

Since coordinated multi-stakeholder efforts against forced labor in Uzbekistan began in 2008, companies, investors, trade unions, industry associations, and human rights groups have met regularly with various government agencies in the U.S. and Europe. This group of diverse stakeholders, which has evolved into the Cotton Campaign (see sidebar), has also met with the Uzbek Ambassador to the United States to express concern for the ongoing exploitation of children and adults in the cotton sector. Presenting a shared position from a group of multi-stakeholders has kept the pressure on the Uzbek government and led to key policy decisions.

In addition, many stakeholders have been putting pressure on the Uzbek government via the ILO through the International Organization of Employers (IOE) and the International Trade Union Confederation (ITUC). These two organizations have been working together consistently on this issue over the years and have both filed submissions to the ILO on Uzbek labor abuse, which has been unprecedented. Given the severity of the problem, the role of the central government,

and the significant trade of Uzbek cotton in global markets, leading companies see the importance of contributing their economic leverage to strengthen bilateral and multilateral efforts.

Several companies are also implementing the *Daewoo Protocol* (see sidebar p. 13). The protocol provides steps to ban business with companies operating in the Uzbek cotton and textile sectors or otherwise using Uzbek cotton. Companies integrate the ban into legal documentation with suppliers and make the documentation publicly available. ANN INC., C&A, Fifth & Pacific Inc., H&M, IKEA, Michael Kors Holdings Limited, Nike Inc., and Patagonia have all begun to implement the *Daewoo Protocol*.

### BEST PRACTICES

**High Scores:** C&A, Columbia, Eileen Fisher, Gap Inc., IKEA, J.Crew, Levi Strauss, Macy's Inc., M&S, Michael Kors, TJX

#### Company Best Practices

M&S has supported the Environmental Justice Foundation (EJF) and Anti-Slavery International for their work to address forced labor in Uzbekistan.

### Cotton Campaign

The Cotton Campaign is a broad-based coalition that coordinates multi-stakeholder efforts against forced labor in Uzbekistan. The coalition meets with government agencies in the U.S., Australia, European Union, and South Korea, as well as with Uzbek officials to push for the termination of forced labor of children and adults in the Uzbek cotton fields. The Cotton Campaign also supports efforts through the ILO, United Nations Human Rights Committee, UN Committee Against Torture, UN Committee on the Rights of the Child, and Asian Development Bank to use their leverage with the Uzbek government to end forced labor.<sup>25</sup>



## Daewoo Protocol

The Daewoo Protocol, established in 2012, is comprised of six tangible steps for companies to take to introduce controls into their supply chain management systems that ensure companies profiting from forced labor in the Uzbek cotton sector do not receive their business. The protocol's name highlights Daewoo International Corporation, a subsidiary of the South Korean steel company POSCO, which operates three cotton processing facilities in Uzbekistan and accounts for approximately 20% of all cotton processed in the country. Since entering Uzbekistan's cotton industry in the 1990s, Daewoo has refused to fulfill its due diligence responsibility to prevent human rights violations directly linked to its operations.<sup>26</sup>

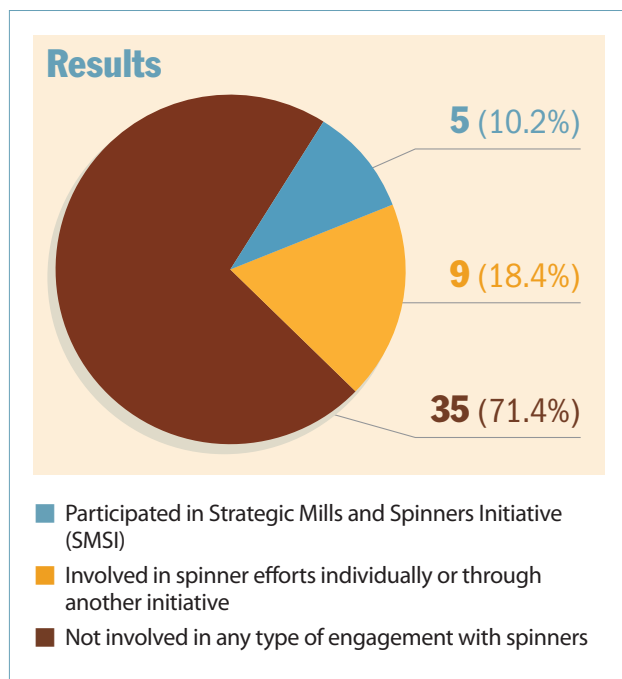
On three separate occasions, TJX was a signatory on letters to the Government of Uzbekistan. It has also participated in various multi-stakeholder meetings in 2009 and 2010 on this issue in Washington D.C., New York City, and Brussels.<sup>27</sup> TJX continues to participate in multi-stakeholder conference calls on this matter.

### Industry Association Best Practices

To a certain extent, it is a challenge for brands and retailers of apparel and home goods to engage with the Uzbek government agencies directly since most of them do not purchase cotton. As a result, starting in 2007, U.S. industry associations including American Apparel and Footwear Association (AAFA), National Retail Federation (NRF), Retail Industry Leaders Association (RILA), and U.S. Fashion Industry Association (USFIA, formerly USA-ITA) have played a lead role for the U.S. retail, apparel, and textile industries. Some of these associations, along with Canadian industry associations more recently, have submitted letters to or have met directly with the Uzbek government and purchasing governments such as Bangladesh and China, expressing the industries' alarm over the prevalence of forced labor of children and adults in Uzbekistan.

## 6. ACTIVE SPINNER ENGAGEMENT

*Is your company currently or has your company in the past been actively involved with engaging spinners, through RSN's Strategic Mills & Spinners Initiative (SMSI) or another effort?*



### TRENDS

In 2010 RSN created the SMSI in an attempt to jointly engage spinners in countries importing significant quantities of Uzbek cotton (China, Bangladesh, India, Italy, South Korea, Spain, Taiwan, and Turkey). Lists of key spinners and mills provided by eight of the participating companies were combined, and letters signed by a total of 13 companies were sent to over 100 spinners and mills. Unfortunately, the response rate was extremely low due to the lack of a relationship between RSN and the mills, language barriers, and time constraints that barred adequate follow-up.

In 2012, with introductions and accompaniment from specific brands, RSN staff visited several spinners in the U.S., Switzerland, and China. Anecdotes gathered from the spinner visits, along with a few examples of company best practices, were published in *To the Spinner: Forging a Chain to Responsible Cotton Sourcing*. Research from the report confirmed that spinners are at the pinch point for determining country of origin (COO) of cotton and the decision makers from where they choose to source their

cotton. Although many brands and retailers understand this, most of them do not have the resources or time to dedicate to determining all of the spinners in their supply chains or engaging them in an effort to eliminate cotton picked with child and adult forced labor from their raw material sources. Although several traceability pilot projects were undertaken in 2010, almost all of the mechanisms were never fully implemented due to cost and complexity.

Most of the nine companies that are engaging spinners are currently doing so through industry-wide efforts such as the Better Cotton Initiative (BCI) (see sidebar p. 17), the Sustainable Apparel Coalition (SAC) (see sidebar p. 18), Natural Resource Defense Council's (NRDC) Clean by Design program (see sidebar), or they had participated in Business for Social Responsibility's (BSR's) Mills and Sundries Working Group (see sidebar p. 15 – this group is currently on hold). A few companies are engaging and auditing mills on their own but they admit it is difficult to do.

The recent anti-slavery legislation in California (see SB-657 sidebar p. 9) and the Dodd-Frank conflict-mineral disclosure have spurred renewed interest in transparency and traceability of supply chains. New initiatives have been created in recent years such as the Conflict-Free Smelter Program (see sidebar), which audits and validates smelters as being “conflict-free” with the validated list posted on a public website. Numerous software systems have recently come on the market to assist companies in mapping and approving their suppliers all the way to the raw material extraction level.

### Natural Resources Defense Council (NRDC) Clean by Design

NRDC's Clean by Design program looks to reduce the environmental impacts of suppliers for multi-national corporations. The program focuses on improving process efficiency in the areas of raw materials, manufacturing, transportation, and consumer care to reduce waste and emissions and improve the environment. In the area of manufacturing, NRDC developed the Responsible Sourcing Initiative (RSI) in collaboration with seven multinational apparel retailers and brands to assess real-world manufacturing practices at the mill level. As a result of this collaboration, RSI developed best practices for textile mills for resource savings.<sup>29</sup>

### Conflict-Free Smelter Program (CFSP)

CFSP was created and is managed by the Conflict-Free Sourcing Initiative, which is a coalition of leading electronics, automotive, jewelry, and aerospace industry associations and companies. The CFSP is a voluntary effort that enables companies to source conflict-free minerals by having independent third-party auditors validate smelters and refiners. The program determines if the smelter adequately demonstrates that the materials it is processing originated outside of the Democratic Republic of the Congo or neighboring countries, or that they originated from inside the region from certified conflict-free sources.<sup>28</sup>

### BEST PRACTICES

**High Scores:** *adidas, Burberry Group plc, C&A, Gap Inc., J.C. Penney Company, Inc., Levi Strauss, M&S, Nordstrom, Inc., PVH*

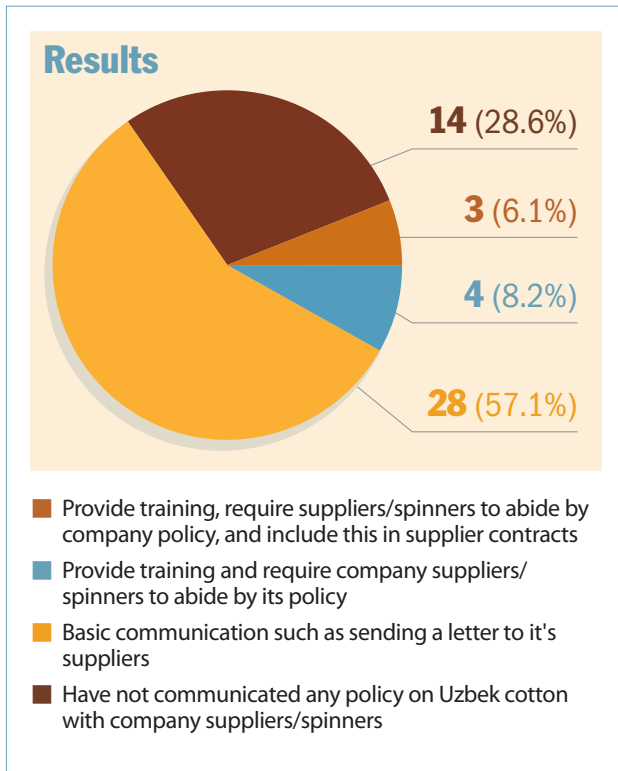
By seeking support of its contractual supply partners, C&A has been able to reach further back into the supply chain and conduct audits of some of its mill partners.

PVH has engaged with stand-alone spinners as egregious practices arise. Additionally, the company is increasingly engaging with spinners by extending contracts to directly sourced mills, which includes a policy on Uzbek cotton and participation in a number of industry initiatives.

# Implementation & Auditing

## 7. COMMUNICATE POLICY WITH SUPPLIERS

What has your company done to convey your policy on Uzbek cotton with your suppliers?



### TRENDS

Though comparable to the 20% of companies that have no policy on Uzbek cotton, it is still quite surprising that 28% of companies have not communicated about the issue of Uzbek cotton with their suppliers. Resources such as sample letters to suppliers make this communication easy, and given that companies valued over \$1 trillion have signed the *Cotton Pledge* (see sidebar p. 6), it is clear that the issue is well known in the industries.

When the BBC's *Newsnight* aired a story on forced labor in the Uzbek cotton sector in 2007, many companies, especially in Europe, contacted their suppliers and started to create policies against Uzbek cotton.<sup>30</sup> Several companies have commented that sending a letter to a supplier just once hardly ever suffices to address the problem entirely. To stress the importance of an issue, communication needs to be sent to suppliers at least once a year. Having a company's policy included in a supplier contract is ideal. However, many companies resist including the policy of "no Uzbek cotton" in a contract with a cut and sew factory since that supplier typically is not purchasing cotton and manufacturing the textile.

### BEST PRACTICES

**High Scores:** *adidas, Carrefour SA, M&S*

Adidas has an impressive supply chain training practice which includes fundamental training for workplace standards, Fair Factories Clearinghouse (FFC) data entries (see sidebar p. 19), new factory approval process, and the Social and Environmental Affairs group (SEA) operating guidelines, which functions to drive the sustainability program of the company.<sup>31</sup> Its goal is to source all cotton through BCI (see sidebar p. 17) by 2018.

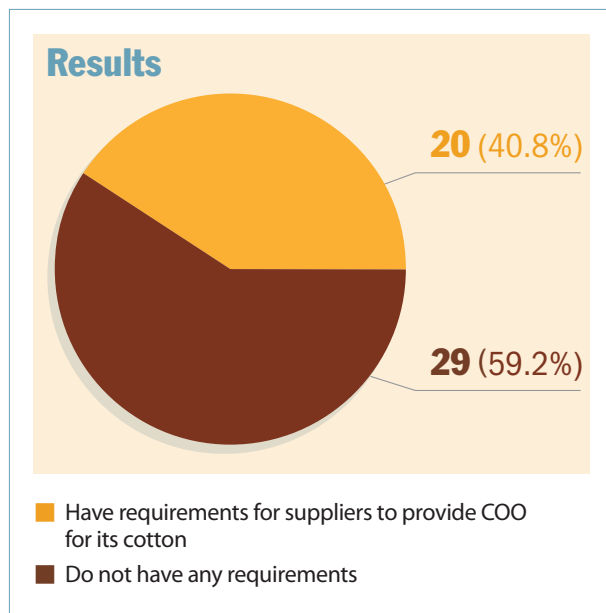
### Business for Social Responsibility (BSR) Mills and Sundries Working Group

BSR created a working group comprised of apparel and retail companies and suppliers to encourage mutual transparency and the improvement of factory conditions beyond the first tier. One of the working group's goals was to provide third-party assessments of mills and sundries suppliers and develop a single set of social and environmental guidelines to reduce audit fatigue. Participating companies have included Abercrombie & Fitch Co., Burberry, Gap Inc., J.Crew, jcpenny, Jones, and Nordstrom. In 2013, this group became inactive.<sup>32</sup>

It is written in the first chapter of the Carrefour textile brand's general policies that cotton from Uzbekistan is banned. Suppliers are required to provide country of origin of the raw cotton. When Carrefour is working with a fully integrated supplier (where spinners/mills are integrated within the supplier activity and therefore within its contract), these policies are included in the contract signed by the supplier. Carrefour does not contract directly with any stand-alone spinners/mills. However, Carrefour does ask its suppliers to require their own suppliers to ban cotton from Uzbekistan.

## 8. REQUIRE COUNTRY OF ORIGIN

Does your company require cotton country of origin (COO) from your suppliers?



### TRENDS

The industry is beginning to see the value in collecting COO data for a number of environmental, social, and financial reasons, including water footprint, transportation costs, energy usage, human rights risks, quality control, and duties paid. New software systems are being developed every day to help companies improve transparency, data collection, and accountability in their supply chains.

Although cotton is grown in over 100 countries, the majority of the world's cotton is produced in China, India, U.S., Pakistan, Brazil, Australia, Uzbekistan, and Turkey. All but two of these countries have documented cases of forced labor or child labor, but they are often isolated to specific regions or farms, which makes it more difficult to uncover. In the case of Uzbekistan, the federal government mandates forced labor during the cotton harvest nationwide. Therefore, cotton from Uzbekistan is one of the easiest high-risk commodities to distinguish and trace since the COO appears on transportation documents.

If companies intend to initiate entire life cycle and risk assessments of their products they need to know the origin of their raw materials. It is essential to make cotton COO a mandatory requirement on all purchase orders and textile/yarn specifications sheets to uphold the goal of building responsible and sustainable supply chains. Electronic production management systems can be programmed so orders or "pre-bookings" cannot be placed/requested without knowing the cotton COO.<sup>33</sup>

### BEST PRACTICES

**High Scores:** *The 20 companies that have requirements for their suppliers to provide their cotton COO are indicated in the company ratings in the Appendix.*

ANN INC. has a firm policy and expects all second tier suppliers providing raw materials to its finished goods suppliers to sign and return a Compliance Agreement, sell raw materials made without use of forced or child labor, provide COO on all raw material invoices issued to finished goods suppliers/facilities, and provide the COO on all *Fabric Information Sheets*.

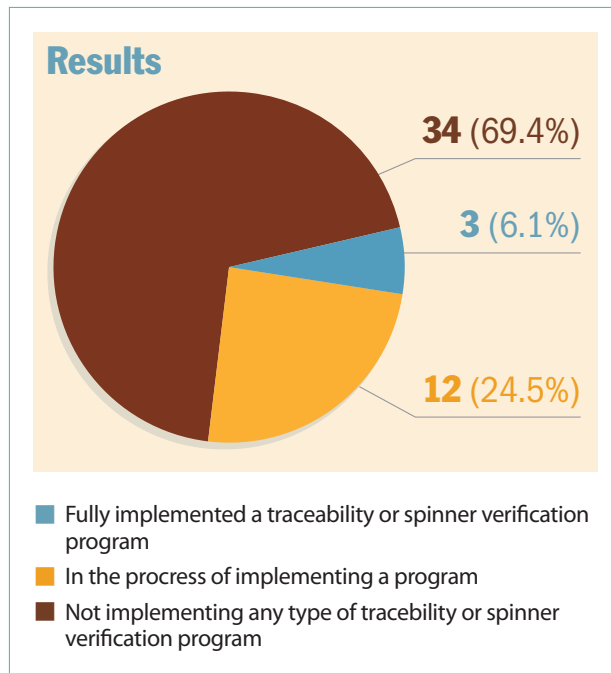
Eileen Fisher includes on its Social Technical Sheet of Fabric/Yarn questions asking which trader and spinner the bale (fleece) and cotton yarn was sourced from, in addition to asking the fiber COO and gin number.

M&S requires that apparel orders must include specifications for materials before an order is submitted, approved, and a purchase order issued. The product specifications require declaration of COO for the fiber content of the fabric.



## 9. TRACEABILITY OR SPINNER VERIFICATION PROGRAM

What type of traceability or spinner verification program is your company implementing?



### TRENDS

Similar to the advantages companies see in understanding the origin of their raw materials and tracking COO, leading companies are starting to invest in more in-depth traceability and supplier verification software and initiatives. This trend is anticipated to continue to grow due to public demand, legislation, and available new technologies.

The survey revealed 15 companies are involved in implementing a traceability or spinner verification program (in process or fully implemented). The most common third-party traceability verification programs referenced include: *Product Tracking Tool* by Fair Labor Association (FLA), *Global Supplier Management* by Intertek, BCI (see sidebar), and Cotton Connect. Software systems such as String by Historic Futures and Source Intelligence were also referenced.<sup>34</sup>

“In-house” was the most common type of traceability program implemented by companies. Several companies stated they use multiple traceability systems, usually a combination of in-house and third-party programs.

### BEST PRACTICES

**High Scores:** American Apparel, IKEA, Patagonia

Patagonia currently uses an in-house traceability program. All of the cotton in its cotton products is 100% organic and transaction certificates that have been verified by independent certification bodies are collected from the spinners. Most of Patagonia’s organic cotton suppliers are vertical and semi-vertical which allows visibility to the spinning and/or weaving, ginning, and farm levels. Patagonia has a direct relationship with all of its cotton textile mills, which helps with traceability to the farm. Patagonia works with its cotton product sewing factories directly and has implemented a continuous improvement plan to strengthen consistency in its certificate collection program using its supplier invoicing web platform.

More than 72% of the cotton IKEA purchases come from sustainable sources, including BCI (see sidebar), cotton grown to other U.S. and Australian sustainability standards, and cotton from farmers working toward BCI standards. By 2015, IKEA plans to have all of its cotton products sourced using sustainable farming practices and their accompanying traceability systems.

Additional participating partners in BCI include adidas, H&M, Levi Strauss, M&S, Nike, Tesco, VF, and Walmart.

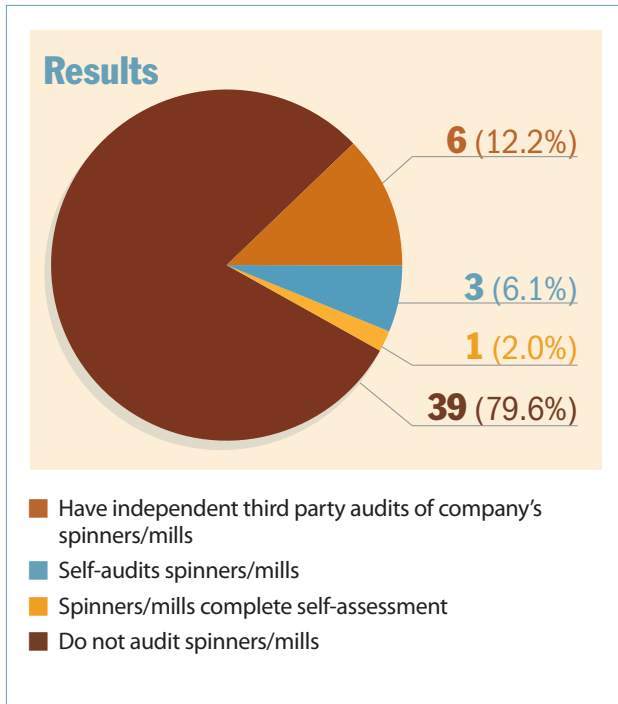
M&S, adidas, Burberry, Gap Inc., and Levi Strauss implemented cotton traceability pilot projects using Historic Futures’ *String* platform. M&S was the first retailer to work with *String* in tracing all of its non-food products as part of its commitment towards becoming a sustainable retailer by 2015. However, the platform has been scaled back for textiles and apparel and the service is only running for a few companies that have identified specific business cases. After investigating the apparel and textiles market, Historic Futures could not find a business model that worked and so stopped marketing *String* as a solution. Through the M&S project, Historic Futures collected accurate and verifiable data to describe product history and collected raw material COO data. However, it was concluded that the effort required to build this network was too complicated and unsustainable without support from multiple brands and retailers.

### Better Cotton Initiative (BCI)

BCI is a sustainable cotton initiative that incorporates efforts to improve the lives of cotton farmers through better labor and environmental practices. Documentation of accountability efforts (such as training, auditing, and certifying) accompanies the BCI cotton bales from farmer to ginner to spinner to weaver or knitter. This demonstrates the BCI cotton is grown according to the standards of the initiative. BCI operates in Brazil, India, Mali, Pakistan, China, Turkey and plans to expand to Australia, United States, and other parts of Africa.<sup>35</sup>

# 10. REQUIRE AUDITED SPINNERS AND MILLS

What type of audits does your company require of your spinners and/or mills?



## TRENDS

Research revealed the vast majority of companies (80%) do not audit any of their spinners or mills, which opens companies to the risk of having cotton picked with forced labor from Uzbekistan in their supply chains. All but the leading companies are still solely focused on determining where all of their products are being manufactured and auditing their tier one suppliers and sub-contractors. The tragedies in Bangladesh reflect the need for increased due diligence with companies' suppliers. Given the millions of children and adults being exploited to pick cotton worldwide, protecting workers harvesting cotton is imperative.

Prior to the 2007 BBC report on Uzbek cotton, companies claimed it was too difficult in a global marketplace to trace where their cotton originated.<sup>36</sup> That 20% of companies self-audit, use third-party auditors, or have spinners self-assess is reflective that holding spinners and mills accountable is an emerging practice. Requiring these audits or assessments demonstrates it is possible to determine the origin of cotton and companies can use their influence to ensure responsible social and environmental impacts of their raw materials.

Due to the lack of contractual relationships between companies and spinners/mills, as well as the expense of auditing them, the best approach for the apparel and home goods industries may be to establish an industry-wide auditing system for the spinners and mills. The trend in other industries, such as the electronics, telecommunications, and jewelry industries for conflict minerals, has been to establish an initiative to hold the raw commodity processors (smelters and refiners) accountable. Companies will have more leverage with spinners and mills if they act together representing a percentage of the industry, rather than as individual companies.

## BEST PRACTICES

**High Scores:** A&F, Fruit of the Loom, IKEA, Li and Fung Limited, lululemon athletic inc., Patagonia

A&F requires that key mills (woven, fabric, knit, sweater, etc.) determined by its sourcing group are audited through third-party in-person social audits. A&F also tracks self-assessment information from these mills through the SAC HIGG Index (see sidebar).

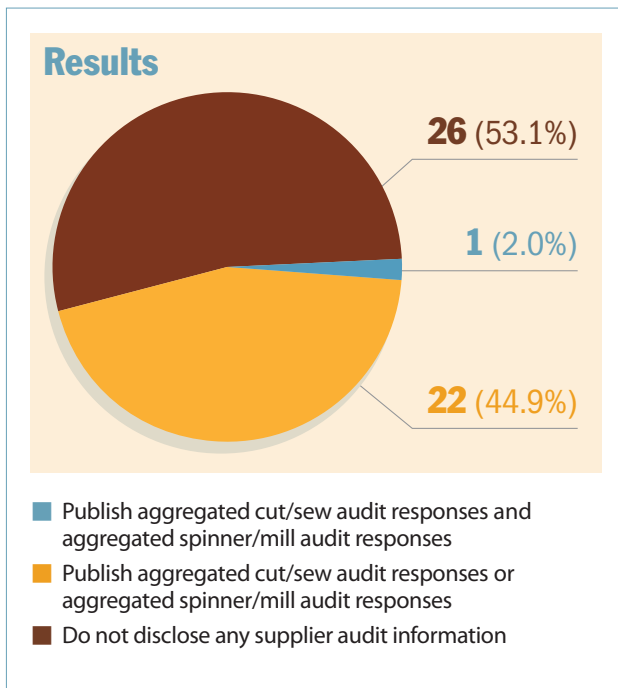
Lululemon uses in-house audits and has independent third-party audits for its cut and sew vendors as well as for the fabric mills it uses.

## Sustainable Apparel Coalition (SAC) and Higg Index

SAC is a coalition of companies using a common approach for measuring and evaluating apparel and footwear product sustainability performance. The coalition's main platform is the Higg Index, which is an indicator-based assessment tool that includes practice-based, qualitative questions to assess environmental sustainability and social impact. The Higg Index references standards for social/labor and environmental sustainability, and uses them as guidelines for users to improve their Higg score. The Facility Module of the Higg Index includes a self-assessment questionnaire that can be used for yarn and textile mills. The process of how to validate the Higg Index data will be an area of focus for 2014.<sup>37</sup>

# 11. DISCLOSE ALL SUPPLIER AUDITS

*Does your company disclose the results of its supplier audits (cut and sew as well as spinners)?*



## TRENDS

More than half of companies (53%) do not disclose any of the results of their supplier audits. On the whole, companies have been slow to disclose substantive information on supply chain compliance with their contractual suppliers, even at an aggregated level. Disclosing compliance data is something the NGO and SRI communities have been requesting for years. Without establishing a baseline, setting goals, and reporting against those goals, investors have no way of determining if companies are appropriately addressing the risk in their supply chains.

Gap Inc. was one of the first companies to publish aggregated non-compliance data with its Vendor Code of Conduct in its 2004 Corporate Responsibility Report. Many in the apparel industry criticized this move, but several companies soon followed suit. Over the past 10 years, many investors thought they would see more companies take this approach; but as As You Sow’s research demonstrates, most have not.<sup>38</sup>

Seeing that more than half of the companies do not disclose compliance information on their contractual suppliers, it is no

surprise that only one company is disclosing information on its spinners and mills. Until relationships are established between companies and mills and audits start to be required by the majority of the industries, compliance data will likely not be disclosed.

## BEST PRACTICES

**High Score:** *IKEA*

### Company Best Practices

IKEA discloses the compliance requirements and aggregated results of the *IWAY Standard* (IKEA’s Code of Conduct) for all suppliers in its sustainability report. Direct suppliers as well as outsourced processors are subject to *IWAY*. In most cases, textile mills are direct suppliers to IKEA and therefore are covered by *IWAY* with their aggregated results included in its Sustainability Report. Aggregated numbers for industry segments are available on request but are not included in IKEA’s FY13 Sustainability Report.

### Association Best Practices

Of the 22 companies (almost 45%) that publish aggregated cut/sew audit responses or aggregated spinner/mill audit responses, 17 are members of the FFC (see sidebar p.8), affiliates of the FLA (see sidebar p.8), or are part of both. The external assessments are done primarily at cut/sew facilities, audit results are shared among members, and in the case of FLA, factory status is disclosed on its website.

## Fair Factories Clearinghouse (FFC)

The FFC provides auditing software for corporations to manage and share audit information about workplace conditions on labor, health and safety, ethical, environmental, and security standards, leading to improved supply chain/workplace efficiency, oversight, accountability and economy. FFC members include adidas, Burberry, Eileen Fisher, J.Crew, Levi Strauss, Nike, Nordstrom, Patagonia, Jones, and VF.<sup>39</sup>

# CONCLUSION AND NEXT STEPS

The key objectives of this report are to understand the practices the apparel and home goods industries are undertaking to prevent cotton harvested with forced labor from entering their supply chains, to promote transparency of company initiatives to not knowingly source Uzbek cotton, and to determine the advantages of implementing various practices and initiatives. By having a greater understanding of what practices the leading companies are implementing and what percentage of the industries are following suit, the path forward becomes more evident.

Upon analyzing the outcomes of this research, there are three main activities recommended for companies to take:

- 1. Implement a Spinner Certification Program:** The results of the survey demonstrate the great challenges companies face to discover where their cotton originates, as well as identify and engage their yarn spinners and textile mills. It is recommended that companies join forces and create an industry-wide certification scheme that will audit and approve spinners as only sourcing cotton harvested with responsible practices. An industry certification scheme will save companies resources compared to doing it alone, contribute to companies' requirements under California legislation, give companies assurance that their yarn and textile suppliers are fulfilling their *Cotton Pledge* commitment to not source Uzbek cotton, and leverage the demands of the entire industry.
- 2. Integrate Supplier Compliance:** Since most companies do not manage their own raw material manufacturing, it is important to clearly communicate commitments, policies, and procedures regarding Uzbek cotton to suppliers and sourcing agents that have contractual relationships with spinners and mills. The suppliers/agents will then need to implement a compliance mechanism – which may be related to the first recommendation – with their spinners and mills. Results from the compliance of spinners/mills then needs to be communicated back to companies with the information integrated into companies' supplier management IT solutions.
- 3. Increase Disclosure:** Companies need to be more transparent about practices they are implementing and challenges they are confronting to ensure they do not have any Uzbek cotton – or other cotton harvested with forced labor – embedded in their products. Similar to the increased supplier disclosures happening to address the challenges in Bangladesh, investors and NGOs need more visibility into company procedures and challenges to minimize human rights abuses in their supply chains so support can be given to address these challenges and establish credible systems.

In addition to the three main points recommended above, numerous best practices were provided in the survey that may greatly benefit other companies if implemented. Here are a few key practices:

- Set up a unique page on the company website or in a sustainability report dedicated to the issue of cotton from Uzbekistan. Provide information describing company history addressing the issue, goals, action being taken, how suppliers are being held accountable, and key takeaways from activities.
- Explicitly state that the requirements of a supplier workplace Code of Conduct apply to the whole supply chain, including sub-suppliers, sub-contractors, and farms when contractual relationships exist. When contractual relationships do not exist, require suppliers and agents to have and enforce their own Codes of Conduct.
- Include in supplier contracts the company's policy to not source cotton from Uzbekistan. Require suppliers and agents to have and enforce their own "no Uzbek cotton" policies with their spinners, mills, and other second tier suppliers.
- As an individual company, when requested by the Cotton Campaign or an industry association, sign letters being submitted to the Government of Uzbekistan or other influential organizations, and participate in multi-stakeholder meetings on this issue.
- Implement a supply chain training practice, which includes fundamental training for workplace standards, new factory approval processes, and guidelines for purchasing raw materials.
- Require that product orders must include specifications for materials before an order is submitted, approved, and a purchase order issued. Require the COO declaration of fiber content of the fabric or yarn in product specification documentation.



- Have a policy to stop or avoid doing business with companies profiting from the cotton sector in Uzbekistan and include this policy in supplier contracts or other legal documentation.

Looking back on six years of engagement, companies, shareholders, and human rights groups should be proud of the accomplishments that have been achieved. The apparel and home goods industries are well aware of the problem and many yarn spinners and textile mills now know that Uzbek cotton is to be avoided in the supply chains of most western brands.

Of primary significance is that children under the age of 15 are almost entirely absent from the cotton harvests in Uzbekistan. With that said, there is still a long way to go. Up to a million adults and older children are now being forced to work, facing public ridicule, expulsion from school, loss of job, or physical abuse if they do not work in the Uzbek cotton fields. In addition to Uzbekistan, there are 16 other countries that have cotton sectors using forced and/or child labor.

Establishment of an industry-wide certification system, integrating supplier compliance into existing IT management systems, and disclosure of practices and challenges are the next steps companies are recommended to take. By working to reject any form of forced labor and continuing the coordination of NGO and corporate activities, completely eradicating forced labor of children and adults from Uzbek cotton fields is an attainable goal in the next five years.

Thank you to all that are on this journey with the Responsible Sourcing Network to provide dignity and freedom to those laboring to make products sold and used around the world every day.

## METHODOLOGY

Companies were rated based on four main criteria: Policy, Public Disclosure, Engagement, Implementation & Auditing. Within these four criteria, 11 questions – or indicators – were asked. In order to provide useful analysis based on the survey findings, weighted points were assigned to responses for each of the 11 questions. The separate points were then compiled per company into an overall score for a maximum of 100 points.

RSN pre-populated unique surveys based on publicly available information from company websites, sustainability reports, and outside publications and sent this information to 49 companies to confirm and/or adjust the inputted answers. The surveys were built so that companies were given the opportunity to provide additional information to supplement their answers. While all 49 companies were contacted to confirm, edit, and/or provide additional information, only 30 (61%) of the companies responded to the survey request. Of those 30, 13 (26%) made appropriate adjustments to their surveys and sent additional information to supplement their survey responses. Information was only provided in letter or email form from five (10%) companies. For the remaining 14 companies (29%), the ratings are only based on a review of the companies' public disclosures regarding their policies and activities on forced labor in cotton sourcing and other supply chain practices.

### LETTER OR EMAIL RESPONSES

Bed Bath & Beyond Inc., Li and Fung, L Brands, TJX, and Walmart refrained from completing the survey and instead sent a letter and/or email explaining their policies on Uzbek cotton. These five companies were given scores based on their pre-populated surveys plus the information they submitted.

### PUBLICLY AVAILABLE INFORMATION

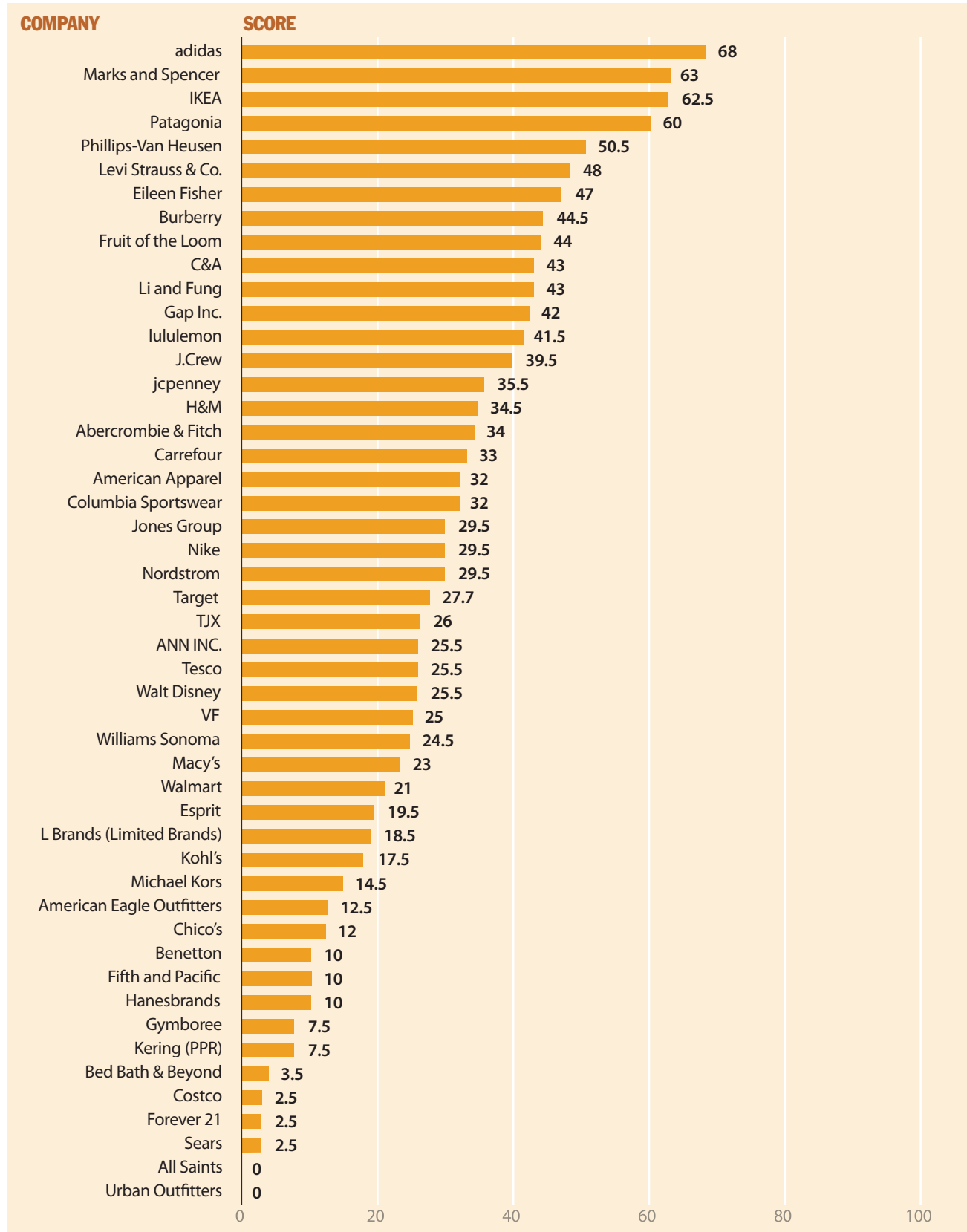
All companies were sent a pre-populated survey. The 14 that did not respond have survey results based only on publicly available information. These 14 companies are indicated in the lists of survey ratings in the Appendix.

### POINT DETERMINATION

Each of the indicators could receive a maximum of 5, 10, 12, or 15 points, depending on importance of the indicator and the amount of answers that were available per indicator. The highest possible points were achievable for indicators in the category of Implementation & Auditing.

# APPENDIX

## COMPANY RATINGS BY SCORE



## COMPANY RATINGS ALPHABETICALLY

COMPANY	SCORE
Abercrombie & Fitch Co. (A&F)	34
adidas AG ^ +	68
All Saints Retail Limited*	0
American Apparel, Inc.+	32
American Eagle Outfitters, Inc.*^	12.5
ANN INC.^+	25.5
Bed Bath & Beyond Inc.	3.5
Benetton Group S.p.A.*	10
Burberry Group plc^	44.5
C&A ^ +	43
Carrefour SA^	33
Chico's FAS, Inc.	12
Columbia Sportswear Company^ +	32
Costco Wholesale Corporation*	2.5
Eileen Fisher, Inc.^ +	47
Esprit Holdings Limited +	19.5
Fifth and Pacific Inc.*^	10
Forever 21, Inc.*	2.5
Fruit of the Loom, Inc.^ +	44
Gap, Inc.^	42
Gymboree Corporation (The)*	7.5
H&M Hennes & Mauritz AB^ +	34.5
Hanesbrands Inc.*	10
IKEA Supply AG^+	62.5
J.C. Penney Company, Inc.^ +	35.5
J.Crew Group, Inc.^ +	39.5
Jones Group (The)^ +	29.5
Kering Group (formerly PPR)*^	7.5
Kohl's Corporation*^	17.5
L Brands, Inc. (formerly Limited Brands)	18.5
Levi Strauss & Co.^	48
Li and Fung Limited^ +	43
lululemon athletica inc.^ +	41.5
Macy's Inc.^	23
Marks and Spencer Group plc (M&S)^ +	63
Michael Kors Holdings Limited	14.5
Nike Inc.^	29.5
Nordstrom Inc.^	29.5
Patagonia, Inc.^ +	60
Phillips-Van Heusen Corp. (PVH)^ +	50.5
Sears Holdings Corporation*	2.5
Target Corporation*^ +	27.5
Tesco PLC	25.5
TJX Companies, Inc. (The)^	26
Urban Outfitters, Inc.*	0
V.F. Corporation*^	25
Wal-Mart Stores, Inc.^	21
Walt Disney Company (The)^#	25.5
Williams-Sonoma, Inc.^ +	24.5

### KEY

- \* = Did not respond to the survey
- ^ = Signatory to RSN's *Cotton Pledge*
- + = Require suppliers to provide cotton Country of Origin
- # = Licensor<sup>11</sup>

## COMPANY RATINGS BY SCORE

COMPANY	SCORE
All Saints Retail Limited*	0
Urban Outfitters, Inc.*	0
Costco Wholesale Corporation*	2.5
Forever 21, Inc.*	2.5
Sears Holdings Corporation*	2.5
Bed Bath & Beyond Inc.	3.5
Gymboree Corporation (The)*	7.5
Kering Group (formerly PPR)*^	7.5
Benetton Group S.p.A.*	10
Fifth and Pacific Inc.*^	10
Hanesbrands Inc.*	10
Chico's FAS, Inc.	12
American Eagle Outfitters, Inc.*^	12.5
Michael Kors Holdings Limited	14.5
Kohl's Corporation*^	17.5
L Brands, Inc. (formerly Limited Brands)	18.5
Esprit Holdings Limited +	19.5
Wal-Mart Stores, Inc.^	21
Macy's Inc.^	23
Williams-Sonoma, Inc.^ +	24.5
V.F. Corporation*^	25
ANN INC.^+	25.5
Tesco PLC	25.5
Walt Disney Company (The)^#	25.5
TJX Companies, Inc. (The)^	26
Target Corporation*^ +	27.5
Jones Group (The)^ +	29.5
Nike Inc.^	29.5
Nordstrom Inc.^	29.5
American Apparel, Inc.+	32
Columbia Sportswear Company^ +	32
Carrefour SA^	33
Abercrombie & Fitch Co. (A&F)	34
H&M Hennes & Mauritz AB^ +	34.5
J.C. Penney Company, Inc.^ +	35.5
J.Crew Group, Inc.^ +	39.5
lululemon athletica inc.^ +	41.5
Gap, Inc.^	42
C&A ^ +	43
Li and Fung Limited^ +	43
Fruit of the Loom, Inc.^ +	44
Burberry Group plc^	44.5
Eileen Fisher, Inc.^ +	47
Levi Strauss & Co.^	48
Phillips-Van Heusen Corp. (PVH)^ +	50.5
Patagonia, Inc.^ +	60
IKEA Supply AG^+	62.5
Marks and Spencer Group plc (M&S)^ +	63
adidas AG ^ +	68

# ENDNOTES

- 1 "First and second tier suppliers" refers to cut and sew manufacturers (tier one) and finishing facilities or sub-contractors (tier two).
- 2 U.S. Department of Labor. List of Goods Produced by Child Labor or Forced Labor. Available at: <http://www.dol.gov/LAB/reports/child-labor/list-of-goods/>. Viewed on 1/20/2014.
- 3 Cotton, Table 06: Cotton Supply and Distribution by Country 2012/2013. Available at: <http://apps.fas.usda.gov/psdonline/>. Viewed on 1/29/2014.
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# NOTES

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