

Niraj Shah Chief Executive Officer, Co-Chairman and Co-Founder Steve Conine Co-Chairman and Co-Founder Cc: Allan Lyall Chief Global Supply Chain Officer

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April 22, 2021

Dear Mr. Shah and Mr. Conine:

We write to you on behalf of the Cotton Campaign, a multi-stakeholder coalition of NGOs, unions, socially responsible investors, academics, and companies working to eradicate state-imposed forced labor, particularly in the cotton sectors of Central Asia. You may be aware that our Coalition hosts a <u>pledge in which companies have committed not to source cotton from Turkmenistan</u>--now signed by 119 industry brands and retailers--because of systemic, state-imposed forced labor involved in Turkmenistan's annual cotton harvest.

We write to raise serious concerns about cotton products for sale on Wayfair's online platform which, according to details provided on the Wayfair website, originate from Turkmenistan. Retailing goods made in-whole or in-part with Turkmen cotton is in violation of section 307 of the U.S. Tariff Act, which prohibits the import of goods made with forced labor, as well as being inconsistent with Wayfair's stated commitment to ethical and responsible sourcing.

Turkmenistan, one of the most <u>closed and repressive countries</u> in the world, uses government-imposed, systematic forced labor to harvest cotton. <u>New reporting</u> by our <u>partners</u>, <u>Turkmen.news</u> and the <u>Turkmen Initiative for Human Rights</u>, shows that in the 2020 harvest, the government forced public sector employees, conscripts, and students to pick cotton under threat of penalty, such as dismissal or expulsion. It also extorted money from public employees to pay harvest expenses. All cotton in Turkmenistan is produced within this forced labor system and Turkmenistan does not import cotton.

Therefore, all cotton or cotton goods of Turkmen origin or containing Turkmen cotton are produced with forced labor.

As a result, U.S. Customs and Border Protection (CBP) imposed <u>a country-wide</u> <u>Withhold Release Order</u> (WRO) under section 307 of the U.S. Tariff Act on all cotton and cotton goods produced in whole or in part with Turkmenistan cotton in 2018, prohibiting these products from entering the U.S. Even though this prohibition has been in effect for three years, there are currently <u>dozens of such goods</u>, <u>potentially many more</u>, <u>retailing on your site from at least seven different suppliers</u>, including cotton towels, luxury bedding, and fabric by the yard, which on the Wayfair website note "Country of Origin" as Turkmenistan. These Turkmenistan cotton products are also retailing in explicit violation of Wayfair's <u>policy</u> on supply chain transparency and the requirement that all suppliers comply with applicable laws on forced labor and human trafficking.

In 2019, the International Labor Rights Forum <u>wrote</u> about the need for third-party marketplaces to exclude goods made with forced labor from their supply chains. We urge you to do the same now.

We request that you take the following immediate steps:

- 1. Remove all goods made with cotton from Turkmenistan from your platforms in all countries until the WRO is lifted;
- 2. Sign the Turkmen Cotton Pledge;
- 3. Review and revise your due diligence plan to ensure that you can effectively exclude goods made in whole or part with the use of forced labor;
- 4. Ask suppliers to stop sourcing cotton and cotton goods from Turkmenistan and cut all ties with suppliers that continue to do so and ask buyers to conduct meaningful due diligence to ensure they are not working with suppliers sourcing from Turkmenistan;
- 5. Take steps to remediate harms caused by selling goods produced with forced labor, including by publicly condemning trade in these goods, and engaging with the Cotton Campaign to support efforts to end forced labor in Turkmenistan.

We respectfully request a response to this letter by May 6 with the measures you have taken to address measures 1-2 outlined above and a time-bound plan to implement measures 3-5. Meanwhile, we welcome the opportunity to meet with you promptly to discuss these matters.

Sincerely,

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On behalf of the Cotton Campaign

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