



The Cotton Campaign Framework

for Responsible Sourcing of Yarn, Garments, Textiles and other Cotton Products from Uzbekistan

MARCH 2022

Following the lifting of the Uzbek Cotton Pledge, brands have the unique opportunity to work with Uzbek cotton producers and labor partners to create a cotton supply chain in which labor rights are respected and protected at all stages of production. The Cotton Campaign encourages brands and retailers to consider Uzbekistan a potential new partner for sourcing yarn and textiles within a framework that secures labor rights.

Through its Framework for Responsible Sourcing, the Cotton Campaign aims to facilitate the implementation of a new model for producing and sourcing cotton goods – a model that ensures full transparency about labor practices, at all tiers, including the cotton farms, spinners, fabric mills, and manufacturing units. The Framework sets out the core elements of a robust program for responsible sourcing, with co-governance by buyers, labor, and suppliers. The scope of the program is to ensure responsible sourcing through the development and operation of credible mechanisms for traceability, monitoring, grievance and remedy, and accountability at the producers supplying participating brands.

All brands interested to explore sourcing from Uzbekistan are welcome to contact the Cotton Campaign to discuss the possibility of sourcing within the Framework.

- ▶ *Raluca Dumitrescu*, Cotton Campaign Coordinator, at coordinator@cottoncampaign.org
- ▶ *Allison Gill*, Forced Labor Program Director, GLJ-ILRF, at allison@ilrf.org
- ▶ *Patricia Jurewicz*, CEO Responsible Sourcing Network, at patricia@sourcingnetwork.org



Introduction

Since launching an ambitious reform program in 2017, Uzbekistan has worked to end state-imposed child and forced labor in cotton production and to develop a vertically integrated textile industry capable of meeting international labor standards.

Supplier textile companies (known as “clusters”) control multiple aspects of the textile value chain, from cotton growing, harvesting, and ginning, through to manufacturing of finished goods. This offers buyers unprecedented opportunities for full **visibility and traceability of cotton supply chains**, down to the raw material level.

Uzbekistan seeks to establish itself in the global market, which provides a unique chance for international brands, local suppliers, and labor to work together to set high standards for the emerging industry.



As brands begin sourcing from Uzbekistan, they must do so responsibly. What does this mean?

Brands must exercise human rights due diligence in all aspects of their interaction with the Uzbek textile industry, from evaluating its commercial attractiveness to establishing and maintaining commercial relationships with Uzbek clusters.

In accordance with the UN Guiding Principles on Business and Human Rights, the OECD Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector, and corporate due diligence and liability laws and legislative proposals in the U.S., Europe, and Australia, brands must ensure they:

- › **Identify and assess actual or potential adverse human rights impacts** that the brand may cause, contribute to, or be directly linked to. **Is the risk assessment methodology tailored to the Uzbek context?**
- › **Take appropriate action** and integrate findings from impact assessments across relevant company processes. **Does the company have expertise about the labor context in Uzbekistan and how best to use and increase its leverage to ensure effective remedy?**
- › **Track the effectiveness of measures** to assess whether they are working. **Does the company have the capacity to conduct on-site and ongoing monitoring at the Uzbek cluster(s) it sources from?**
- › **Communicate with stakeholders** about how impacts are being addressed and show stakeholders that there are adequate policies and processes in place. **Does the company have a strategy for meaningful engagement with the farmers and workers involved in the production process at the Uzbek cluster(s) it sources from?**

The Cotton Campaign Framework for Responsible Sourcing

The vertical integration of the Uzbek supply chain requires brands to conduct human rights due diligence to **identify, prevent, mitigate, and account for** adverse human rights impacts at all levels of production, including the cotton farms controlled by the supplier clusters, their spinners, fabric mills, and cut-make-trim units.

Achieving this as an individual company, in an industry where significant risks of forced labor and exploitative working conditions remain (see page 3), can be challenging. For this reason, the Cotton Campaign developed a **Framework for Responsible Sourcing**, for brands, clusters, and labor to work collaboratively and at scale, to establish and maintain strong standards in the emerging Uzbek textile industry.

The Cotton Campaign Framework consists of two interlocking Responsible Sourcing Agreements (RSAs) - a Brand RSA and a Cluster RSA - that work together to create a pool of responsible producers and a pool of responsible buyers that have all agreed to strong labor standards, independent monitoring, capacity building, and a grievance mechanism.



The RSAs establish the core elements of a robust program for responsible sourcing, with **co-governance by buyers, labor, and clusters**. The scope of the program is to develop and operate credible mechanisms for **traceability, monitoring, grievance and remedy, and accountability**, at all levels of the Uzbek textile value chain.

Key Elements

- › **Traceability of the cotton from the field through to yarn, textile, and finished goods**
- › **Supply chain transparency and tracing systems** - such as the **YESS: Yarn Ethically and Sustainably Sourced**¹ initiative to ensure the participant clusters only use cotton that originates from farms covered by the program for responsible sourcing
- › **It provides a level playing field by creating a pool of responsible buyers and a pool of responsible suppliers**
- › **A co-governed Board with equal representation of brands, labor, and textile clusters**
- › **Implementation of ILO standards at all levels of the textile supply chain**
- › **Independent grievance mechanism and access to effective remedy**
- › **Independent and ongoing monitoring**
- › **Accountability at both supplier & buyer levels**
- › **Capacity building and contributing to an enabling environment for labor rights, including freedom of association**
- › **Signatories contribute to promoting strong industry standards and a collaborative approach**

1. Developed by Responsible Sourcing Network (RSN). YESS trains and assesses that spinners and textile mills are only using cotton/cotton yarn that mitigate risk of forced labor in cotton production <https://www.sourcingnetwork.org/yess>. RSN is a Steering Committee member of the Cotton Campaign.

Opportunities and challenges for sourcing from Uzbekistan

The political commitment to eliminate forced labor and reform the cotton sector is genuine and improvements have been significant and meaningful. While Uzbekistan has successfully eliminated state-imposed forced labor, significant human rights risks remain. The Cotton Campaign Responsible Sourcing Framework is designed to leverage the unique opportunity in Uzbekistan while mitigating ongoing human rights risks and promoting strong standards across the industry.

Opportunity for full traceability and transparency of the supply chain



- ▶ In 2020, Uzbekistan stopped exporting raw cotton to complete the shift to value-added processing in the country
- ▶ Integrated cotton textile clusters control multiple aspects of production: cotton growing and harvesting (either directly or by contract with local farmers) and ginning, spinning, fabric production and textile manufacturing operations
- ▶ Some clusters are innovating, investing in state-of-the-art technology, upskilling, and working to meet international standards

Opportunity to help set and maintain high standards for the industry



- ▶ Brands have the unique chance to work together with Uzbek producers and labor partners to create a supply chain in which labor rights are respected and protected at all stages of cotton production



2021 harvest monitoring findings

Uzbek Forum for Human Rights - Cotton Campaign's frontline partner - has conducted independent monitoring every year since 2010. Uzbek Forum's 2021 harvest monitoring report can be downloaded [here](#).

Key Findings

- ▶ For the first time, Uzbek Forum found no state-imposed forced labor in the cotton harvest

However:

- ▶ In some districts, government officials remained involved in organizing the recruitment of cotton pickers, creating risks for coercion and recruitment fees
- ▶ Cotton pickers continue to perceive a threat of penalty for refusing to pick cotton
- ▶ Uzbek Forum monitors documented cases of children accompanying parents to pick cotton
- ▶ Uzbek Forum monitors documented individual cases of forced labor
- ▶ Farmers and the clusters they produce cotton for have an unequal relationship that makes farmers vulnerable to exploitation as well as to interference and pressure by local officials
- ▶ There are no mechanisms to prevent, identify and address forced labor or labor exploitation at textile clusters

Civic space restrictions



National reforms towards an enabling environment for labor rights lag far behind economic reforms in the sector, despite Uzbekistan having ratified relevant ILO conventions.

- ▶ There are no independent trade unions, democratically-elected, or representative workers' organizations, or farmers' organizations
- ▶ All union activity in the country continues to be dominated by the Government-aligned Federation of Trade Unions of Uzbekistan (FTUU)
- ▶ Weak enabling environment: constraints on freedom of association, assembly and expression
- ▶ Independent labor and human rights NGOs face roadblocks to register and operate freely

Production-specific risks



Even though Uzbekistan offers a vertically integrated textile industry, robust traceability and transparency mechanisms are required to ensure that human rights risks are addressed at all stages of production.

- ▶ The majority of cotton is grown through the contract system (i.e., on farms that are not under direct control by the cluster), creating risks for unfair recruitment, coercion, and exploitative practices
- ▶ Not all clusters are vertically integrated. Some clusters only control the growing and ginning of the cotton and/or yarn production, while others only control the higher tiers of production. The supplier clusters may sometimes import cotton or buy cotton on the domestic market, creating risks for loss of traceability
- ▶ An estimated 5,000 manufacturing units operate outside of the cluster system, creating risks for illegal sub-contracting by the clusters

Structure of the Cotton Campaign Framework for Responsible Sourcing

The Framework for Responsible Sourcing reflects the Cotton Campaign's ongoing engagement with stakeholders, including labor and human rights organizations, the Government of Uzbekistan, newly founded Uzbek textile clusters working to align their workplace practices to international labor standards, and global brands and retailers that are interested in sourcing from Uzbekistan and require strong assurances that the reforms to eradicate forced labor are irreversible.

The Framework for Responsible Sourcing consists of:

- ▶ A brand-labor Responsible Sourcing Agreement (Brand RSA)
- ▶ A cluster-labor Responsible Sourcing Agreement (Cluster RSA)

Tailored to the context of Uzbekistan, the RSAs are based on international best practice to safeguard workers' rights and ensure compliance with mandatory human rights due diligence and other supply chain obligations.

Cluster responsible sourcing agreement (Cluster RSA)

- It establishes a supplier cluster commitment to:**
- ▶ Implement international labor standards at all levels of production
 - ▶ Protect the workers' rights to Freedom of Association and collective bargaining
 - ▶ Protect the workers' right to file complaints through the independent grievance mechanism overseen by the RSA Monitoring Body
 - ▶ Pay workers, including seasonal cotton pickers, at least the minimum wage required by the national labor law
 - ▶ Allow training & capacity building of employers, farmers, and workers on international labor standards

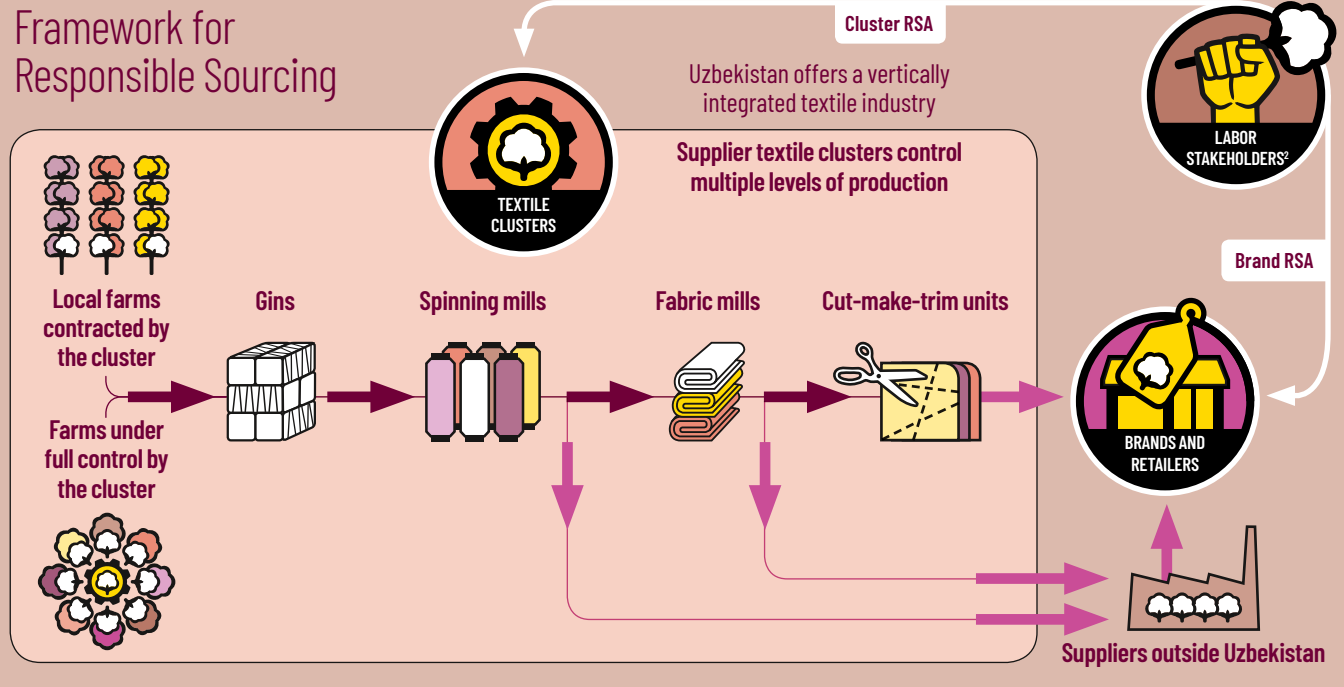
Brand responsible sourcing agreement (Brand RSA)

- It establishes a buyer commitment to:**
- ▶ Source cotton yarn and cotton products only from participating clusters
 - ▶ Work constructively with the labor stakeholders & supplier clusters to ensure full implementation of international labor standards at all levels of production
 - ▶ Establish and maintain fair purchasing practices
 - ▶ Reduce orders in case of supplier cluster non-compliance with international labor standards

The Brand RSA

- ▶ Mandates an Independent Monitoring Body to monitor and coordinate the implementation of the Cluster and Brand RSAs
- ▶ Establishes a two-step approach to the resolution of disputes arising under the agreement: i) a resolution process at the Board level and, only if no resolution can be reached, ii) either party may resort to a binding arbitration process

Framework for Responsible Sourcing



All global brands, retailers, and suppliers looking to source yarn, fabric, and finished cotton products from Uzbekistan are welcome to contact the Cotton Campaign to discuss the possibility of negotiating and operationalizing the Responsible Sourcing Agreements (RSAs).

2. Including Global Labor Justice - International Labor Rights Forum (GLJ-ILRF), an international labor rights group hosting and coordinating the Cotton Campaign, and local and international organizations defending the labor rights of cotton and textile workers.

How does the Cotton Campaign Framework benefit different groups of stakeholders?

Brands

The RSA Framework lays the foundation for functioning and credible mechanisms for traceability, monitoring, grievance and remedy, and accountability, essential to meet human rights due diligence requirements. It offers buyers the opportunity to work collaboratively with the emerging Uzbek textile industry and labor partners to establish and maintain strong practices and turn Uzbekistan into a key sourcing country for sustainable cotton and textiles.

The vertical integration of the supply chain in Uzbekistan provides a real opportunity for traceability and transparency. However, a lack of meaningful Freedom of Association among cotton workers and farmers means that sourcing Uzbek yarn and cotton products may cause or contribute to adverse human rights impacts.

The RSA model is designed to identify and address these impacts, through mechanisms to prevent, mitigate and remediate labor abuses.

The RSA Framework **guarantees brands**

- › Full traceability from the cotton field to the finished product
- › Assurances that risks of forced and exploitative labor can be identified, prevented, and mitigated at all levels of their supply chain in Uzbekistan
- › Access to a pool of responsible suppliers
- › Independent and ongoing monitoring at the clusters they source from
- › Opportunity to help set and maintain high standards for the industry
- › Co-governed platform to remedy abuse through consultation with affected stakeholders
- › Co-governed platform to resolve disputes and keep commercial relationships functioning

Uzbek textile clusters

In 2017, the Government of Uzbekistan embarked on a major economic reform program to privatize the cotton industry and expand the manufacturing sector.

This transformation process has primarily been led by reforms to integrate the supply chain, without an emphasis on establishing adequate mechanisms to prevent, identify and address labor abuses at all levels of production.

The RSA framework provides clusters with the tools to align their workplace policies and practices to international labor standards and attract global buyers.

Further, the RSA framework recognizes that ensuring decent working conditions is the joint responsibility of all supply chain actors. Hence, the costs for implementing the RSAs are divided among buyers and suppliers, in contrast to certification and auditing models, where the suppliers are expected to pay the full costs of social audits.

The RSA Framework **guarantees textile clusters**

- › Access to a pool of responsible global brands and retailers that are looking to meet their human rights due diligence requirements
- › The opportunity to work with brands and develop a responsible business model, based on fair purchasing practices
- › Training and capacity building on international labor standards and industrial relations
- › Independent, credible, and ongoing monitoring of the implementation of international labor standards

Workers in the Uzbek value chain

Cotton workers, farmers, and the broader civil society must be able to report transparently and advocate for decent working conditions, both individually and collectively.

However, in Uzbekistan, cotton workers have no independent organizations or trade unions to voice concerns and defend their rights. There are constraints on Freedom of Association and expression, with many independent labor and human rights NGOs facing difficulties to register in the country and monitor the human rights situation.

Through the RSA Framework, global brands, local suppliers, and the Cotton Campaign have a unique opportunity to work together and open the space for workers to create independent organizations, participate in labor rights training, and access grievance mechanisms and remedy.

The RSA Framework **guarantees workers**

- › Access to grievance and effective remedy
- › Protection against retaliation for raising complaints
- › Training and capacity building on labor rights and Freedom of Association
- › Fair wages
- › Independent monitoring of their workplaces

Frequently asked questions

1. What is the size of the textile industry in Uzbekistan?

Uzbekistan's textile sector is rapidly expanding. In 2020, Uzbekistan completed the shift from exporting raw cotton to value-added processing in the country.

As of March 2022, Uzbekistan has 122 textile clusters, which control multiple aspects of the textile value chain from cotton growing, harvesting, and ginning, through to production of value-added goods (some clusters only control some stages of production). In contrast to other garment producing countries, the textile sector in Uzbekistan is not concentrated in one region. The clusters operate across all regions of the country.



The construction site for a factory compound in the Tashkent region. Phase 1 of production at this location is scheduled to start in May 2022, with 1,000 workers. The full project is planned for completion at the beginning of 2023, and will create a total of 5,000 jobs. The compound is owned by TCT Agro-cluster.

The clusters control the cotton growing and harvesting either directly or by contract with local farmers. At the farms they operate directly, many clusters are making investments to shift from manual harvesting of the cotton to machine harvesting.

Manufacturing is also expanding, with new facilities for spinning, dyeing, knitting, and sewing being built across different regions. This provides employment opportunities for workers, especially in rural areas. Uztekstilprom, the Uzbek Textile Association, informed the Cotton Campaign that as of 2022, the textile industry employs approximately 400,000 workers (excluding cotton pickers). Some clusters are investing in training, upskilling, housing, transportation, and other benefits for workers.

According to Uztekstilprom, an estimated 5,000 RMG manufacturing units operate outside of the cluster system. The Cotton Campaign is working to better understand and map the textile sector in Uzbekistan, and is engaging with Uzbek stakeholders to identify and mitigate risks for subcontracting performed illegally, with no transparency, clear payment terms, or labor requirements from the contractor.

2. What type of products are produced in Uzbekistan?

Uzbekistan produces both yarn and finished goods. The latter include ready-made garments, home textiles, and knitwear.

Some clusters produce finished products using a combination of cotton and other materials, for example silk or wool. These materials are also produced in the country, within a cluster system similar to cotton production, which provides a unique opportunity for visibility into the supply chains of other raw materials, in addition to cotton³.

Further, Uzbekistan offers denim brands the opportunity for horizontal traceability. Bukhara Textile Cluster (BCT) produces denim products using the natural dye from Indigofera plants, which the cluster grows, together with cotton, at the farms it controls.

3. In 2021, Uzbek Forum for Human Rights continued monitoring the human rights situation in the silk industry. Subject to negotiation, the scope of the RSA program can potentially be extended to cover the silk supply chain.

3. The RSA Framework prescribes ongoing and independent monitoring at the participating clusters, training and capacity building, and the operation of an independent grievance mechanism. Who will implement these activities?

The program for responsible sourcing will be **implemented** by an independent Monitoring Body. The roles of the Monitoring Body are subject to negotiation, but based on international best practice to safeguard workers' rights through labor-industry co-governance initiatives, they would include at minimum the following:

1. On the ground:
 - ▶ Training of workers and management on international labor standards and capacity building
 - ▶ Operation of a grievance mechanism for workers
 - ▶ Monitoring / inspections at the participant clusters
2. Monitoring the RSA signatories' contractual obligations under the RSA Framework
 - ▶ Monitoring the remediation of labor violations at the participant clusters
 - ▶ Overseeing the payment of fees
3. Partnership building and fundraising

The implementation of the program for responsible sourcing will be **overseen** by the RSA Steering Committee.

The Committee will include equal representation of the signatory global brands, Uzbek clusters, and labor. The roles of the Steering Committee are subject to negotiation, but based on international best practice to safeguard workers' rights through labor-industry co-governance initiatives, they would include the following:

1. Approval of policies & protocols
2. Approval of the budget
3. Supervision of the Independent Monitoring Body
4. Partnership building and fundraising



4. The brands' requirements to conduct human rights due diligence at their suppliers covers a wide range of rights, from freedom of association to health and safety (OSH). Which human and labor rights does the RSA Framework cover?

The Cotton Campaign Framework for Responsible Sourcing has been designed to protect three key enabling rights: 1) freedom of association, 2) collective bargaining, and 3) protection from retaliation for using the independent grievance mechanism that the Framework prescribes. By covering these three core rights, the implementation of the RSAs will be able to mitigate the ongoing human rights risks attached to sourcing Uzbek cotton.

However, the set of international labor rights and standards that will be monitored at the clusters covered can be expanded subject to negotiation. In defining these, the co-governed brands-labor-clusters RSA Board will consider the specific human rights risks associated with each tier of production, from the farm level (e.g., risks for coercion and recruitment fees), through to the production of finished products (e.g., risks for forced overtime and unsafe factories).

5. What is the funding structure of the Brand and Cluster Responsible Sourcing Agreements (RSAs)?

In the first phase, the implementation of the RSAs will be funded through a combination of brand and cluster fees, and resources provided by donor agencies. A funding structure will be developed in the negotiation process between brands, labor, and clusters, with the understanding that it will consider all actors of the supply chain.

6. Which clusters will be covered by the RSA?

The RSA model is open to all clusters that recognize the importance of industrial relations between employers and independent worker representatives for the long-term success of the industry, and are working to align their workplace practices to international labor standards.

The Cotton Campaign envisions a phased approach for the implementation of the RSA, whereby in Phase 1, a pilot for responsible sourcing will be conducted with a small number

of brands and clusters. As the implementation of the Brand & Cluster RSAs progresses and a structure for achieving the core goals of the Framework for Responsible Sourcing is established, the RSA Board may consider developing criteria for how clusters become covered by the RSA (e.g., by nomination of a buyer).

7. How does the RSA model differ from the social auditing model?

The RSA 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, and responsible sourcing practices.

There is increasing evidence that social audits are not fit for the purpose of identifying labor rights abuses at all levels of the supply chain, and in particular in environments with a high risk of forced labor. The Cotton Campaign discourages brands and retailers from using social audits as a risk-mitigation strategy.

In practice, the RSA model is different from social audits in that:

- ▶ It entails the establishment of a grievance mechanism that provides effective remedy at all levels of the supply chain, in accordance with the criteria for non-judicial grievance mechanisms established by the UNGPs: legitimacy, accessibility, predictability, equitability, transparency, rights-compatibility, and consultation with affected stakeholders
- ▶ It entails comprehensive, 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 of the RSA 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

8. Why is the Brand RSA a legally-binding agreement?

The Cotton Campaign Framework for Responsible Sourcing is based on international best practice to safeguard workers' rights and ensure compliance with mandatory human rights

due diligence and other supply chain obligations. This includes the model of Enforceable Brand Agreements (EBA), which has been key to the success of the Bangladesh Accord, the Lesotho Agreements, and the Fair Food program, to protect human and labor rights in the garment and agricultural sectors.

The Responsible Sourcing Framework is designed to ensure that commercial relationships can continue uninterrupted by preventing problems, creating strong mechanisms to identify and remedy violations, and providing a co-governed platform for discussion and continuous improvement. The Brand RSA establishes a two-step approach to the resolution of disputes arising under the agreement: i) a resolution process at the Board level and, only if no resolution can be reached, ii) either party may resort to a binding arbitration process.

The legal enforceability of the Brand RSA is a key element of the programs and frameworks noted above. It has demonstrably contributed to improving labor standards across the board as it helps create a level playing field. Because the Brand RSA is binding, it can ensure that the responsible brands and their efforts to uphold international labor standards at the clusters they source from, will not be undermined by brands that refuse to work collaboratively with labor and clusters to remediate issues.

By signing a legally binding agreement, all participant brands are provided with the assurance that they join a group of responsible buyers, all bound to provide decent work.



The Cotton Campaign

Since 2007, the Cotton Campaign has been at the forefront of human rights advocacy to end state-imposed forced and child labor and promote decent work in the cotton industry of Uzbekistan. We are a coalition of international human and labor rights NGOs, independent trade unions, brand associations, responsible investor organizations, supply chain transparency groups, and academic partners.

After years of intense policy advocacy and campaigning, led by Uzbek and international civil society, combined with the Uzbek Government's political will, state-imposed forced labor is no longer used in the cotton harvest. As a result, on March 10, 2022, the Cotton Campaign ended its call for a global boycott of cotton from Uzbekistan and lifted the [Uzbek Cotton Pledge](#).

The Pledge, signed by 331 brands and retailers, was critical for the Cotton Campaign's work. The collective commitment of brands to not use Uzbek cotton in their products as long as it was produced with state-imposed forced labor was key to pushing the Uzbek Government to reform its system.

Now that the Pledge has been lifted, Uzbekistan has the potential to become an attractive sourcing country for cotton textiles, offering new state-of-the-art facilities and the possibility of full supply chain visibility and traceability. However, serious labor and human rights risks remain. Through its strong labor component, the Framework is able to provide assurances that these risks can be identified, prevented, and mitigated at all levels of the supply chain in Uzbekistan.



Worker picking cotton in the 2021 cotton harvest



Tashkent

The Cotton Campaign is hosted by:

