



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

Social Responsibility: The Key to Entering Global Supply Chains

Textile Forum, Uzbekistan

May 30, 2023



The Cotton Campaign in Uzbekistan



- ▶ Global coalition
- ▶ Hosted the Uzbek Cotton Pledge; signed by >300 brands
- ▶ Lifted the Pledge on March 10, 2022: joint press conference with Ms. Narbaeva and Ministry of Labor

Moving forward in Uzbekistan:

- ▶ Ensure reforms to end state-imposed forced labor are durable
- ▶ Improve adherence to international labor rights standards, at all stages of production
- ▶ Foster a sustainable sourcing alternative for global brands to source ethical cotton goods

www.cottoncampaign.org

Uzbekistan: Opportunities For Sourcing



- ▶ End of state-imposed forced labor in cotton
- ▶ Supply chain integration
- ▶ Opportunity for full traceability
- ▶ New facilities, businesses capable of meeting international standards
- ▶ Clusters are willing to cooperate and learn about due diligence requirements



How Can Brands Seize the Opportunity While Addressing the Risks?

- ▶ The Uzbek industry has great potential and is fast growing, but:
 - 1) Low capacity for independent monitoring
 - 2) Constraints on freedom of association and collective bargaining
 - 3) Lack of awareness among workers about their rights
- ▶ Increasingly stringent laws in the US, EU, Canada, and Australia → brands are required to conduct human rights due diligence in their supply chains
- ▶ Brands and suppliers must:
 - 1) Ensure there is no forced labor in their supply chains
 - 2) Work with affected stakeholders (workers and farmers) to identify, prevent, and mitigate labor rights abuses, *beyond forced labor in the harvest of cotton and including violations of freedom of association and collective bargaining*

Where do we go from here?



International Best Practice: Supply Chain Agreements & Co-governance

- › Brands, suppliers, workers → working together to improve working conditions and maintain international labor standards

Examples include:

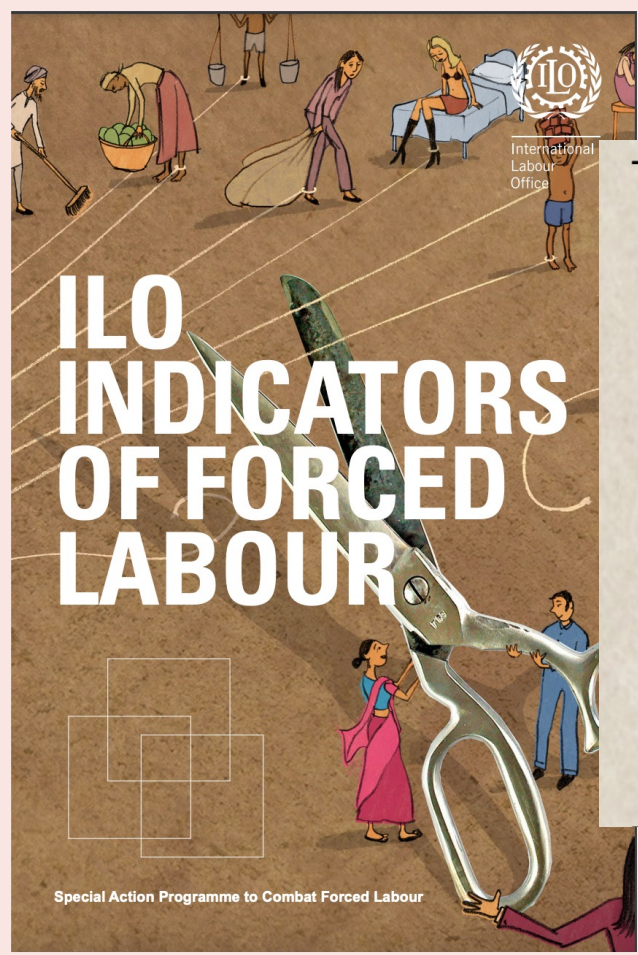
- › Bangladesh Accord: garment sector, factory safety; over 200 brands, in Bangladesh and expansion to Pakistan
- › Fair Food Program: agricultural sector (tomatoes, flowers, potatoes), addresses forced labor, 14 brands, in the US
- › Lesotho Agreement: garment sector, addresses gender based violence, 3 brands including Levi's, in Lesotho
- › Dindigul Agreement: garment sector, addresses gender based violence, H&M, Gap, PVH (Tommy Hilfiger, Calvin Klein), in India

Elements:

- › Capacity building → training & monitoring
- › Worker voice and functioning grievance mechanisms → issues are resolved at facility level, business can continue uninterrupted
- › Creates a level playing field → brands have access to a pool of responsible suppliers AND suppliers have access to a pool of responsible brands that are meeting their human rights due diligence obligations
- › Costs are shouldered by both brands and suppliers → the burden is not on the suppliers

→ Standards are maintained across the board

Supply Chain Agreements Benefit All Actors: Brands, Suppliers, Workers



The indicators are:

- Abuse of vulnerability
- Deception
- Restriction of movement
- Isolation
- Physical and sexual violence
- Intimidation and threats
- Retention of identity documents
- Withholding of wages
- Debt bondage
- Abusive working and living conditions
- Excessive overtime

Case study: Natchi Apparel

- › 2022: US Customs and Border Protection (CBP) issued a Withhold Release Order (ban) against the supplier for Forced Labor conditions (5 ILO indicators) → shipments from this supplier were detained at the US border → financial and reputational impact for brands and supplier
- › Natchi Apparel is covered by the Dindigul Agreement (India); Labor partners and trade union provided evidence that under the agreement, forced labor had ended and is being prevented
- › CBP accepted the evidence and lifted the ban against the supplier → imports resumed → brands received their products; the supplier kept its clients in the US; workers kept their jobs



Supply Chain Agreements Benefit All Actors: Brands, Suppliers, Workers

Natchi Apparel US import ban lifted 'thanks to' collective bargaining

The US has dropped an import ban on Indian garment maker Natchi Apparel, imposed originally on concerns over forced labour.

India: US government withdraws import ban on Natchi Apparels following evidence of remediation around and absence of forced labour, incl. binding agreement on gender-based violence & harassment

Key takeaways:

- › Forced labor exists along a spectrum and it is not static
- › Agreements that involve workers and protect freedom of association changed working conditions where other initiatives, like social audits, failed → model for human rights due diligence
- › Supply chain agreements between brands, suppliers, and legitimate worker representatives benefit all actors → they incorporate worker voices and provide “safe-harbor” from import bans and forced labor prohibition



Social Responsibility: The Key to Entering Global Supply Chains

“Social Responsibility: the key to entering global supply chains, establishing the Uzbek industry as sustainable, and attracting long term business relationships with responsible companies, that can provide financial stability, growing opportunities, and resources for labor rights protections”

Role of the Cotton Campaign:

- › Bring global expertise on supply chains to Uzbekistan
- › Engage brands towards a pilot program bringing brands and suppliers together, to build capacity for labor rights and due diligence
- › Help turn Uzbekistan into a key sourcing country for sustainable cotton and textiles