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Faith-based and Social Investors Praise Wal-Mart's Efforts to Stop Forcing Children to Pick Cotton

NEW YORK CITY/SAN FRANCISCO, September 30, 2008 – Faith-based and socially responsible investors commend Wal-Mart for taking action to put an end to child labor in Uzbekistan.

Today, Wal-Mart announced that it has “instructed its global supply base to cease sourcing cotton and cotton materials from Uzbekistan in an effort to persuade the Uzbek government to end the use of forced child labor in cotton harvesting.”

“We applaud Wal-Mart for taking leadership in addressing this critical moral and social issue,” said Sister Barbara Aires of the Sisters of Charity of Saint Elizabeth, New Jersey, a long-time investor in Wal-Mart. “We are pleased that the company has taken strong action by requiring its suppliers to stop sourcing cotton from Uzbekistan and by engaging industry trade groups in efforts to end the Uzbek government’s practice of forcing children to harvest cotton.”

“As investors, we are concerned that the well-documented use of modern-day slavery in Uzbek cotton production poses potential legal, financial and reputational risks to companies, as well as grave moral concerns,” stated Vidette Bullock Mixon, Director, Corporate Relations, General Board of Pension and Health Benefits of the United Methodist Church, who sent a letter to Wal-Mart raising this issue. “Investors commend Wal-Mart for using its influence to hold suppliers to high standards of accountability for the company’s Code of Conduct.”

Farmers are instructed to plant 35% of their land with cotton while having top-down prices imposed on them that do not cover the cost of production. As a result, the adult population of Uzbekistan is often drawn to Russia and Kazakhstan for higher paying wages. To meet the required labor demands, the Government of Uzbekistan has been mobilizing hundreds of thousands of children every year to harvest cotton. Many of these children are in the 11 – 15 year old range, and are working alongside high school and university students. Children are forced to work seven days a week with no access to clean water, decent food and adequate medical care. Children are often physically abused or threatened to be expelled from school if they refuse to pick the required quotas.

“Wal-Mart has played a positive role in crafting a common strategy along with other stakeholders to end this egregious violation of children’s rights,” remarked Rev. David M. Schilling, program director of the Interfaith Center on Corporate Responsibility, a coalition of nearly 300 faith-based institutional investors, representing over \$100 billion in invested capital. “We urge other companies to tell their suppliers to no longer purchase Uzbek cotton until the practices change, and to start requiring the country of origin of raw cotton fiber listed on all paperwork.”

“Children are in the fields picking cotton as we speak,” said Patricia Jurewicz, of the As You Sow Foundation, and one of the organizers of the coalition. “First the Government of Uzbekistan denied it was using children to pick cotton. Although there are new mandates not to use children under the age of 15, we are now hearing that children as young as 13 are still in the fields.” Jurewicz went on, “The problem is that the system is broken. The Uzbek government needs to understand that we will keep the pressure on until it changes the system. With Wal-Mart’s support we hope to transform the industry, in Uzbekistan and in other countries with documented use of child labor.”

Uzbekistan has had multiple laws against forced labor on its books for years and its Parliament recently ratified two more labor conventions. Numerous times the Uzbek government made promises to world leaders to improve the human rights situation in the country, but thus far, most of promises only remain on paper. The Government of Uzbekistan has rejected several attempts by the ILO (International Labor Organization) and UNICEF to carry out independent surveys. This has left its critics observing its recent actions and promises with heightened caution. The investors are working together with multinational brands, retailers, trade associations and human rights groups to continue to ask for an independent assessment under the ILO methodology and supervision.

Socially conscious shareholders, pension funds and human rights advocates have been contacting U.S. brands and retailers since the beginning of the year to increase awareness of the child labor situation in Uzbekistan and encourage companies to look into their own supply chains. Since then, several companies have begun to take measures to exclude Uzbek cotton from their supply chains. Last month, human rights advocates and U.S. and international shareholders, with combined assets of over \$250 billion, sent detailed appeals to Uzbekistan’s President Karimov, ILO Director General Somavia and Secretary of State Rice asking them all to do their part in finding a solution to these harmful practices.

For additional background information, please refer to:

- http://www.iccr.org/news/press_releases/2008/UzbekCotton_081508.pdf
(Aug/15/08 press release with links to letters sent to world leaders)
- <http://news.bbc.co.uk/1/hi/programmes/newsnight/7068096.stm> (news video)
- <http://www.iwpr.net/galleries/centasia/grabka/01.html> (photos)

About the Organizations:

As You Sow Foundation

As You Sow is a non-profit organization that utilizes capital markets, shareholder leverage, innovative legal strategies and grantmaking to transform corporate behavior to create a more socially and environmentally just society. www.asyousow.org

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Interfaith Center on Corporate Responsibility (ICCR)

The Interfaith Center on Corporate Responsibility is a coalition of nearly 300 faith-based institutional investors, representing over \$100 billion in invested capital. ICCR members bridge the divide between morality and markets by envisioning a civic economy that integrates ethical, environmental and social values. Inspired by faith, committed to action, ICCR members work to build a just and sustainable global community. www.iccr.org

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