

THE SOCIAL AND ECONOMIC JUSTICE DIALOGUE

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Reverend Ledyard Baxter, Pastor - Edited by Hank Boerner
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CHILDREN AT RISK: CHILD LABORERS MAY BE WEAVING THE ORIENTAL CARPET YOU PLAN TO BUY AT A LOCAL RETAILER LOOK FOR THE RUGMARK® LABEL WHEN YOU SHOP FOR ORIENTAL CARPETS

Recently, United Church of Christ clergy and lay leaders received an "Action Alert" from the **UCC Justice and Peace Action Network** calling for an end to the use of child labor in the production of hand-knotted, hand-woven and hand-loomed "Oriental" carpets sold at retail in the United States. Child labor is most prevalent in carpet production in **India, Nepal and Pakistan**, says the UCC's network, which is based in Cleveland with Washington DC offices. Your attention is directed to **Federated Department Stores**, the large retailing company which is being requested by a coalition of faith-based investors (including UCC) to sell only carpets with the RUGMARK® label certifying that the carpet is made without child labor.

Federated is the parent company for popular regional department stores such as **Bloomingtondale's** and **Macy's**, and is said to be the largest US retailer of hand-woven rugs.

The UCC *Action Alert* reported that children in the three countries work long hours over many years, confined to dimly-lit workshops where many develop respiratory illnesses, spinal deformities and lacerations that destroy their childhoods and last their lifetimes. There may be as many as one million child workers in the carpet industries of the three Asian countries.

The Network asks that messages be sent to **Mr. Terry Lundgren**, Chairman/CEO of Federated Department Stores, Inc., to request that his stores stop selling carpets made with child labor and that [Federated] only sell carpets made with the RUGMARK® label. RUGMARK is an independent non-governmental (NGO) program supported by the **United Nations Children's Fund** (UNICEF) and other child welfare organizations; the organization focuses on "moving children away from carpet looms and into schools," many funded by the organization.

The RUGMARK organization (based in Washington DC) has a label licensing program for carpet manufacturers and exporters who agree to independent monitoring of facilities and financial support for RUGMARK schools. Producers

must adhere to strict guidelines and agree to unannounced visits to local carpet production facilities by RUGMARK inspectors.

The UCC Justice and Peace Action Network advocacy to ban child labor in carpet production is part of a large faith-based investor movement focused on getting Federated (a publicly owned company) to change corporate policy. Federated buys carpets through vendors, who buy direct from Asian producers...the vendors (and producers) then, are in reality free to decide if they will or will not join RUGMARK. Federated has told social justice advocates that the company will not require vendor – supplier participation in the RUGMARK program. Many other stores – more than 300 in the United States — have signed on to the labeling program (you can find a local retailer at the Web site of RUGMARK: www.rugmark.org).

Interfaith Center on Corporate Responsibility (ICCR) the coalition of almost 300 organizations representing \$110 billion in combined pension and endowment assets, is coordinating the campaign to bring change to Federated's carpet sales practices. Reverend **David Schilling**, Director of ICCR's Working Group on Human Rights, has been involved in discussions with Federated's leadership. The basic line, he explains, is that Federated is supportive of the RUGMARK initiative, but management will not agree to require suppliers to join the program. ICCR's goals are to get Federated to take ownership of the issue, influence their supply chain, and ensure greater guarantees that the Oriental carpets sold in the US are child-labor free. ICCR wants Federated to actively and publicly endorse RUGMARK carpets and require suppliers to follow so that RUGMARK carpets will be sold in all Federated [stores] home furnishing department. Discussions with Federated have been going on for some time. Reverend Schilling notes that shareowner resolutions were drafted in past years, and then withdrawn before proxy voting (when all shareowners would vote on specific resolutions), when Federated agreed in discussions to do more "internal

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***Children at Risk:
Child Laborers May Be Weaving The Oriental
Carpet You Plan to Buy at a Local Retailer
(continued)***

education” and to encourage its suppliers to examine working conditions in production facilities.

ICCR has been meeting with key US suppliers of carpets for retail who belong to the **Oriental Rug Importers Association (ORIA)**. Discussions with both organizations are constructive and not confrontational. The “social, financial and marketing arguments” for Federated to endorse RUGMARK are presented by ICCR through its Human Rights Working Group, and the Interfaith Center has offered Federated and ORIA help, especially its significant collective expertise on similar monitoring and labeling initiatives in the automotive, clothing and wood products industries (and cooperation with well-known American companies and organizations including **Ford Motor, The Gap, Home Depot, the Forest Stewardship Council**, and others).

Federated managers told ICCR Working Group members that carpet-purchasing operations might be consolidated in **Macy’s**, which would provide one focal point for global supplier relations (and presumably more influence for Federated with its suppliers). Discussion continues, but right now, explains Rev. Schilling, “*we are in a holding pattern.*” Also, he explains, some companies are moving away from hand-knotting and implementing more machine-production. Not without social consequences; families and villages will be dislocated as hand looms fall out of favor.

FEDERATED’S POSITION: Federated considers itself a progressive retailing organization which strives to be a good corporate neighbor and socially responsible “corporate citizen.” Vendor guidelines address a wide range of issues and Federated has a social responsibility platform that addresses sweatshops and child labor, with a Vendor/Supplier Code of Conduct (which all suppliers must sign on to) that “sets forth the commitment of Federated to do business only with those manufacturers and suppliers that share its commitment to fair and safe labor practices. “ (This applies to all suppliers providing merchandise to the stores and covers factory conditions, child labor, forced labor, health and safety; and, “holds suppliers accountable that merchandise is produced in compliance with the Code of Conduct.”)

FOR MORE INFORMATION:

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telephone 1-866-822-8224 (ext 3709);
or email raselle@ucc.org.

Interfaith Center on Corporate Responsibility
Rev. David Schilling, email: dschilling@iccr.org
visit the ICCR Web site at www.iccr.org

To find RUGMARK local retailers, and participating
manufacturers and distributors:
RUGMARK Foundation,
Nina Smith, Executive Director; telephone: 202-347-4205;
or visit the Foundation’s Web site at www.rugmark.org.

**To express your concerns to
Federated Department Stores, Inc.:**

Mr. Terry Lundgren
Chairman & Chief Executive Officer
Federated Department Stores, Inc.
7 West Seventh Street
Cincinnati, OH 45202
tel. 513-579-7000

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The dialogue is intended to help further understanding
of current events and trends in social and economic justice,
and in corporate social responsibility.

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