

Exhibit B: Statement by Daewoo International published on-line by the Business and Human Rights Resource Center, 19 February 2013,  
Available at <http://www.business-humanrights.org/Documents/CottonCampaignHandM>

### **Daewoo International re purchasing cotton produced in Uzbekistan with child & forced labour**

19 Feb 2013

*Business & Human Rights Resource Centre invited Daewoo International to respond to the following item:*

- "Cotton Campaign Calls on H&M to Implement the Daewoo Protocol", Cotton Campaign, 1 Feb 2013:

<http://www.cottoncampaign.org/2013/02/01/cotton-campaign-calls-on-hm-to-implement-the-daewoo-protocol/>

*Daewoo International sent us the following response:*

### **Daewoo's effort on forced child labor in Uzbekistan**

First of all, we, Daewoo International Corporation fully understand that the Uzbek forced labor issue must be solved as soon as possible without reference to adult or child. Because Daewoo International Corporation, having interests of local company operating the textile business cannot be free from this issue and, will continue to deal with the Uzbek forced labor issue until it disappear perfectly.

We would like to explain how Daewoo' two Uzbek textile companies ("Daewoo textiles"), Daewoo Textile Bukhara LLC and Daewoo Textile Fergana LLC, having dealt with this issue.

In 1996, Daewoo International Corporation has established the Uzbek local textile company for the first time. At now, Daewoo Int'l Corp. has 100% stake of Daewoo Textile Bukhara LLC and Daewoo Textile Fergana LLC which have produced cotton products. We also have 35% stake of GKD(Global Komsco Daewoo) producing cotton pulp, operated by Komsco(Korea Minting and Security Printing & ID Card Operating Corporation) located in South Korea.

Daewoo Textile Bukhara LLC, Daewoo Textile Fergana LLC have annually bought only about 5% Uzbek cotton of overall form UZINTERIMPEX controlled by Uzbek's Ministry for Foreign Economic Relations. In Uzbekistan, Ministry for Foreign Economic Relations exclusively export and supply cotton to local textile companies and also have 3 state-owned companies, UZMARKAZIMPEX, UZPROMMASHIMPEX, UZINTERIMPEX.

Thus, Daewoo Textiles have also being interested in this issue and considerably tried to solve it. Daewoo Textile have consistently suggested the change in the policy of forced child labor toward Cabinet of Ministries of Uzbekistan(Uzbekengelsanoat) since the issue of Uzbek forced child labor was brought up in 2005.

To our knowledge and information, as the 90% of the harvested cotton are produced by not the machine but the hand-picking, the Uzbek government had taken advantage of the child labor during the harvest season, from September to November. However, due to the international pressure, the Uzbek government has tried to increasingly prohibit the forced

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child labor since 2009. The child protection law proclaimed in 21th December 2009, is as below :

*Decree by Cabinet of Ministries of Uzbekistan "Additions to the code of Uzbekistan on Managerial responsibility of in connection with improvement of law protecting the rights of minors (under age children)"*

Uzbek children under 15 years old have been hardly forced and however, teenagers over 15 years old have seemed partially forced, as far as we heard. In the countryside where is hardly affected by the government, there has been partially the forced child labor. Fortunately, this situation has improved due to the Uzbek government's effort year by year.

Cotton cultivators which harvest the cotton by themselves has increased not taking advantages of the child labor because of the raise in the government purchase price. That's because the cost burden happens by charges for board and lodging.

Another evidence to improve this issue is that European Traders including the United Kingdom have started purchasing the textile products produced by Daewoo Textile Bukhara LLC, Daewoo Textile Fergana LLC since 2010. The European Traders seem to recognize the Uzbek government's effort to improve the situation about the forced child labor.

Conclusively, the Uzbek government proclaimed the law prohibiting the forced child labor in 26<sup>th</sup> March 2012. The child protection law proclaimed in 26<sup>th</sup> March 2012, is as below :

*Decree by Cabinet of Ministries of Uzbekistan " About additional measures to implement in 2012~2013 ratified by the Convention on forced labor and the convention on the prohibition and immediate action for the elimination of the worst forms of child labor."*

We expect the stricter practice of Decree prohibiting the forced child labor and including the action plan, and anticipate that there will be no more forced child labor from the crop season this year.

### **Daewoo Textiles' CSR activities in Uzbekistan**

As it is expressed as aforementioned, Daewoo Textiles have committed itself to prevent the forced child labor in Uzbekistan. Additionally, Daewoo Textile have contributed to develop the Uzbek local area, Fergana and Bukhara. Firstly, 5,000 local people are employed by Daewoo Textile Bukhara LLC, Daewoo Textile Fergana LLC. These 2 textile companies create the most jobs in each area.

Secondly, Daewoo Textiles do many CSR activities in Fergana and Bukhara. Every year they sponsor a local orphanage in that area by opening an event for orphans, passing the

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donations and gifts to the orphanage.



Daewoo Textiles also support the scholarship to the local school, Fergana State University, Fergana Polytechnic Institute and Tashkent University of Information Technology. It is clarified that there are some students who has good results in education and much willingness for education, but has financial problems with payment for education fee. Every year Daewoo Textiles give the scholarship to 5~6 students recommended by the principal. Daewoo Textiles anticipates that they can be good specialists who can be useful not only for our company but for Uzbekistan's economy development.

Except for that, Daewoo Textiles annually donates as Youth Development Fund to Ministry of Foreign Economic Relations of Uzbekistan and Fergana State. The employees in Daewoo Textile Bukhara LLC, Daewoo Textile Fergana LLC. sometimes serves elderly people living alone in Bukhara and Fergana.



### **Daewoo's communication with Cotton Campaign**

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Daewoo International Corp. has recently discussed the Uzbek forced labor issue including the independent monitoring and the ILO invitation of the Uzbek government with the Cotton Campaign through the meeting in Seoul on December 12th 2012 and have discussed via e-mail and conference call. We will keep on communicating with Cotton Campaign, however, there are some disputes on the independent monitoring. Cotton Campaign has asked Daewoo to hire a monitoring agent without informing Uzbek government of the name of the monitoring agent. In this point, Daewoo and Cotton Campaign have other opinion each other, so Daewoo is trying to solve this issue by continuously cooperating and communicating with the Cotton Campaign.

Daewoo International Corporation will make an effort to prevent the forced labor in Uzbekistan and continue to do and strengthen CSR activities for Uzbek local area.

We hope that this letter is of assistance for you to find what you are looking for.

Yours sincerely,