



RUGMARK IS A GLOBAL NONPROFIT ORGANIZATION WORKING TO END ILLEGAL CHILD LABOR IN THE CARPET INDUSTRY AND OFFER EDUCATIONAL OPPORTUNITIES TO CHILDREN IN INDIA, NEPAL, AND PAKISTAN. THE RUGMARK LABEL IS YOUR BEST ASSURANCE THAT NO ILLEGAL CHILD LABOR WAS USED IN THE MANUFACTURE OF A CARPET OR RUG.

A MESSAGE TO OUR SUPPORTERS



This was an outstanding year for RUGMARK and much of the credit goes to you, our business partners, donors and other supporters. Your commitment to RUGMARK has helped to build a growing consumer demand for our certified rugs, provide education and other vital services to former child workers, and bring us one step closer to a child labor free world.

Some of RUGMARK's successes in 2003 include:

- Extending schooling to 291 additional former child workers and at-risk youth. Some 2,800 children are now enrolled in our schools and scholarship programs.
- Rescuing 180 children from servitude on carpet looms and preventing thousands more from entering the work force.
- Launching a worker health and safety training program for adult weavers in Nepal.
- Strengthening our consumer awareness efforts, which has helped to increase the sale of RUGMARK rugs.

Our business partners report that the RUGMARK label has enhanced their marketing efforts this year: sales increased and brand identities were enhanced. RUGMARK enables consumers to support rug-makers through purchasing power and in turn improve conditions for children and carpet weaving communities in India, Nepal, and Pakistan. This year we made great strides in this direction.

On behalf of the RUGMARK staff, board, and international offices in India, Nepal, Pakistan, Germany, and the United Kingdom, thank you for contributing to RUGMARK's success. Please read on and discover some of the stories behind the RUGMARK label.

Nina Smith
Executive Director

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RUGMARK'S Approach

ENGAGING THE MARKETPLACE TO
IMPROVE WORKING CONDITIONS OVERSEAS

RUGMARK Foundation is dedicated to ending illegal child labor in the handmade carpet industry. RUGMARK certifies carpet production facilities, rescues and rehabilitates working children, and gives consumers the choice to purchase carpets bearing the RUGMARK label. This is a specific effort that offers direct services to children and adults in weaving communities, while using market forces to improve business practices abroad.

RUGMARK is a global initiative operating in six countries. National offices in India, Nepal, and Pakistan monitor manufacturing sites and oversee RUGMARK social programs. In the US, UK, and Germany, RUGMARK educates consumers and builds partnerships with rug importers and retailers to increase the sale of RUGMARK-certified rugs.



The RUGMARK® certification label appears on the back of rugs that are produced under the RUGMARK monitoring and licensing system. The RUGMARK label provides importers, retailers, and consumers with the best possible assurance that no illegal child labor was used in the production of a rug and that a percentage of the purchase price helps to pay for schools and other social programs in carpet weaving communities. Each labeled carpet is individually numbered, so that its origin may be traced back to the loom on which it was produced. This protects against counterfeit labels and enables RUGMARK to track the product from weaver to consumer.

Child Labor-Free Certification

MONITORING CARPET LOOMS AND
EDUCATING FORMER CHILD WORKERS



Rug-makers in South Asia are talented craftspeople. A standard 8' x 10', hand-knotted area rug is made up of over a million individual knots, each tied by hand. This labor-intensive process requires skill and hard work. Rug weavers live in low-income communities where

every penny means more food on the table and a chance to go to school.

Child labor drives down adult weavers' wages, intensifying poverty in areas where families already struggle to survive. When child labor is eliminated, adults have more job opportunities, wages increase, and children attend school.

RUGMARK's independent monitoring program offers importers, retailers and consumers the best possible assurance that no illegal child labor was employed. To be certified by RUGMARK, participating carpet manufacturers agree to:

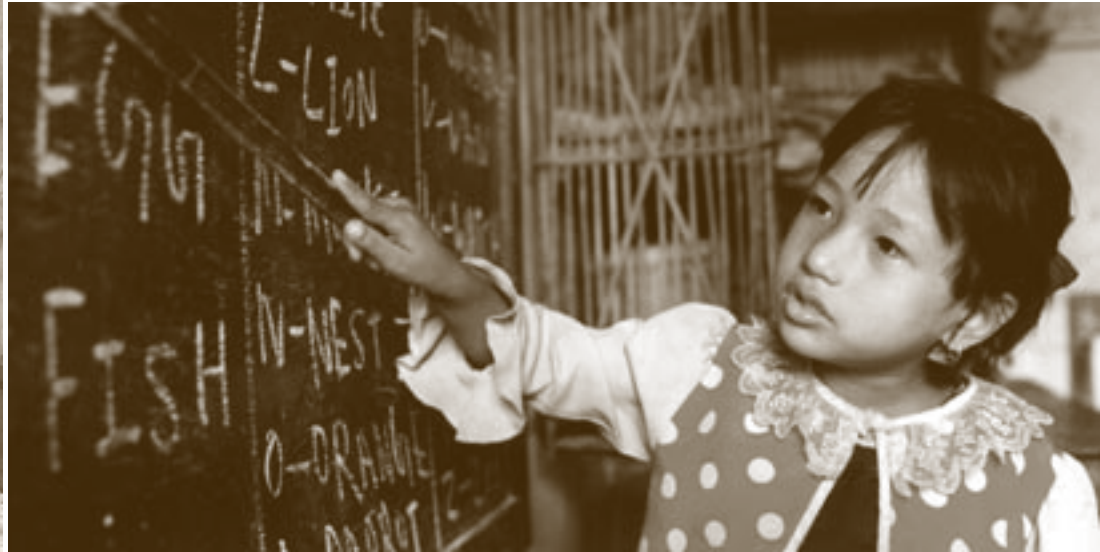
- Produce carpets without illegal child labor
- Register all looms with RUGMARK
- Allow RUGMARK inspectors access to manufacturing sites for unannounced inspections.



“...our calculations clearly lead us to the conclusion that the elimination of child labor is a high yielding global investment.”

– Frans Röselaers, Director, International Program on the Elimination of Child Labor, *International Labour Organization*

This year RUGMARK product certification reduced child labor and increased educational opportunities for children and earning potential for adults.





2,800 children attended school with RUGMARK support in 2003.

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Carpet looms and factories are monitored on a random basis. A detailed system of checks and re-checks ensures that a rug carrying the RUGMARK label is child labor-free. In addition RUGMARK inspectors monitor a wide-range of production concerns, including adult wages and working conditions.

In 2003, RUGMARK inspectors rescued an average of 15 children per month. These children were given the opportunity to attend one of RUGMARK's 13 affiliated schools or to enroll in a community school with scholarship support. Some 2,800 children in South Asia attended schools, vocational training, and daycare programs with RUGMARK help this year.

RUGMARK carries out a range of other social welfare programs in carpet weaving communities, such as health clinics; adult literacy and employment training; and worker health and safety education.

RUGMARK OFFERS MEDICAL ASSISTANCE TO INDIAN WEAVING COMMUNITIES

This year RUGMARK India launched a project to address the needs of those who are physically disabled in weaving communities. Throughout 2003, RUGMARK inspectors surveyed carpet-weaving communities and identified 250 people with serious physical disabilities who did not have access to medical assistance. RUGMARK organized a group of doctors to help and secured support from the Artificial Limbs Manufacturing Corporation of India, which produced suitable aids free of charge. Patients were informed about rehabilitation, financial aid and disability pensions. This project was undertaken with the help of India's Ministry of Social Justice and Empowerment and the Social Welfare Department.



RUGMARK SCHOOLS IN SOUTH ASIA

INDIA

Balashrya Centre for Bonded Labourers
Gopiganj, Bhadohi

RUGMARK Primary School Baribisa
Jagapur, Bhadohi

RUGMARK Primary School Barhi
Newada, Varanasi

RUGMARK Primary School
Handia, Allahabad

RUGMARK Primary School Bhagatpatti
Cherapur, Bhadohi

RUGMARK Primary School
Vijaypur, Mirzapur

RUGMARK Primary School Devnathpur
Lakhmanpatti, Bhadohi

NEPAL

Centre for Child Studies and Development
Kathmandu

Co-operative Society
Bungamati, Lalitpur

Underprivileged Children's
Educational Programs
Bhaktapur

Day Care and Education Centre,
Education Protection and Help for Children
Kathmandu

PAKISTAN

RUGMARK School
Chistian, Southern Punjab

RUGMARK School
Hasilpur, Southern Punjab



RUGMARK inspectors rescued 180 children from carpet work in 2003. The ripple effect of RUGMARK inspections has slowed the entry of children into the workforce.



DOLMA TAMANG: RESCUED FROM FACTORY WORK, FLOURISHING IN SCHOOL

Subsistence life in rural Nepal is difficult. Some families can eke out a living through agriculture, others, like Dolma Tamang's family, aren't as lucky.

Dolma's parents could not afford to raise their family of eight, despite years of hard labor in the

fields in Kavre, a district just east of the capital, Kathmandu. To make things worse, Maoist militias were recruiting villagers. School children were (and still are) a prime target.

After repeated overtures by the Maoists, thirteen-year-old Dolma dropped out of fourth grade and fled to Kathmandu. A cousin found her a job at a carpet factory. But life in the factory wasn't much better: Dolma missed her family desperately and developed a serious respiratory infection.

On December 1, 2003, RUGMARK inspectors discovered Dolma. After undergoing medical treatment, she chose to live at a RUGMARK rehabilitation center and resume her formal education. Dolma's teachers report that she is a hard-working student and is happy and safe living with the 61 other students at the center.



Millions of consumers in North America learned about RUGMARK-certified rugs through media, advertising, web promotion, and point-of-purchase displays.

Consumer Education

FOSTERING SOCIALLY RESPONSIBLE PURCHASING

Conscious consumerism is on the rise, with 68 million Americans or 32.2 percent of the population showing concern about social and environmental production practices in 2003. These individuals have strong concerns about human rights, fair trade, the environment, and sustainable practices, and they integrate their values with the products they buy.

This year RUGMARK worked to increase the socially responsible marketplace and educate consumers, offering them the choice to purchase child labor-free goods through:

RUGMARK IN THE NEWS

RUGMARK's Public Service Announcements appeared widely on TV stations and in major national magazines across the country, like *National Geographic*, *Dwell*, *Interior Design*, *Natural Home*, and *Southern Accents*.

Articles and feature stories turned up in newspapers, such as the *Toronto Star*, *Daily Herald*, and the *Minneapolis Star*

Tribune. Respected interior and rug trade magazines, such as *Hali*, *Organic Style*, *Rug Insider*, and *Home Furnishing News*, also covered the work of RUGMARK and its member companies extensively. This increase in media coverage in 2003 boosted consumer awareness and sales of RUGMARK-certified products.

RUGMARK POINT-OF-PURCHASE DISPLAYS

As the network of individual retailers grew to over 300, RUGMARK distributed brochures and poster displays, to assist retailers with consumer education at the point of purchase.

RUGMARK WEBSITE

In 2003 visits to www.rugmark.org averaged 800-1,200 per day, an increase of 20 percent from 2002. The site is updated regularly and has become an important destination for consumers to research their potential rug purchase.

2003 RUGMARK RETAIL SPONSORS

Alexander's
San Francisco, California

David E. Adler
Scottsdale, Arizona

Driscoll Robbins Oriental Carpets
Seattle, Washington

Emmett Eiland Oriental Rugs
Berkeley, California

Entrée Libre
New York, New York

Galleria Carpets and Rugs
Washington, DC

The Ghiordes Knot
Troy, Michigan

Indich Collection
Honolulu, Hawaii

Nahigian Brothers Galleries, Inc.
Evanston, Illinois

The Rug Source
Denver, Colorado

Steven King, Inc.
Boston, Massachusetts

Weisshouse
Pittsburgh, Pennsylvania

2003 RUGMARK LICENSED IMPORTERS

Angela Adams Designs, LLC
www.angelaadams.com

CariniLang
www.carinilang.com

Crescent Moon Fibers
www.crescentmoonfibers.com

Delinear Rugs
www.delinear.net

elson & company
www.elsoncompany.com

Emma Gardner Design, LLC
www.emmagardnerdesign.com

Joan Weissman Studio
www.joanweissman.com

Lapchi
www.lapchi.com

Masterlooms, Inc.
www.masterlooms.com

Mountain Looms

New Moon
www.newmooncarpets.com

Nordic Textiles and Furnishings
www.nordic-home.com

Northfield Carpets International
www.northfieldcarpets.com

Odegard, Inc.
www.odegardcarpets.com

Ringin Mountain Imports
www.ringingmountain.com

Story Rugs

Zoë Luyendijk Studio
www.zoeluyendijk.com

Industry Participation

LEADING THE BUSINESS COMMUNITY IN SOCIAL RESPONSIBILITY

RUGMARK certification is good for business. According to one study, 76 percent of consumers would switch brands or retailers to a company associated with a good cause. Indeed, RUGMARK's industry partners report that their sales and brand image are enhanced through their participation.



A total of \$20,000,000 worth of handmade rugs were certified by RUGMARK in 2003.

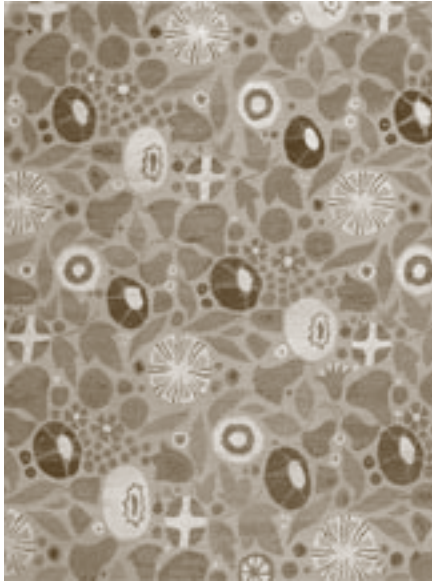
In 2003, increased imports of RUGMARK rugs in the US and Canada generated \$45,000 to educate former child workers and provided other social services to carpet weaving communities in South Asia. In Europe, RUGMARK importers contributed \$140,000 for a total of \$185,000.

By supporting RUGMARK through their membership, leading companies are taking steps to end child labor on an industry-wide basis and to improve conditions for weaving communities. In return, businesses benefit through enhanced reputation and product quality.

“As an importer of rugs from Nepal and India, we feel RUGMARK is part of our own company identity and story.”

Emma Gardner, Emma Gardner Designs LLC.

BELOW, FROM LEFT TO RIGHT: LAPCHI, EMMA GARDNER DESIGNS, NORDIC TEXTILES & FURNISHINGS, ANGELA ADAMS



“ I joined RUGMARK to ensure my clients that I don’t use child labor in the production of my rugs...I want to be able to stand behind my designs 100 percent, not just the creative part, but the production phase as well.”

– Angela Adams as quoted in *Furniture World Magazine*.

BELOW, FROM LEFT TO RIGHT: ELSON & COMPANY, JOAN WEISSMAN, ODEGARD INC.



“ We find more and more customers are gaining an awareness or social responsibility...We have made quite a few sales because of RUGMARK.”

– Murray Mallot, Zoë Luyendijk Studio

“ Child labor is wrong no matter how you look at it...and it will never change unless we all take serious action.”

– Stephanie Odegard, Odegard, Inc. as quoted in *Dwell*.

RUGMARK Foundation - USA

STATEMENT OF FINANCIAL POSITION AS OF DECEMBER 31, 2003

ASSETS

CURRENT ASSETS

Cash	\$67,928
Licensee payments receivable	48,392
Contributions receivable	2,000
TOTAL CURRENT ASSETS	188,320

OTHER ASSETS **591**

PROPERTY AND EQUIPMENT

Property and equipment, net of accumulated depreciation of \$2,970	1,530
TOTAL ASSETS	\$120,441

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable and accrued expenses	\$2,508
Grants payable	68,861
TOTAL CURRENT LIABILITIES	71,369

NET ASSETS

Temporarily restricted	752
Unrestricted	48,320
Total net assets	49,072

TOTAL LIABILITIES AND NET ASSETS **\$120,441**

STATEMENT OF ACTIVITIES

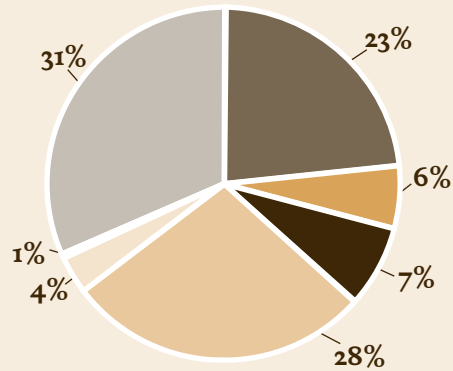
TOTAL REVENUES	\$280,184
Bequests	1,000
Grants	64,639
Individual Contributions	16,814
In-kind Contributions	88,133
Interest Income	597
Licensing Payments	78,133
Major Donations	21,000
Corporate Sponsorship	9,868

TOTAL EXPENSES	\$281,533
Programs	
Consumer Education	\$103,096
Carpet Trade Outreach	74,125
International Programs (Schools and Social Programs)	61,100
Events	7,169

PROGRAMS TOTAL **\$245,490**

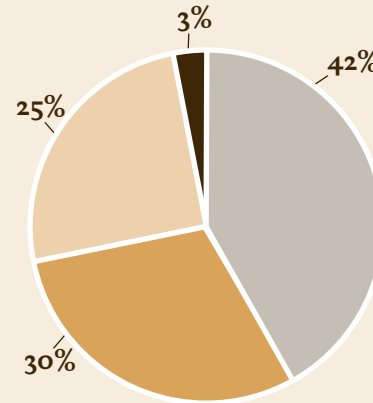
ADMINISTRATION **\$21,983**
FUNDRAISING **\$14,080**





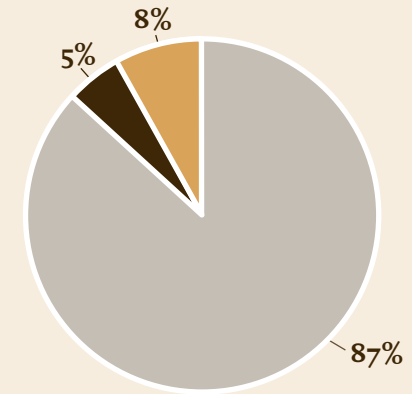
2003 Revenue

- 23% GRANTS
- 6% INDIVIDUAL CONTRIBUTIONS
- 7% MAJOR DONOR CONTRIBUTIONS
- 28% LICENSING PAYMENTS
- 4% CORPORATE SPONSORSHIPS
- 1% OTHER INCOME (BEQUESTS AND INTEREST)
- 31% IN-KIND CONTRIBUTIONS



2003 Program Expenses

- 42% CONSUMER AWARENESS
- 30% CARPET INDUSTRY OUTREACH
- 25% INTERNATIONAL PROGRAMS
- 3% EVENTS



2003 Expenses

- 87% PROGRAMS
- 5% FUNDRAISING
- 8% GENERAL ADMINISTRATION

RUGMARK Supporters

RUGMARK IS GRATEFUL TO THE FOUNDATIONS, ORGANIZATIONS, AND INDIVIDUALS THAT HAVE MADE FINANCIAL AND IN-KIND CONTRIBUTIONS THROUGHOUT THE YEAR. THESE INCLUDE:

\$50,000+

Anonymous donor

\$20,000 - \$49,999

*Ramsay Merriam Fund
Odegard, Inc.*

\$5,000 - \$9,999

*Arthur B. Schultz Foundation
Arthur B. Schultz
CariniLang, LLC
Lapchi
Masterlooms, Inc.*

\$2,000-\$4,999

*Angela Adams
Driscoll Robbins Oriental Rugs
Entrée Libre
The Ghiordes Knot
Helena Rubinstein Foundation
The Indich Collection
New Moon
The Rug Source in Denver
Stephen King, Inc.
Weisshouse Showrooms*

\$1,000-\$1,999

*Charitable Lead Annuity Trust,
ULWT of Gladys Borrus
William and Frances Ackerly
Blum-Kovler Fund
David S. Christy, Jr.
Pamela Ebsworth
elson & company*

\$500 - \$999

*Alexander's
American Postal Workers
The Chicago Merchandise Mart
Nina Covrlijan
Charles Lyons
New Age Customs Clearance
New York Design Center
Aldo and Helene Parcesepe
Phil Schlein
Stewart R. Mott Charitable Trust
Timothy Paul Carpets*

\$200 - \$499

*John Ackerly
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JD Doliner and Steven Kaufman
Kimberly Elliot
Hollis Hope and David Chapman
Jocelyn Johnson
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Lillian Leong
Gary Levine
New Age Customs Clearance
New Way Design
Maureen Orth
Peacecraft Trading
George and Margaret Ortenzo
Caroline Ramsay
Bruce Rich
Sonia Rosen and Gordon Berg
Walden Asset Management*

\$100 - \$199

*John Taylor and Dianne Dubler
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John Tsiros
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IN-KIND DONORS

*AFL-CIO Broadcast Office
Covington & Burling Law Firm
Dwell
Diane Durban
Interior Design
National Geographic
Natural Home
Robin Romano
Smart Homeowner
Southern Accents*

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Nearly 500 individuals provide generous financial support to RUGMARK. A complete list of these donors appears at www.rugmark.org.

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*National Consumers League/Child
Labor Coalition*

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Pharis Harvey
Stolen Childhoods

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SAR International

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Vanity Fair

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Ramsay Merriam Fund

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RUGMARK International

www.rugmark.net

RUGMARK NATIONAL OFFICES

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www.rugmark.de

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www.rugmarkindia.org

Nepal RUGMARK Foundation

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www.nepalrugmark.org

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Mohammed Zia ul-Haque, *Chairman*
www.rugmarkpakistan.net

RUGMARK UK

Clare Lissaman, *Director*
www.rugmark.de/uk/index.htm



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