

Business, Energy and Industrial Strategy Committee

Oral evidence: Forced labour in UK value chains, HC 890

Thursday 5 November 2020

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Members present: Darren Jones (Chair); Alan Brown; Judith Cummins; Richard Fuller; Ms Nusrat Ghani; Paul Howell; Alexander Stafford; Zarah Sultana.

Foreign Affairs Committee member also present: Alicia Kearns.

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Witnesses

I: Maajid Nawaz, Founder, Quilliam International; David Sävman, Head of Supply Chain, H&M Group; Hendrik Alpen, Head of Sustainability Engagement and Head of Social Sustainability, H&M Group.

II: Sean Cady, Vice President, Global Sustainability and Responsibility, VF Corporation (parent company of The North Face); Liz Kanter, Director, Government Relations and Public Policy UK, TikTok; Jaycee Pribulsky, Vice President for Global Footwear Sourcing & Manufacturing, Nike; Andrew Reaney, Group Director of Responsible Sourcing, Boohoo Group.

III: Paul Scully MP, Minister for Small Business, Consumers and Labour Markets, Department for Business, Energy and Industrial Strategy; Michael Warren, Director of Labour Markets, Department for Business, Energy and Industrial Strategy.

Written evidence from witnesses:

– [Quilliam International ([FL0023](#)); H&M Group ([FL0016](#)); VF Corporation ([FL0019](#)); TikTok ([FL0022](#)); Nike ([FL0030](#)); Boohoo Group ([FL0020](#)); Department for Business, Energy and Industrial Strategy ([FL0002](#))]



Examination of witnesses

Witnesses: Maajid Nawaz, David Sävman and Hendrik Alpen.

Chair: Welcome to this morning's session of the Business, Energy and Industrial Strategy Select Committee. We have a hearing today on forced labour in the UK value chain with a one-off session specifically looking at the slave labour of the Uyghur people. We have three panels. For the first panel we have Maajid Nawaz, founder of Quilliam International; David Sävman, head of supply chain at H&M Group; and Hendrik Alpen, head of sustainability engagement and head of social sustainability at H&M Group too. At the beginning I should probably declare my interest as an officer of the All-Party Parliamentary Group on Modern Slavery and an appointed anti-slavery champion for the Commonwealth Parliamentary Association.

Q1 **Ms Ghani:** I do not want to spend too much time talking about the situation in Xinjiang. We know how desperate it is for millions of Uyghur. I would first like to go to H&M and Mr Sävman in particular. Your submission of evidence to the Committee states that it is complicated to ensure absolute transparency, but you have put together a suppliers list. I would like to understand how easy or difficult that was. Given that you have done this, what excuses do other firms have not to have transparent supplier lists?

David Sävman: I will spend a couple of minutes and try to elaborate a little on how a fashion supply chain looks. We have all our direct suppliers and all our manufacturers of garments transparently listed on our website. You can go in and see where every single product that we have in H&M is produced. We also have full traceability one tier down, which is the manufacturer that produced the fabrics that we produce garments from. The majority of those are also fully transparent on our website and we have full traceability as a group down there.

The next step, going further back, is spinners. Those are the ones who take the fibres, whether that is from a natural fibre, such as cotton or wool, or from polyester or similar, and spin yarns. There, we do not have full traceability back. Even further back you come to the ginners, who are in cotton. They take the raw cotton, remove the seeds and put the fibres together. There is no scalable, efficient way to fully trace fibres on that level today.

There are a couple of things that we are doing already. We are making sure that all the cotton we buy is accredited. It is accredited by either the organic associations, GOTS, OCS, et cetera, or BCI, the Better Cotton Initiative, which is a huge organisation. One fourth of the world's cotton today is BCI cotton.

BCI cotton is a system based on mass balance. It was not made for traceability from the beginning. It works in the same way as if you as a private person want to buy renewable energy. You make sure that you buy the same amount of renewable energy that you consume, but you



cannot trace back that the actual energy ending up in your house comes from a renewable source. We can say for sure that we buy 100% BCI cotton. We cannot 100% trace that that cotton ended up in our garments.

With the interest from industry, from us as brands, from Governments and from customers to have better insight and traceability, there are a lot of things going on. The first is classical paper trailing. You can continue to trace back packing lists, invoices, et cetera, to make the mass balance more granular. We have pilots for interesting ways to make it more exact, a lot of which are based on blockchain techniques, to make sure you have an open source so you can see the mass balance of accredited cotton in a much better way.

There is already work today on things such as isotope analysis and proper DNA sourcing, where you can see where different fibres are from. It is not valid in scale today, but it is an interesting thing to have as a support going forward. I hope that that shines some light on this supply chain.

Q2 Ms Ghani: It is complicated. What is interesting is that you and your company have decided that, whether it is legally the right thing to do, it is ethically the right thing, to do to dig down into your chain, get greater transparency and try to make those changes, so thank you. Maajid, a number of the firms that we are communicating with will just say it is far too complicated to do what H&M has done, they cannot have sight of their chain or they are not involved in breaking the law. I wondered if you could share some of the evidence you have submitted on what more firms can do to ensure that they are not involved in the slave labour of the Uyghur.

Maajid Nawaz: First, let me thank you, Ms Ghani, for putting together this Committee, all the members of the Business, Energy and Industrial Strategy Committee, my team at Quilliam International for putting together our submission with me and our coalition partners, the Coalition to End Forced Labour in the Uyghur Region.

Allow me to remind everybody listening that this is the Parliament that on 28 August 1833 passed with Royal Assent the Slavery Abolition Act. We have a grand history and heritage that we should be rightly proud of in eliminating slavery, enslaved labour and all other forms of abuses in our supply chains as far back as 1833 with the Slavery Abolition Act.

Even back then, people were making arguments based on pragmatism and profit to try to argue that it would not be in our financial interests, that it would somehow jeopardise our industry and that it would put our businesses at a competitive disadvantage if we did not take this firm and uncompromising moral stand against enslaved labour. We now know from history, with hindsight, that those arguments were nothing but excuses. I urge everybody listening to please remember the great heritage from which we arrived in this Parliament to have this conversation.



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Allow me to congratulate H&M for being the only one to my knowledge that has taken action in a way that indicates at least the level of seriousness of these allegations. We are talking, after all, about history's most technologically sophisticated genocide. I personally know what it feels like to be arbitrarily detained and witness torture, as I have served in Egypt for five years as a prisoner of conscience. My journey there began because I initially witnessed as a 15 year-old the Bosnian genocide. It is very important for us to understand the gravity of this conversation.

Supply chains, and UK supply chains in particular, need to be aware that 84% of the cotton made in China originates from the area of Xinjiang, or East Turkestan according to the Uyghur people, where precisely these allegations of a genocide are being made. If 84% of China's cotton originates in that area, I would say as a default, just as the United States of America has done in a law that is yet to be ratified, that we in Britain must approach cotton coming from China by default as having a presumption that it is tainted by enslaved labour and genocide unless it can be proven otherwise.

I know that that is a long-term aim, so what can we do in the short term? In terms of complicity, it is almost certain. If 84% of the cotton in China is coming from an area where there are serious allegations of a genocide, the complicity issue is almost certain. Nobody should make excuses there. We are making profit. We may not be the cause of the genocide, but we as a country are making profit off the back of it and that sickens me. It sickens me when I wear this cotton to be aware of that fact.

We currently have an inadequate legislative framework and I will use one word to describe it. It is toothless, unfortunately. In April 2020, the Global Legal Action Network and the World Uyghur Congress submitted to Her Majesty's Revenue and Customs under the Foreign Prison-Made Goods Act 1987 a report on the extent of their belief that we were benefiting from enslaved labour in East Turkestan or the Xinjiang region in China. Unfortunately, no action was taken by Her Majesty's Revenue and Customs. We also have Section 54 in the Modern Slavery Act 2015. Again, unfortunately, this has demonstrated itself to be toothless, because, even though firms have a reporting obligation if they earn over £36 million, no steps are required by these firms to do anything.

We suggest approaching this with a smart mix of measures. We require enhanced disclosure and full transparency. We require for Parliament to impose positive duties on firms, because it is a shame and a national humiliation that I, who follows this issue regularly, can find only one firm to congratulate and that is H&M. I would be very interested in hearing from the others here today as to what they are doing as well. We require as Government to assist firms to diversify, because we do not want to put our country's firms at a competitive disadvantage globally. They require assistance from Parliament to diversify. We recommend that too. They



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also need official guidance as to where they can outsource their supply chains in a more responsible manner.

We also require enforcement, so that the law that exists already does not remain toothless. The Foreign Prison-Made Goods Act 1987 and the Proceeds of Crime Act 2002 need to be enforced in a way that disincentives firms from having any association with enslaved labour. We have to impose a liability from a human rights perspective. That means as a country reasserting that, in our negotiations abroad, we will put human rights first and foremost, to make sure that we are not tainted with slavery in any way.

I also recommend further transparency. In Australia, for example, I am aware of an ethical fashion report that comes out every year. The 2019 one is available online. It grades firms in a multi-coloured bar chart way and it goes through all their supply chains at each stage, because everybody is aware as to how complicated this is.

Then it gives them a score at the end of it, so that the consumer is aware of the choices that they make. Right now I believe that we, the consumers and as a country, are being deceived, whether intentionally or unintentionally, by our own firms as to where the cotton that we are wearing on our backs is coming from. I want no association whatsoever between the clothes that I choose to buy and put on my family and the enslavement of my fellow Muslims in the Uyghur region.

Q3 Ms Ghani: I am grateful for all the witnesses attending today, but we are one witness short. Disney has not been able to make the session today. It is beyond cotton. It is about all involvement in the area of Xinjiang. Maajid, I wonder if you had any message for Disney.

Maajid Nawaz: Frankly, I am absolutely disgusted by the fact that Disney, in its hubris, has decided not to attend the mother of all Parliaments to at least address the accusations against it. Therefore, in its absence, may I, if I have a moment, tell you precisely what has angered me about Disney?

Having previously been a subscriber to the Disney Channel for my child, I feel ashamed that I have consumed this product. Disney itself has acknowledged publicly and openly that its latest film, known as "Mulan", was filmed in a region that has been cleared out, amid these serious allegations of a genocide in Xinjiang. They were filming in a region where we are saying there is a genocide taking place and they admitted it, because at the end of show credits in "Mulan" Disney thanks none other than the Turpan security services, which are the very security services that the Uyghur people say have been genociding them, forcing them in factories to be engaged in slave labour and harvesting their organs, with 13 tonnes of hair turning up in the United States of America that has been shaved from the heads of Uyghurs.



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Disney, having openly thanked the Turpan security services for allowing them to film in this region, has openly admitted that it is profiting from a genocide. To anyone listening, I ask you to think about that and how it makes you feel. On the one hand, forgive me for my language, but it is a bit like a minstrel show. When it comes to the Oscars, they want diversity quotas, so that people who look like you and me can stand, sing, clap and dance and say how tolerant and diverse they are because they accept people like us in their films.

They have this quota system when it comes to films and are qualified for winning an Oscar. That is not Disney; the Oscars are doing this. Yet the industry itself has apparently very little concern for what is going on behind the scenes and the blood, sweat and tears that are involved in making these films in lands where the people have been genocided.

I am no judge and I can only speak personally, but, as far as I am concerned, Disney's decision not to attend here today is an admission of guilt and complicity in a genocide that is perhaps history's most technologically sophisticated, with 2 million Uyghurs in concentration camps. I ask everybody listening not to watch "Mulan" and not to attend any of its screenings, even if lockdown ends. If Disney does not swiftly address this business of even boycotting a parliamentary hearing on this, I would even encourage everybody to cancel all their Disney subscriptions. I will be beginning a campaign in the Muslim world to make sure that Muslims are aware that Disney has behaved in this way today.

Q4 Alexander Stafford: I want to get back to this complexity issue about where the cotton comes from. I do not know much about cotton, but when I go to the supermarket and pick up my milk or blueberries it often tells me which farm it is, including a name of a farmer, that the beef or whatever comes from. David, could you outline to me why it is so complex? Why can you not just say, "This cotton comes from this farm and then it goes to a factory"? Why can we not know that as a consumer? We can do it for other products in the supermarkets. Why can we not do it for cotton? Would it be a lot more expensive to make that happen?

David Sävman: Just in BCI, there are around 2.5 million cotton farmer members and that is around a quarter of the world's cotton. I explained the supply chain from a brand's perspective and backwards. I will try to do it the other way, because the mixing of cotton happens fairly early. From these millions of cotton farmers, there are a number of brokers buying yielded cotton from endless farms in different provinces, in different regions and from different countries, and selling to ginneries. These ginneries take the cotton from a number of brokers and they put it all together into big bales. They will mix these and that historically has always been like that. They do it for quality reasons. You need to mix different staple lengths of fibre. You will have different times when you harvest the cotton. You will have different quality in terms of how much colour they absorb, et cetera.



At the moment there is no qualitative way of doing this, but over time, and sooner rather than later, with new technology, as mentioned, such as open-source blockchain potentially mixed with the isotope or DNA, there is going to be a much more transparent supply chain also when it comes to cotton. Compared to a lot of other grown things, it is much more complex and there are many more steps before it comes to the end consumer.

Q5 Alexander Stafford: It is clearly very complex to understand. Why do companies still buy cotton from China? China is not the world's biggest cotton producer. India produces more cotton. America is not too far behind China. There are other places to buy cotton from, and I presume lots of types of cotton. Is there not the risk that, by buying Chinese cotton, you are going to use cotton that is made in horrific conditions? I am not saying this against H&M, but I can only, therefore, think the only reason why companies generally choose to have this potentially tainted cotton is because it is cheaper. Therefore, are some companies basically putting a price on the lives of the Uyghur people? Why can we not buy cotton from other countries? Why do companies choose to get it from China?

David Sävmán: I can only answer for how we purchase cotton as a group. As I said to Ms Ghani, 100% of the cotton we buy is certified: 5% is recycled; approximately 20% is organic cotton and the rest is then BCI certified. BCI has, after this allegation, given the problem of performing credible due diligence in the supply chain for accreditation, chosen not to work in the region you are referring to. Therefore, we are not purchasing any cotton from China or from this region any more because BCI purely does not have any implementing partners there.

To come back to your question, yes, it is absolutely possible. We buy the majority of our cotton from India. You have it from Africa. You have it from US, as you said, and Turkey. There are a lot of cotton-producing countries in the world. We do it based on our implementing partners, which stand behind a good cotton industry.

Q6 Alexander Stafford: Maajid, we are talking about trade deals at the moment with Brexit. What do you think about trade deals across the world and countries that are doing trade deals with China? I have heard what you said about calling for a boycott of this cotton. What can countries do? Countries often do trade deals and try to encourage trade with China. What should countries be doing to try to stop companies using Chinese cotton, which has been produced by the blood of Uyghurs?

Maajid Nawaz: Going back to the measures I mentioned earlier, it is important that we put in place two things: first, the enforcement of the existing legislation, which is, unfortunately, woefully absent at the moment. It may require these sorts of conversations, because public opinion will be a good pressure in that regard. Own Government already need to enforce the Foreign Prison-Made Goods Act 1987 and the Proceeds of Crime Act 2002. In the US in September 2020, the Uyghur



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Forced Labor Prevention Act came in. It has yet to be ratified. That will make a presumption that any cotton coming in from China or any goods generally are tainted unless proven otherwise.

Countries also need to help with regulatory frameworks to make sure that our businesses can compete on an even footing. We do not want to put our businesses at a disadvantage. Not every country in its foreign policy in this regard will be driven by a concern for genocide. We do not want to have a scenario where our businesses are being outmanoeuvred because other countries are unconstrained by the regulatory framework that we place on our own businesses and those of our allies, so we need to have an international effort. That requires power, which is why I say it must be led by the United States of America. It has already demonstrated that it is taking leadership on this.

The good news is that the Parliament in Canada has now formally and already determined through its legislative framework that there is a genocide in China. That provides us with an example here in Britain. We have the China Tribunal that is looking into the genocide. Once it has made its determination, perhaps next year, our Parliament can make a similar determination. Unfortunately, whereas these sorts of determinations used to come from the United Nations, that is no longer the case. I do not know how these things happen, but China sitting on the United Nations Human Rights Council means that it is almost a certainty that these sorts of determinations will not come from China itself.

On the point of the UN, just to make it very clear, some of you may know that I am a broadcaster on LBC. I recently interviewed a whistle-blower from the UN. Her name is Emma Reilly and she is still working at the UN. She has made very serious allegations on my show that her direct line manager at the UN has been leaking the names of Uyghur dissidents who go to the UN to testify, similar to what we are doing now here for the British Parliament. It is Emma Reilly's boss. She is at the UN as a human rights lawyer. Her boss has been leaking these emails to the Chinese regime and that is now a matter of record.

Chair: Sorry, Maajid, I just to have to call you to order there. This is the BEIS Committee, not the Foreign Affairs Committee. It is an important point and thank you for raising it. The Foreign Affairs Committee will be doing some work on this, so perhaps you could submit that evidence there. Remember this is a BEIS hearing, so we need to stick to our brief.

Q7 Zarah Sultana: My question is to Mr Sävman and Mr Alpen. Thank you for H&M's statement issued in September 2020, where you outlined your opposition to any kind of forced labour in the supply chain. Just before I finish my question, I just want to declare an interest that I have previously worked for H&M as a retail assistant. I am just putting that out there. Moving on, could you tell us about the inquiry you carried out on labour transfer programmes and employment schemes, and whether



these were in place in any Chinese factories you used in other regions?

David Säzman: When this very serious allegation came up, we did a lot of investigation into all our suppliers. We did not find any proof of any of our suppliers breaching any of our sustainability commitments, where we have a very clear guide on how our ethical recruitment should happen. That was the first part. After that, we continued, working together with the ILO and IMPACT, to further strengthen our due diligence on the allegations towards this. We also worked together with BCI. BCI then concluded that it would stop implementing cotton from this region, so there were these three major steps we took after this report came out. We did not find any breaches of our sustainability commitment that is based on the guide on ethical recruitment in any way in our supply chain.

Q8 **Zarah Sultana:** My second question is to Mr Nawaz. A key concern I have heard regarding the treatment of the Uyghur people is that they are subject to a deradicalisation programme that is operating in the detention facilities in Xinjiang. The Chinese Government have legitimised these programmes and approaches with reference to similar programmes in the west, including the Prevent programme, which Britain has pioneered, which your organisation, Quilliam, has enthusiastically promoted. Do you believe that it is possible to reconcile support for such policies at home while decrying them abroad?

Maajid Nawaz: First, to clarify, I was asked specifically about what countries can do and, therefore, it is incredibly relevant, Chair, that the UN is paralysed at the moment, because that is preventing us from acting, just on that last point. Therefore, that was relevant.

Chair: Maajid, I understand that, but when I call you to order I am afraid that means you stop speaking. Could you answer Ms Sultana's question please?

Maajid Nawaz: I will. I just needed to clarify. It is interesting that the question about the Prevent programme in Britain has come up, because, though that is being used as an excuse in the Uyghur region by the Communist Chinese dictatorship for interning up to 2 million Muslims, last I checked that was not the case here in the United Kingdom. In fact, there are no Muslims arbitrarily interned in concentration camps in Britain.

The Prevent programme, as we well know, is there specifically to address far right white nationalist extremism and jihadist terrorism, as well as all other forms of extremism. Our security services are telling us that the largest threat this country faces is still, indeed, jihadist terrorism and we only need to look at France to see what is happening there. The fastest-rising numbers of referrals that are currently going through the Channel programme are, indeed, related to far right terrorism.

The Prevent programme is there to specifically to stop terrorism. It is incredibly important that our Prevent programme is not conflated in any



way to be used as an excuse to engage in a genocide where organs are harvested, hair is being sold and illegally taken from Muslim Uyghurs, forcible sterilisation is being conducted and up to 2 million of them are arbitrarily detained and enslaved. There is absolutely no comparison, though the Prevent programme is not perfect and does require reform.

I am very much pro-reform of our entire constitutional setup, including our electoral system, but it is a very far cry to talk about the imperfections of our system here, which of course there are, and juxtapose or shoehorn them into a conversation about a genocide. If the Uyghur people living in Britain, who are free to open Uyghur restaurants and work here, heard that this juxtaposition was being made, they I believe would be incredibly insulted at the suggestion that anything Britain is doing is comparable to a genocide.

Chair: Thank you to our witnesses, David Sävman, Hendrik Alpen and Maajid Nawaz. Thank you for your time.

Examination of witnesses

Witnesses: Sean Cady, Liz Kanter, Jaycee Pribulsky and Andrew Reaney.

Chair: We will be hearing from Sean Cady; the vice president for global sustainability and responsibility at VF Corporation, which owns The North Face; Liz Kanter, the director of government relations and public policy in the UK at TikTok; Jaycee Pribulsky, the vice president for global footwear sourcing and manufacturing at Nike; and Andrew Reaney, the group director of responsible sourcing at Boohoo Group.

Can I just remind colleagues on the Committee and witnesses that we are the BEIS Committee and not the Home Office or Foreign Affairs Committee, so we should try to keep our questions and answers related to the brief today? We have a lot of questions and a lot of witnesses in this session, so I ask colleagues to direct specific questions to specific witnesses. I would be grateful if our witnesses could provide answers directly to the questions being asked. If I have a sense that people are evading questions or trying to fill time, I am afraid I will need to call you to order, so please keep that in mind so we can get through the session today.

Q9 **Ms Ghani:** My first question is to Ms Kanter. I have been doing some work with the *Jewish News* and it has had two front pages that reflect the situation in Xinjiang: 2 million people in camps, their labour being exploited. When did TikTok realise that its parent company, ByteDance, was implicated in providing surveillance equipment to manage these camps in Xinjiang?

Liz Kanter: I wanted to start off by thanking you for this important hearing this morning. We are very happy to be here. One thing I need to make really clear is about the connection between TikTok in the UK and



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ByteDance in China. We have a parent company, ByteDance Ltd, which is an international company. TikTok UK and ByteDance in China are both subsidiary of these two companies.

I also wanted to point out that I have read the comments you and others have made about ByteDance with regard to these allegations. Because of the seriousness of the allegations, I have talked to colleagues who run the Douyin app in China and I can unequivocally deny the allegations that have been made against the company. Neither ByteDance Ltd nor any of its subsidiaries produces, operates or disseminates any kind of surveillance equipment. The company does not have any personnel related to surveillance, so I have to say those allegations you just noted are incorrect and false.

Q10 Ms Ghani: My question is when you were first made aware, Ms Kanter, that ByteDance was implicated.

Liz Kanter: I first became aware of it when I read the reports that have been coming out and the statements you have made about the company.

Q11 Ms Ghani: There has been substantial evidence submitted about ByteDance's involvement in Xinjiang. I am also reflecting on the evidence that was provided by Theo Bertram at the DCMS Select Committee on this issue. There are huge concerns about human rights abuses taking place and huge concerns about the implication of ByteDance being involved in the persecution of the Uyghur. I am afraid I cannot read out the page, but the evidence you have submitted to us makes it very clear that TikTok's ultimate parent company is indeed ByteDance. You could have an argument that you are based over here and it is a parent company further down the chain, but I just wanted to know how comfortable you felt about your parent company being involved in providing surveillance equipment that could be abusing up to 2 million Uyghur.

Liz Kanter: There is quite a lot in that question. To answer your question very specifically, I can unequivocally say that we do not produce, operate or disseminate any kind of surveillance equipment. ByteDance Ltd and any of its subsidiaries are not involved in surveillance equipment. There are no personnel involved in the atrocities that are happening against the Uyghurs in the region.

Q12 Ms Ghani: As well as talking about supply chains going back to the region, there are huge business concerns about data. You note in your submission that TikTok's ultimate parent company is ByteDance. If ByteDance was to demand access to user data on the TikTok platform, would TikTok be able to refuse that request?

Liz Kanter: Just to clarify, TikTok is an app that does not operate in China. None of our user data goes to China. The Chinese Government have never asked us for any user data and, if they did, we would not give them any data. TikTok is not under the jurisdiction of Chinese law. ByteDance in China, like any multinational company, complies with



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Chinese law and would, I am sure, comply with that law, but TikTok as a company does not operate in China and would never provide data to any Chinese authority.

Q13 Ms Ghani: I find that slightly difficult to understand, so I will ask for further explanation. You confirmed that ByteDance is your parent company in your submission to us. ByteDance is already required to hand over user data under the 2017 national intelligence law in China. How would you be stepping outside of those obligations? I find that very hard to understand, Ms Kanter. Can you explain one more time?

Liz Kanter: Absolutely, I am sorry if I was unclear before. Just to clarify, ByteDance Ltd is an international company that is based outside of China. TikTok Information Technologies UK Ltd, the TikTok company, is a subsidiary of ByteDance Ltd, just as ByteDance China is a subsidiary of ByteDance Ltd. ByteDance in China would comply with Chinese law, just as any multinational company that operates in China would comply with Chinese law.

TikTok does not operate in China, so we are not under the jurisdiction of Chinese law. We are under no obligation to hand over data to the Chinese Government or the Chinese authorities. If we were asked, we would certainly not do that. We do not hand any TikTok user data to the Chinese Government.

Q14 Ms Ghani: But ByteDance is obliged to hand over data under a 2017 national intelligence law, so it is difficult for me to digest that, if they were trying to access data, you would, therefore, not provide it to your parent company. We have a long session and I just need to crack on. You also submit in your evidence that you provide aid to the Uyghur region. Is that correct, Ms Kanter?

Liz Kanter: I just need to get that really clear that TikTok does not operate in China. There is an app called Douyin that services the Chinese market. TikTok services the UK and international market. The company that operates in China complies with Chinese law, as it is required to.

With regard to the poverty alleviation in China, yes, the company supports poverty alleviation in many regions across the country. It supports poverty alleviation efforts in the Xinjiang zone and that is something that we have done across the country. It is particularly related to farmers, who may have an account on the Douyin app and promote their goods to the user community of Douyin in China.

Q15 Ms Ghani: When you said “the company”, do you mean the company TikTok or the company ByteDance provides aid to Xinjiang?

Liz Kanter: I specifically mean the Chinese subsidiary of ByteDance Ltd. TikTok does not operate in China, so when I refer to the aid provided to the Xinjiang region and other regions in China I am specifically focusing on ByteDance China, which provides that aid.



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Q16 **Ms Ghani:** You can understand the complication. You say TikTok is not based in China. ByteDance, your parent company, has obligations. I need absolute clarity in answers and, actually, it has just been pointed out to me that there was not absolute clarity in your answer. If ByteDance was to ask TikTok to hand over data, would TikTok be able to say no?

Liz Kanter: Yes, we would say no. TikTok does not share user data with ByteDance in China.

Q17 **Ms Ghani:** Thank you. If you are providing aid to Xinjiang, where we know that 2 million people are in camps and half a million children have been removed from their parents, what assurances can you give that that aid is not being used to inflict further human rights abuses?

Liz Kanter: The aid is going to the farmers in the region to promote their goods to users of the Douyin app. I do not work on the Douyin app. I am not based in China. I can answer questions to you about TikTok outside of China and TikTok in the UK, but I cannot go into any further detail about Douyin or tracing that money that the company provides in support of poverty alleviation efforts.

Q18 **Ms Ghani:** You are comfortable with money going to a region that we know is being managed by the Chinese Government to oppress the Uyghur people.

Liz Kanter: I cannot comment on anything further about the support that ByteDance provides in the region. As far as I am aware, the company provides poverty relief efforts through donations in that region, just as it would do across the entirety of China.

Q19 **Ms Ghani:** There is some talk about staff within ByteDance. I wondered if you could qualify for ByteDance or TikTok how many Chinese Communist Party members are employees.

Liz Kanter: Like any company that operates in China, there may be members of the Communist Party, just as there would be members of the Conservative or Labour Party in the UK, but I can say that none of our board members or senior executives in China are members of the Communist Party.

Q20 **Ms Ghani:** How would you know that they are not members of the Communist Party? Are you keeping a tally?

Liz Kanter: I can assure you that I have had conversations and that is the answer that I can give you. I have no further comment on it, other than what I have said.

Q21 **Ms Ghani:** It would be difficult for TikTok, you see, because you would have to adhere to so many rules and regulations or ethics about people accepting what are and are not human rights, and lots of other issues. If you had members of the Chinese Communist Party who were comfortable with the oppression of the Uyghur, it would be quite hard to balance that out.



Liz Kanter: For some reason I am not able to convey that we are very concerned, as Theo Bertram made very clear in his hearing on 22 September. We are here today to talk with you about this very important issue. TikTok does not operate in China. We are an international company. We service users in the UK, just as we service users in the rest of the world outside of China. TikTok has no connection to the Communist Party. If the Communist Party asked us to censor content that was critical of the Chinese state, we would not do that. We do not moderate content based on political sensitivities or affiliation. There is no influence of the Chinese Government on TikTok.

Q22 **Ms Ghani:** If I refer to the evidence given by Theo Bertram, Ms Kanter, because I would not want you to be misleading the Committee, Theo said in September that TikTok moderators have taken down content critical of China in the past and that Xinjiang police have Douyin accounts. This would raise serious concerns for people here in the UK and contradicts your answer that you do not take down content that is critical of China.

Liz Kanter: Can I address that?

Ms Ghani: Of course.

Liz Kanter: Thank you. I know what Theo said on 22 September. You are right to say that, in the early days of TikTok, there were some policies in place that took what we call a blunt instrument to the way in which content was censored. The people who wrote the content guidelines at that time took a decision to not allow conflict on the platform, so there were some incidents where content was not allowed on the platform, specifically with regard to the Uyghur situation.

If you look at the platform now and search for the term "Uyghur" on the TikTok app, you can find plenty of content about the Uyghurs. There is plenty of content that is critical of China. We do not in any way, shape or form censor content or moderate in a way that would be favourable to China. You are right to say that those were the content moderation guidelines a couple of years ago, but they are not our policy now.

Q23 **Ms Ghani:** You said "some time ago", Ms Kanter. Are you talking years ago?

Liz Kanter: I have been at TikTok now for about a year and a half. It was a couple of years ago. We are only a two-year-old company. Things move very quickly. We evolved those policies. We have been localising our approach to trust and safety and our content moderation approach over the past couple of years. I believe that story came out in late 2018, but I would have to go back and check. Those policies have not been our policies for at least over a year.

Q24 **Ms Ghani:** It was 2019, so it was not as if it was a lifetime ago. In 2019 you were censoring content and now you are no longer censoring content, but it is not a lifetime ago. The issue is that there are huge concerns about the links to your parent company, the content that is



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censored and how data could be harvested.

I have one final question. There was a lot of conversation about algorithms and TikTok has previously talked about making its algorithms open. I wondered if today, Ms Kanter, you will submit to an algorithmic censorship review.

Liz Kanter: That is an interesting question. As you refer to, we announced earlier this year the opening of a transparency and accountability centre. We are the only platform that has announced an open approach to our algorithm and the code that drives the algorithm. We welcome the Committee to come and visit our transparency centre, review our algorithm and review the way in which we moderate content. I absolutely would welcome that. I just need to really emphasise that we do not censor content. I would encourage you to open the app and search for Tiananmen Square, Uyghurs or Tibet. You will find that content on TikTok.

Q25 **Ms Ghani:** Ms Kanter, you are allowing my request to have an algorithmic censorship review. Will you work with us on this?

Liz Kanter: I can say that I can invite you to come into our transparency centre and review our algorithm. We offer Government officials, academics and other stakeholders to come to our transparency centre and look at our content moderation approach and our approach to algorithms.

Ms Ghani: I am talking about a review and I welcome the opportunity.

Q26 **Alicia Kearns:** I am very grateful to everyone who has appeared to give evidence. Mr Reaney, I would like to look at Boohoo specifically please. What is the value currently of your company's supply chain links in Xinjiang province and what specific actions have you taken to make sure that your company is not profiting from forced labour of the Uyghur people?

Andrew Reaney: Thank you to the Committee for allowing us the opportunity to speak today. Our Boohoo code of conduct explicitly prohibits any bonded, forced or involuntary labour in any part of our supply chain. We were quite shocked by the revelations about the Uyghurs and what is happening in the Xinjiang province. One of the first things we did was to write specifically to our complete supply chain to confirm that we have no manufacturing or fabric links to that particular region. That piece of work was done and all our suppliers confirmed that we have no manufacturing or fabric links to that particular region.

It is interesting to hear the conversations earlier about supply chain complexity. What we are doing to support that piece of work is working through our sourcing and compliance team on the ground in the Chinese region, to evidence this further across all our suppliers. Hopefully the Committee will have heard of an organisation called Bureau Veritas. Bureau Veritas offers industry-leading testing and compliance standards



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and processes. With them, we have commissioned a specific piece of work to map our whole tier 1 and tier 2 supply chain across the globe. That has been our approach to date.

Q27 Alicia Kearns: You mention there that you were shocked by the Uyghur genocide and the manner in which supply chains were involved. Boohoo is a UK-based fashion company. You have an office at Hamilton Industrial Estate in Leicester. Given that you could not ensure legal compliance of your own factories and enforce the rules at home in Leicestershire, where I am an MP, despite having in-person oversight, how can we have any confidence that you will enforce the rules abroad as far away as China in your supply chain?

Andrew Reaney: The members will be aware of the Alison Levitt QC report and I believe you have all had a copy of that. It is absolutely fair to say we have had some challenges within our UK supply chain. The members will also be aware that our CEO took the decision to publish that report in its entirety, because we are absolutely committed to 100% transparency in terms of our supply chain. The members are probably also aware that the EAC is reconvening on 16 December, so we are looking forward to appearing before the Committee to talk in greater detail about what we are doing around Leicester. In the context of China, specifically, as I said, one of the integral parts of our approach will be that supply chain mapping programme with Bureau Veritas.

Q28 Alicia Kearns: I have to pull you up slightly on your language there. You say you were shocked by what you saw in China, but you are just challenged by what you saw in Leicester at home. Your margins are 54% on sales. How do you achieve those margins when less than 45% of your supply chain is in Leicester? We have known about the issues in Leicestershire since the Channel 4 reports back in 2017. Yet in 2020 John Lyttle, your chief executive, told my colleague Andrew Bridgen you were not aware of any modern day slavery.

Bear in mind the situation in which you work in the UK. How can we have missing right to work documents, non-payment of furlough payments, no clocking in and out, no Covid restrictions, no records of holiday pay and essentially people on £3 to £4? How can I have any confidence that your review will show in Xinjiang a cohesive and comprehensive approach when you have not done anything here? What are the concrete actions you are taking to tackle the situation in Leicestershire?

Andrew Reaney: The first thing to say is that the Alison Levitt report found that there were no slave labour connections within Leicester. The second thing the Alison Levitt report highlighted was that we ourselves had already, pre the report, put some processes and procedures in place. It is a matter of regret from the organisation that we did not move as quickly as we could have. The purpose of being here today, and of releasing the Alison Levitt report, is to demonstrate our sincerity and our commitment to absolute 100% supply chain transparency, irrespective of the sourcing region, whether it is Leicester or China.



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Q29 **Alicia Kearns:** You are willing to commit today before the Committee that you will do all you can to ensure that you have no Uyghur slave labour within your supply chain. Can you also confirm whether you use a company called Lu Thai Textile within the Xinjiang province?

Andrew Reaney: Obviously enough, we are a relatively young company in terms of sourcing. Our cotton materials mix is less than 20% of our total materials mix and, in absolute terms, the number would be dwarfed by some of my colleagues. Notwithstanding that, some of the comments earlier about the complexity of supply chain mapping are very true. As I said already, we can categorically state that we do not knowingly source any yarn or fabric from the Uyghur province. We do not knowingly, directly or indirectly, manufacture within that region.

Q30 **Alicia Kearns:** You are confident to say that you will make sure by the end of this review that you knowingly know whether you procure from it and, regardless of whether you make up 2% or 90% of the people who procure from the Uyghur genocide, you will make sure you knowingly do not do so by the end of that process.

Andrew Reaney: Yes, exactly right. That is why we have commissioned Bureau Veritas specifically to carry out this piece of work for us. We have our local sourcing team on the ground. We are actually strengthening our sourcing team. One of the strong recommendations we have picked up is to improve and increase our resourcing on the ground within all our sourcing hubs. Specifically we have commissioned Bureau Veritas to do exactly that, to give us that confidence and belief that we can completely map our supply chain.

Q31 **Chair:** Mr Reaney, I am just conscious that, in 2018, Carol Kane, who is the joint CEO of Boohoo, said to our colleagues on the Environmental Audit Committee that Boohoo had 94 tier 1 suppliers and 76 tier 2 suppliers when Alison Levitt said it was actually 200 tier 1 and 300 tier 2. Did Carol Kane not know what was happening in her business or was she misleading Parliament? What have you done now to ensure you actually know who is in your supply chain?

Andrew Reaney: First, Carol Kane certainly did not look to mislead Parliament. Secondly, it is fair to say that, as I said already, we are on a journey in terms of our supply chain mapping piece, hence going to Bureau Veritas. We did that specifically because we wanted to have absolute certainty over the number of tier 1 and tier 2 suppliers within our supply chain. That piece of work is ongoing. The Committee is probably also aware that we have guaranteed and dedicated to publish our tier 1 and tier 2 supply chain across the globe within the next year.

Q32 **Chair:** You are outsourcing the supply chain transparency check, which is fine. Again, in 2018, Ms Kane said that Boohoo had audits of all its suppliers every 12 months via an independent auditor with three members of staff in the compliance team. Again, Alison Levitt showed that, in fact, 84% of the audits of your supply chain were out of date.



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There was only one compliance member of staff and generally audits were announced and expected by the suppliers. Is the outsourced provider covering the audit and compliance for you as well?

Andrew Reaney: We have two specific providers. We have Verisio in the UK. We also have Bureau Veritas in the UK. We have taken steps to increase the team on the ground in Leicester. I was there myself yesterday with the team on the ground. We have a combination of two third-party respected auditors conducting unannounced audits, as well as the local team on the ground doing exactly that. It is 100% our commitment that we will have a fully transparent tier 1 and tier 2 supply chain disclosed within the next 12 months.

Q33 **Chair:** You said that all of this was a matter of regret for Boohoo. The way that members of staff in the supply chain in Leicester were treated, let alone the Uyghur people in China in relation to cotton, is more than a matter of regret, isn't it, Mr Reaney? Should there not have been somebody held to account for this at Boohoo?

Andrew Reaney: It is certainly a matter of more than regret. It absolutely is right to say that. As I said, Boohoo as an organisation is 100% committed to complete transparency within our supply chain. The fact that we are here today is testament to that. As we said already, we will be appearing before the EAC in the middle of December, so we are very happy to get into even more granular detail on all the measures we have put in place subsequent to the Alison Levitt report at that time.

Q34 **Chair:** Alison Levitt said that Boohoo needed to put a plan in place in case of a second national lockdown. Has that plan been put in place?

Andrew Reaney: Yes, 100%.

Chair: Thank you for that. I will leave the remaining questions to our colleagues on the Environmental Audit Committee.

Q35 **Paul Howell:** If I could just move the questions towards Mr Cady and Ms Pribulsky, I will group them together, because we are going to get quite tight on time as this progresses. In this space, there are a lot of very public-facing brands, which are going to be aware of the concerns that arise from this. I am expecting you to take this particularly seriously.

Look at what was said earlier about the huge difficulties in trying to manage and have visibility on a supply chain in this part of the world. What are your thoughts on what was said earlier in the discussion about spinning the audit around so that you are trying to affirm those that are not involved in any atrocities, slave labour or any of these sorts of things, rather than trying to find exceptions from your own process as it stands now? Why do you not just go for positive affirmation of what is good, as opposed to trying to find the holes in the normal processes?

Sean Cady: It is a pleasure to be here. Good morning to you. Let me tell you first a bit about VF Corporation. Many people do not know VF. VF Corporation is a 121-year-old global apparel, footwear and accessory



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company. We are the umbrella organisation over 19 global brands, including The North Face, Vans, Timberland, Dickies and many others. We operate today and sell products in 170 countries around the world. We source our products from approximately 700 contract suppliers in approximately 40 countries.

At VF we have a comprehensive factory audit programme that is conducted by our own internal team of experts. We do not outsource this programme. In 2019 we conducted 1,841 factory audits across our global supply chain, so that is more than one per year of our factories. Every factory in our supply chain must undergo an audit by our internal audit staff prior to us engaging with them.

In addition to our regular, comprehensive factory audit programme, we have a robust traceability programme across our organisation. We engage directly with all our tier 1 suppliers. We have a global raw material team that engages with all our tier 2 suppliers. Then we have a traceability team that manages the traceability back to the origins of our raw materials. Through that traceability effort, we can gain assurances that all our business partners throughout our extended supply chain comply with our global code of conduct and uphold human rights through that supply chain.

Q36 Paul Howell: Just to pick up on a couple points you made specifically about passing an initial audit and getting audits thereafter, clearly you have, as you have just demonstrated, an extraordinarily complex and large supply chain and footprint. What proportion of people fail audits? For what proportion of companies that you have traded with one year have you changed your mind the next year? Is there a rotation. Is it that, once you are in, you are in and it is a superficial audit? What is the gravitas that goes with these audits?

Sean Cady: Our global supply chain is dynamic in nature as our businesses evolve around the world. You could look at our global sustainability report that is published on our website for specific metrics around failure rates in our audits. Certainly, as we propose new suppliers to enter our supply chain, that initial audit failure rate is much higher than ongoing audits. You can see the statistics we publish online. However, it is not a superficial audit. Many of our audits are unannounced and they are rigid, robust and comprehensive in nature, looking for indicators of violations of our code of conduct.

Q37 Paul Howell: Just to pick up on something else in your report, you have your ethics helpline, for example. According to the submission, there are 150 languages in there and things. How many actual actions result from the inputs that come into that? It is all well and good having the line available, but are you listening to what is coming into it?

Sean Cady: Of course we are. Every single inquiry into our ethics helpline anywhere in the world is addressed, investigated and responded to in a timely manner. Those ethics allegations come in from employees,



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consumers and suppliers all over the world and we respond diligently to every inquiry we receive.

Q38 Paul Howell: Going back to the report that had previously associated The North Face as having been involved with this part of the supply chain, you then came back and got that corrected. Why do you think those mistakes arose? Why should somebody be reporting that you are in a space that you are saying you are not into? Is it something that was changed retrospectively or is it a mistake in the actual report itself? What was the position there?

Sean Cady: The original ASPI report was incorrect in listing us. After a conversation with ASPI in 28 July of this year, it revised the report to remove our name. We believe that we were included originally in that report because of a relationship with a supplier named Victory City back in early 2016. We had produced a few samples at a supplier named Victory City, like I mentioned, in early 2016. We ended any relationship with Victory City in July 2016. However, ASPI relied on some allegations against a separate factory named Nanjing Synergy Textiles in 2018. Back in 2016 Victory City had an ownership in Nanjing Synergy Textiles factory. We never had any business with Nanjing Synergy Textiles. We ended our relationship with Victory City in 2016, a full two years before Nanjing Synergy Textiles, again the factory we never used, was alleged to have used forced labour.

Q39 Paul Howell: You are confident that your supply chains are managed to the extent that we should not be concerned about you at the moment.

Sean Cady: Mr Howell, you should not be concerned about us. We prohibit all forms of modern slavery, including forced labour in our direct operations and in our contract suppliers.

Q40 Paul Howell: I will leave that there for now. Ms Pribulsky, start with a similar position for Nike, please. Then I have some more specifics for you.

Jaycee Pribulsky: I would like to briefly say thank you to the Chair and to the entire Committee. This is a serious topic and a serious conversation. We have read the same reports that you have and are deeply concerned with reports of the situation in the XUAR. I also want to outline that Nike is committed to ethical and responsible manufacturing. Our approach is aligned with the UN guiding principles on business and human rights. We work to also align to the International Labour Organization conventions.

Maybe I will give a little context of our supply chain as well. Our supply chain encompassed approximately 500 facilities across 41 countries that employ nearly 1 million workers. We have talked a bit about audit and I will elaborate as well. We have a code of conduct, which we have had since 1992, that is aligned to international best practice through the International Labour Organization. Our code of conduct and our accompanying code leadership standards set our approach to auditing



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globally and our standard for the expectations we have for our suppliers across our source base.

Q41 Paul Howell: Sorry, can I just interrupt? I want to get a bit of focus while you are on this particular area, because you say in your submission that you do not directly source any raw materials. You are, therefore, doing this through third parties, et cetera. Can you talk specifically about how you are looking after the raw material element of your supply chain and how you are getting assurances from that? Clearly, it is going back into the cotton trade that is the big issue that is sitting here.

Jaycee Pribulsky: Yes, and, to be clear, Nike does not source any raw cotton. With regard to the XUAR, Nike has confirmed with our materials suppliers that there are no spun yarns or textiles manufactured in the XUAR in our products. As you will have seen from our submission as well, Nike does not source products manufactured in the XUAR or materials.

Q42 Paul Howell: You have taken assurances from your suppliers, but do you have some sort of audit process that verifies that assurance?

Jaycee Pribulsky: Again, our code of conduct is across what we call our finished goods, our tier 1 suppliers, as well as our materials suppliers, so our code of conduct encompasses that. We expect all suppliers across Nike's supply chain to be in compliance with our code of conduct and we regularly audit facilities across our supply chain. Our audits are both announced and unannounced, really based on performance, and they are also done both through Nike internal colleagues, as well as through external third parties. We take any allegation seriously across our source base and, if an issue is raised to us, we conduct an appropriate investigation to understand the situation.

Q43 Paul Howell: As a declaration, I have worked previously in the supply chain. It is part of my past life. When reports are put out that talk about working closely with suppliers or reviewing risk, they are words that can have extreme interpretations. Working closely can be almost literally sitting on somebody's desk and interrogating what they are doing, and it can also be seen in certain spaces as a bit of a platitude. Can you just talk a little more about what you mean as Nike when you talk about working closely with suppliers, to make sure they are giving robust assurance that you are getting the right things that suit your company's morals and attitudes as opposed to what they might do themselves?

Jaycee Pribulsky: I understand your question. Maybe I will give a bit of context as well. Across our sustainable manufacturing and sourcing organisation, we have approximately 100 colleagues globally. The majority of them are in south-east Asia working directly through and with our factory partners. I want to be clear. We do have longstanding relationships with many of our suppliers. I should note that, for our source base and our tier 1 finished goods and tier 2 materials suppliers, we have a manufacturing map, which essentially shows disclosure and transparency across our source base. We update that quarterly.



To your question, it is very important to say that when a problem arises we also want to understand what the situation is and investigate it. If there are opportunities for corrective action, we want to work with our suppliers to understand what the remediation protocols are and ultimately ensure that there is verification of a situation. The reality is that there are instances where suppliers are unable to remediate or unable to be in compliance with our code of conduct. There is always the action to potentially terminate an agreement with a supplier. We have done that. We report a consolidated view of compliance issues in our Nike impact report on an annual basis.

Q44 Paul Howell: With Mr Cady, we were talking about the fact that the report had been misinformed of their involvement. We are aware of many Nike suppliers claiming that they are from that region and they are supplying into that process. How do you counter that sort of noise in the system? I do not know whether they are right or you are right, but how do you react to a number of suppliers claiming they supply you when they are coming from that platform?

Jaycee Pribulsky: I believe you are referring to the ASPI report. To be clear, first and foremost, we appreciate the view of multi-stakeholders in raising the issues and reports related to the situation in the XUAR. Through public awareness, we deepened our understanding as well.

I want to be clear and we have commented on this publicly. ASPI reported that we had relationships with certain suppliers and there were inaccuracies in the report. Specifically, Nike does not have relationships with Haoyuanpeng Clothing Manufacturing, Qingdao Jifa Group, Changji Esquel Textile or any of Esquel's other facilities in the XUAR. Again, that was inaccurately reported and I believe in the most up-to-date version of the ASPI report there is a footnote that states that we have made that comment directly.

I do want to speak to the Taekwang Group, because the Taekwang Group is one of our suppliers and it was reported in the report as well. With regard to its facility in Qingdao, we expect all our suppliers, as I mentioned, to comply with Nike's code of conduct, including the facility in Qingdao with the supplier Taekwang. Through our historical audit process, we understood that facility to be in compliance with Nike's code of conduct.

As reports of the situation in the XUAR began to emerge, we engaged directly with the supplier to evaluate its hiring practices, specifically related to workers from the XUAR. In November 2019, several months before the report was published, the supplier stopped hiring workers from the XUAR. In subsequent months, it undertook a process to ensure that the remaining workers from the XUAR completed their employment. In August 2020, a Nike-commissioned third party verified that there are no workers from the XUAR in the facility.



I want to be really clear. Again, this situation is unprecedented in modern supply chains. As we have continued to understand the reports of the situation in the XUAR, we have conducted ongoing diligence and further strengthened our audit protocols. We work with our suppliers in China to identify and assess potential risks related to the employment of Uyghurs or other ethnic minorities. As we have gone through that process, our further diligence has found no evidence of employment of Uyghurs or other ethnic minorities from the XUAR elsewhere in our supply chain in China.

Q45 **Paul Howell:** You have answered one of the questions I was going to come back with. Your initial audit did not find the problem that was there and, therefore, there is a concern about the robustness of your audit processes anyway. You talked about improving your audit processes since then. I assume that you have rolled that out to other places throughout the supply chain. If you could comment on that, I would like to come back to the question that I raised right at the start on the possibility of changing the whole verification process round and going for positive affirmation rather than looking for the holes in the supply chain. Just come back to that point specifically.

Jaycee Pribulsky: I will speak again to audits. We all know that there are limitations to audits. Audits are a moment in time, and we drive and seek continuous improvement. That is why we align to global best practice and standards through the International Labour Organization, among others. One of the important elements when we think about audit processes and protocols is that, while we conduct audits ourselves and we use third parties, we also partner with external organisations, for example the Fair Labor Association and Better Work, which, if you are not familiar, is a programme of the International Labour Organization and the International Finance Corporation. Through that type of engagement, we ultimately want to drive progress across our processes as well.

Q46 **Paul Howell:** Is there, for want of a better phrase, a blacklist emerging of companies that just should not be dealt with over in that part of the world? Therefore, if it is on the Nike blacklist, H&M, VF or anybody else that is dealing over in that part of the world would automatically know about it and, therefore, would at the very least be very cautious about engaging with them.

Jaycee Pribulsky: It is an interesting idea. From our perspective, the processes and protocols we have put in place before a supplier becomes part of Nike's supply chain are incredibly important. There are initial audits that need to be passed before a supplier can be put in place. Up a level, our entire process is predicated also on conducting assessments at the country level, as we mentioned in our submission, to look for a variety of indicators and to use both public-facing and other indices to look for a number of potential risks.

Q47 **Chair:** Ms Pribulsky, you mentioned tier 1 and tier 2 suppliers quite frequently in your answers. How many tiers does Nike have in its supply



chain?

Jaycee Pribulsky: Our public reporting is against finished goods, which we refer to as tier 1, and our tier 2 materials suppliers. We do not source raw materials and raw cotton. I believe the discussion in the first panel this morning was incredibly important because, as we look beyond our materials suppliers, there is an incredible complexity in global materials supply chains. The opportunity for increased transparency and traceability, as was noted, is something that we have been piloting as well. We recognise that the ability to have greater transparency and visibility will continue to help us evolve.

Q48 **Chair:** I understand, but your products are made with raw materials that have added value made to them before they come anywhere near to you. My question is whether you have any idea about how many tiers you have that go into the Nike products.

Jaycee Pribulsky: We have continued to look back further into our supply chain and into our source base, across different tiers.

Q49 **Chair:** Can you give me a number?

Jaycee Pribulsky: I cannot.

Q50 **Chair:** Mr Reaney, from a Boohoo perspective, how many tiers do you have in your supply chain?

Andrew Reaney: The definition of tiering is an interesting question, because different retailers would speak to tiering at different levels. From our perspective, in the first instance, given that we are relatively new to this journey, in terms of our supply chain mapping, we specifically report and are going to report on tier 1 and tier 2, which for us, effectively, is manufactured goods. Beyond that, the next stage of our journey will be to do what we have just been talking about here, which is effectively starting to map fabrics, trims and finishes. The truth is that I cannot guarantee you a number to say, at this point, we have X amount of manufacturing units within our supply chain.

Q51 **Chair:** Understood, it is probably a good idea to know tier 1 and tier 2 before you get any further. Mr Cady, how many tiers are in your supply chain, please?

Sean Cady: As I mentioned earlier, on our tier 1 finished product supplier list we have approximately 700 today. As we go down into tier 2, which is the raw materials such as fabrics, we have approximately double that. Let us say 1,400 or so globally. We can go down into tier 3 and I will give you one example. I mentioned our robust industry-leading traceability programme. Today in China we have 37 cotton spinners that take the bale of cotton and turn it into yarn. We can go down to tier 4 and work with those spinners to understand the origin of the bale of cotton from the cotton gin, which would be a tier 4 supplier, so we understand where those cotton gins and the cotton farms are. We have



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full traceability into our supply chain of raw materials at tiers in different countries in different raw material types.

Chair: I am conscious of the time but we may come back to you about this tier question, because it seems to me to be a problem if companies do not know how many tiers they have and try to say, "After tier 1 or tier 2 it is not our problem".

Q52 **Zarah Sultana:** I would like to ask Ms Kanter some questions. I was wondering if she could explain the moderating decision that resulted in the removal of a video by a US teenager called Feroza Aziz, which highlighted the persecution of the Uyghurs, back in November 2019.

Liz Kanter: I could go into detail of what specifically happened on that account, but I can draw your attention to our written submission where we reference the evidence Theo Bertram gave to the DCMS Select Committee on that issue. Just in the interests of time, that was a human moderation error that removed Feroza Aziz's video. It was removed for about 45 minutes, and we put that video back up. The video was moderated out in error, basically. If you open her account in particular today, you will find plenty of content about the Uyghurs. She has posted videos condemning the atrocities happening in the region. I would encourage you to look at her account.

Q53 **Zarah Sultana:** As a follow-up, the evidence that you have submitted and presented today suggests that it would be unfair to suggest that ByteDance is involved in surveillance in Xinjiang. However, the combination of serious human rights abuses in the region, the admission by Theo Bertram to the DCMS subcommittee and the fact that Xinjiang police have Douyin accounts raise serious concerns about the conduct of the company in relation to these issues. How can you be sure and how can you give assurances to the committee that Douyin, as a ByteDance Ltd subsidiary, is not complicit in the persecution of the Uyghurs in Xinjiang?

Liz Kanter: Thank you for the question. I will have to refresh my memory on what my colleague said on 22 September. With regard to the allegations about Douyin being involved in any type of surveillance, as I said before, we have talked to the colleagues who run that particular product for ByteDance. We can assure the committee that ByteDance is not involved in any way, shape or form in the surveillance of individuals in the region. The company does not produce, operate or disseminate any kind of surveillance equipment. There are no personnel working for ByteDance who are involved in surveillance. That is all I can say about that.

I also want to point out that I work for TikTok UK. I can provide as much information as you want about TikTok and its operations as a company that operates outside of China, but beyond that, with Douyin, all I can say is that we have asked the questions about these very serious allegations and they are absolutely false.



Q54 **Zarah Sultana:** Moving on to Mr Reaney, you mentioned that we should have a full transparency audit from Boohoo within the next 12 months. Will this audit be publishing both Boohoo's tier 1 and tier 2 suppliers before you go into your further tiers, which you have not been able to establish yet?

Andrew Reaney: We will absolutely guarantee that we publish our tier 1 and tier 2 global supply chain within the next 12 months, if not sooner in some countries. The mapping work has started with Bureau Veritas. It is quite detailed. It is quite complex. Some of the conversation today speaks to the complexity of supply chain mapping, but, yes, we are 100% committed to that disclosure within the next 12 months.

Q55 **Zarah Sultana:** Do you accept that, in the last few decades, consumers have been encouraged to accept lower ethical standards regarding the manufacturing of products because of cheaper prices and the cheaper final price when you are at the store, but now there is a growing strong public demand for companies to take stronger concerted action on this issue? What are you doing in response to this shift? Are you doing enough to challenge these abuses in the global supply chain and to leverage your influence within the region, specifically on this occasion in Xinjiang? That is open to all.

Andrew Reaney: I do not necessarily believe that lower price points automatically result in poorer ethics. I think we can get ourselves to a place in which we have a strategic partnership model, whereby we have trusted and valued partners in place who have their own code of ethics and conduct that syncs with our own code of ethics and conduct. I do not necessarily follow or agree 100% with that statement.

At the same time, all of us as retailers have an onus and responsibility to protect our supply chains, and ultimately to protect and educate our consumers. That is everything from introducing more and more sustainable fabrics, with a good example given in the earlier piece about organic cotton. It is incumbent on every retailer to strive to be as sustainable and as ethical a business as possible.

Sean Cady: We are seeing in our brands that consumers are more interested today than ever before in the sustainability and the responsibility of the products they purchase. Our portfolio of brands, we see an interest in transparency of how we operate our business, both for our direct employees and for all the workers throughout our global supply chain. As we increase the levels of transparency, we see a direct relationship to increased and enhanced consumer engagement, and consumer conversion of purchasing products, where we have been more transparent about how we operate our supply chain. I believe today, and our statistics show this, that consumers are increasingly interested in driving their purchasing practices towards more sustainable and responsible organisations.



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Jaycee Pribulsky: Chair, I just want to go back. I believe I misunderstood one of your questions, so I want to be clear. We define four tiers across our supply chain. I have referenced tier 1 as finished goods, tier 2 as materials. We focus on yarn at tier 3 and then fibre at tier 4.

To your question, Ms Sultana, it is incredibly important. As I have mentioned, our approach is very much towards ethical and responsible operations across our business. We believe that there continues to be an important interest in protecting and supporting human rights and sustainability globally. As we work to ensure that our operations are responsible, end to end, it is incredibly important to continue to engage with consumers on these important topics and issues, and engage with stakeholders and Governments. That is one of the reasons that we are here today.

Q56 **Chair:** Ms Kanter, you can add a brief comment if you like, but you are not a fashion retailer, so the question is not directly related.

Liz Kanter: You have made my point. We do not have a physical supply chain like the others, so they are better-placed than I am to answer that question.

Q57 **Alan Brown:** Andrew, in a lot of your answers you mentioned that Boohoo is a new company. Some things have happened that are a matter of regret. Boohoo is on a journey. How long is it before this journey ends and you get full transparency of the supply chain? What education has been put in place for employees and management so that they can speak out and there can be a true whistle-blowing culture, either to auditors or within the company?

Andrew Reaney: The first stage of the company for us is, in the next 12 months, to publish our full tier 1 and tier 2 supply chain. That is literally the first stage of the journey for us. It is continuous improvement.

One of the really strong recommendations that came out of the Alison Levitt QC report was obviously the principles of responsible purchasing practices. There is as much onus on the buying and merchandising teams as there is on the exec team within Boohoo to do the right thing. Doing the right thing is really important within the organisation. There is an awful lot of learning and development that is required and associated with that.

A really good example, and hopefully a practical example that we will definitely speak further to during the EAC session, is our commitment to build our own factory in Palmerston Road in Leicester. We will have our own centre of excellence within Leicester, but one of the things we will do, and have committed to do, is ensure that every member of the Boohoo family, every member of the buying, merchandising and design team, gets to spend time on the factory floor to understand everything, consumption, capacity, costings, efficiencies, so that they have a much



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more rounded and arguably more mature view of the nature of the supplier and buyer dynamic and relationship.

Honestly, we are on a journey. It is about continuous improvement. The first stage of the journey is that disclosure of tier 1 and tier 2. We will live through the Alison Levitt report recommendations. We are very happy to report back to the EAC in a lot more detail on our plans to take us further on that journey.

Q58 Alan Brown: What is the end timeframe of the journey for the full supply chain? The malpractice and illegal activities will continue until you get to the end of this journey.

Andrew Reaney: There are a couple of elements to this. There is a really robust code of conduct that we live by. We will strengthen our own sourcing and compliance function and team. We will partner with industry experts to make sure that we have third-party oversight across our supply chain. We will do our utmost internally as well to make sure that our own buying teams understand the importance of doing things the right way.

The truth is that that in itself will get us so far. We may in the future still find issues within our supply chain. Some of the topics today relate to the complexity of supply chains. I cannot guarantee that by this time next year we will have 100% everything fixed, but I can guarantee absolute transparency and 100% sincerity to get there.

Q59 Chair: Mr Reaney, the point Alan is making is that the scale of the problem at Boohoo, the harm suffered by so many low-paid workers as a consequence of its actions, is not just a massive failing of corporate governance but is clearly an episode of gross misconduct. Were any senior managers or board members sacked as a consequence of the findings of the Alison Levitt report?

Andrew Reaney: To be specific, the AL report, which you have a copy of, says categorically there were no illegal practices carried out at Boohoo.

Q60 Chair: I was not asking about law. I was asking about gross misconduct. Clearly you do not stand by the actions of Boohoo highlighted in the report.

Andrew Reaney: The report highlights that we did not have the right processes in place and that we had started on the journey to a degree of supply chain compliance, but we did not move quickly enough. We have come out and said exactly that, and we have apologised for that.

Q61 Chair: That is understood. My question was whether anybody got sacked.

Andrew Reaney: Nobody got sacked internally.

Q62 Chair: Then there was no accountability in the business; that is what you are saying.



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Andrew Reaney: Excuse me, Mr Jones. There was plenty of accountability in the context of all of us understanding we need to do an awful lot more to improve our supply chain.

Chair: My understanding of accountability is that there are consequences for one's actions, but I will leave it there.

Q63 **Ms Ghani:** I just need a quick update from Nike. Can you please remind us who your auditors are?

Jaycee Pribulsky: We conduct audits both internally, through internal Nike teams, as well as through external third parties. We work with a group called Sumerra.

Q64 **Ms Ghani:** Can you submit to the Committee any evidence that they are finding that we may find interesting? I will be writing to you further on that. As a final question to Nike, I think you have mentioned this. Forgive me if I have misunderstood, but you say that you do not have a relationship with Esquel. Is that correct?

Jaycee Pribulsky: We do not manufacture or source products from facilities within the XUAR.

Q65 **Ms Ghani:** You are clear that you have absolutely no relationship with them. It is not about producing products. I wanted to know if you have any formal business relationship with them.

Jaycee Pribulsky: We do not have a formal business relationship with any Esquel manufacturing within the XUAR.

Q66 **Ms Ghani:** Ms Kantar, you talked about your poverty-alleviating projects, which are obviously very important. I have just been looking up industry-based poverty alleviation, which is not voluntary but mandatory. Those who resist being alleviated from poverty are subjected to ideological education so that their thinking aligns with the state's goals. Now you know that, Ms Kantar, are you going to be reviewing your charitable work in Xinjiang?

Liz Kanter: As I say, I work for TikTok UK and I am not specifically involved in the allocation of poverty relief funds in China by the ByteDance Ltd subsidiary in China. I can certainly look into that, but I would probably have no way of providing further detail because I work in the UK and not in China.

Q67 **Ms Ghani:** Then, Ms Kantar, why would you submit it in the evidence to us as charitable work that you are doing in the area? The Committee will have to write for further clarification. Thank you.

Liz Kanter: That is absolutely fine. I can come back to you on that.

Alicia Kearns: Every company appearing before this inquiry today has expressed shock and regret at the situation in Xinjiang. Is any of you willing to declare on behalf of your company that what is happening is a genocide or, at minimum, that you sought legal advice on this matter?



Chair: Are there any takers for that quick question?

Alicia Kearns: The silence speaks for itself.

Chair: Thank you to our witnesses for that session and for your contributions. We appreciate it.

Examination of witnesses

Witnesses: Paul Scully and Michael Warren.

Chair: We are pleased to welcome Paul Scully, the Minister for Small Business, Consumers and Labour Markets at the Business Department. He is with us in the committee room in a traditional and old-fashioned way today. Alongside Mr Scully is Michael Warren, the director of labour markets at the Department, who is with us online on the Zoom channel. Welcome, gentlemen, to both of you. As always, we will go through our members' questions and then we will wrap up anything left over at the end.

Q68 **Ms Ghani:** Minister, you will have heard the evidence we have taken this morning. Although there is no denying the horrific abuse that has taken place in Xinjiang, it has been very disturbing to hear that businesses based here in the UK could be or are complicit in that human rights abuse taking place. There is an argument that the businesses are not doing anything illegal; it is an issue of ethics. What more can the Department do to ensure that the legislation we have in place has teeth? A witness earlier on, Maajid Nawaz, said it was toothless. What more can the Department do to make sure that the consumer is not involved in any of these human rights abuses via these companies?

Paul Scully: This is a very welcome review into this. I am going to be really interested to see the results of your inquiry and that of the Foreign Affairs Committee as well. Then we can all piece it together to make sure that we can work on a comprehensive response to this.

Essentially, we have different levers that we can use as a Government, in a variety of areas. First, we are using our diplomacy. We are leading the way in the United Nations, making sure that we can have the guidance on human rights and how that affects businesses. We are taking a lead in making sure that we put the United Nations response into UK law as well.

We need to work with companies, both on domestic enforcement but also on an evidence-based solution on what further approach we may take. We are looking at, for example, what the US has done on Magnitsky sanctions. We are looking at what more the EU is doing about human rights declarations as well, to ensure that we can have an evidence-based situation there.

So much of it is about influencing behaviour. It is for us to showcase good behaviour. We have seen the work of H&M. They spoke in their



evidence about how they have managed to take an incredibly difficult situation and look through their auditing, the difficulties in looking through supply chains, and the complications of supply chains. We learn those lessons and make sure that we are using our convening power to work with companies and share best practice, but also influence behaviour with consumers. It is a mixture of these four pots of action that we can take that will help.

Q69 Ms Ghani: Committee members might come in and give you some more direction on what can be tightened up, but I am going to move on to my final question. While investigating UK-China supply chains, I unfortunately came across a budget line within your Department, in particular the ODA budget line, and via various funds all I can surmise is that there could be money going to the Xinjiang region. It disturbs me that British taxpayers' money, through your Department, could be going to a region where human rights abuses are taking place on a scale that is unprecedented since the Second World War. I do not have to refer you to the *Economist* article recently that talked about millions of people being abused and their labour being abused. Can you categorically state that no money going through your Department is going to the region?

Paul Scully: There is no way I am going to underestimate the reports of what is coming out of that area. It is appalling. Before this role I spoke a lot about human rights in Burma, Sri Lanka, Bangladesh and other areas, so I am reasonably well versed in that part of the world and the tensions and difficulties there are with diplomatic relations, trading relations and all these areas. I also sat on the International Development Select Committee.

The lines that you are talking about concern the Newton fund in particular. I was the chairman of the sub-committee on the Independent Commission for Aid Impact, which looked at the Newton fund, where there were aspects that we pulled up for improvement, none of which were on human rights. It is important to look at ODA. We do not have direct development assistance into China itself. What the Newton fund and others do is Government-to-Government; it is bilateral funding of research and innovation partnerships to look at development on a global basis, rather than specifically assistance to China. The work we are doing there is effectively funding scientists and research, rather than the kind of assistance that you were talking about earlier on.

Q70 Ms Ghani: Minister, if we are talking about a regime that is abusing Uyghurs and harvesting their organs, if you are funding, via the Newton fund, the UK-China Research and Innovation Partnership Fund, what transparency do you have that Uyghurs are not being abused within or linked to any projects linked to this fund? I still do not feel absolutely assured that British taxpayers' money is not being spent on any institution or Government body in China that is abusing the Uyghur.

Paul Scully: As I say, it is not aid given to China. It is working on development challenges at a global level and in other developing



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countries. We work with 17 countries around the world, including China, on these issues. It does this at more macro levels, rather than particularly going into assistance, however you describe that and however any direct assistance would be used in any one particular region.

Q71 Ms Ghani: Can you please write to the Committee and offer us a supply chain review of this fund so that we can have absolute assurances that any firms you are working with are not involved in any abuse of the Uyghur? Could you do that, Minister?

Paul Scully: Yes, absolutely. In terms of firms, it tends to work with UKRI, the British Council over there and national academies, rather than corporates, but I will happily do that.

Ms Ghani: Thank you very much.

Q72 Alicia Kearns: Thank you, Minister, for appearing today. In Xinjiang province, we are seeing forced sterilisation, children kidnapped from their parents, torture, rape, language and faith eradication. There can really be no question that what is taking place is a genocide. Surely the time has come for us to expand our new Magnitsky sanctions regime to include Chinese and UK businesses and individuals who are profiting from the genocide against the Uyghurs. Do you agree?

Paul Scully: I started off talking about the US designation. The Foreign Office is carefully looking at that as well. It is difficult for me to comment in too much detail as a Business Minister beyond that, because, first of all, you talked about genocide. There are really specific legal requirements around that terminology. That is something that I have had some experience of in other areas. We will definitely keep all the evidence and any listings under close review.

Q73 Alicia Kearns: Can you talk us through how BEIS feeds in specifically to the FCDO potential sanctions targets plans and what sanctions might be feasible?

Paul Scully: We work with Departments across Whitehall. We work with the Foreign Office and other Departments to make sure that businesses that are operating in the UK that might have an international operation, or exports or sourcing, are held to our high corporate and regulatory standards. We make sure that we work with the Foreign Office to make sure that we are taking a leading international role in, frankly, holding China to account. We want to make sure that we can have a mature, positive relationship with China as well, based on respect and trust.

There is considerable scope for constructive engagement and co-operation, but we will not in any way sacrifice our values on human rights in doing so. We will make sure that we work with our intelligence within BEIS. We work with the Department for International Trade, which works on exports in China and other countries, as well as local organisations, British Chambers of Commerce and these kinds of organisations in those countries, to get the very best intelligence to make sure that our



businesses are being held to the highest standards. Any intelligence that we have can feed into the Foreign Office for the evidence that you are referring to.

Q74 Alicia Kearns: Do you think there is sufficient work happening internationally, co-ordinating with partners around the world, to look at sanctions specifically around what is taking place in Xinjiang, or do you think there needs to be more international co-ordination between Business Departments and so on?

Paul Scully: There is always more international co-operation that can occur. The Government have supported and been a leading light in supporting the United Nations guiding principles on business and human rights, and that has wide international support. We are looking and considering the proposals for a new international treaty to regulate business and human rights in a UN working group. We have engaged with the working group right from the onset, including at the recent session on 26 October. It is mainly, as I say, working through our colleagues in the Foreign Office and the Department for International Trade, but at a United Nations level, and with our trading partners, to ensure that we can get the right response to situations like this.

Q75 Alicia Kearns: Minister, when we bring forward Magnitsky sanctions, as I believe we must, against the Chinese Communist Party for what it is doing, we will almost certainly see an aggressive reactionary response from the Chinese Government, which will seek to cause us some pain in response to the fact that we are rightly standing up for our values and the international world order. Do you think BEIS and the FCDO together have significant and sufficient expertise at how to protect our businesses from any resulting payback, essentially, from the Chinese Government?

Paul Scully: This is the challenge. It is difficult for me to speculate on that. I do not want to comment on who may be designated, in terms of sanctions. To the wider point about human rights abuses and the fact that I said we will not resile from our obligations on human rights, that extends to supporting businesses in the UK for ongoing situations post-sanctions.

Q76 Zarah Sultana: My question is about a submission that the Global Legal Action Network and the World Uyghur Congress submitted in April this year. It was an extensive, 60-page document to HMRC, where it highlighted some UK brands that have sourced cotton from Xinjiang. I would like to ask the Minister what the Department has been doing to investigate this.

Paul Scully: I understand that you submitted that to HMRC. I will possibly get HMRC to write to you directly, if I may.

Michael Warren: HMRC has confirmed that that submission is in the system but we do not have any more detail to pass on than that, so your suggestion is the right one.



Q77 **Zarah Sultana:** Could you just offer a timeframe when we would be able to hear back about that?

Paul Scully: If it is HMRC writing to you, I cannot really speak on behalf of HMRC, much I would love to, unfortunately. I am sorry.

Q78 **Chair:** Minister, it seems clear today from the evidence we have heard that there is a problem around the depth of knowledge, especially for bigger companies, into their supply chain, where they say, "We have a code of conduct. We have put something in our contracts with our tier 1 providers. Maybe we require them to do something with tier 2. Then it gets a bit shady and we do not really know what is going on but it is not our fault, gov". That is not acceptable. I know the Modern Slavery Act is a Home Office piece of legislation, but what is your view from the Business Department on that? Are you doing anything at the moment proactively with Home Office colleagues in trying to strengthen the Modern Slavery Act, which I know has been reviewed by the Minister recently?

Paul Scully: We are particularly proud of the Modern Slavery Act. We are talking today about international modern slavery, in which there are millions of people around the world, but there is a domestic issue here as well. There are, I think, 10,000 recommendations of potential modern slavery within the UK, so it is really important that we get this right. In terms of support, we work closely with the Home Office and Minister Atkins in particular, who leads on modern slavery. This review and the Foreign Office review will help us look at how we can further strengthen reporting on the Modern Slavery Act and making sure that businesses adhere to their responsibilities under that so that it does have transparency.

Q79 **Chair:** I am pleased to hear you say that. The modern slavery statement requirement under the Modern Slavery Act has been described as being toothless because, although many businesses write a statement and pop it on their website in line with the legislation, no one is really checking them. There is no enforcement to check the quality of them or whether there is proper assurance taking place down the supply chain. It is an issue of corporate Government, which is a BEIS responsibility. This debate on reporting is therefore very important to that.

Another problem around supply chain transparency under the Modern Slavery Act is that public procurement is not included. It is only private sector companies over a certain amount of turnover. Evidently public procurement is a significant buyer of goods. Do you not think that public sector procurement should be included in this audit requirement for slavery in the supply chain?

Paul Scully: Yes, we have started looking at that. In March 2020, the Government voluntarily published a modern slavery statement, setting out the steps we are taking to identify and prevent modern slavery in central Government supply chains. From 2021 onwards, individual ministerial Departments are going to publish their own individual annual



statements. As you say, we need to lead from the front as Government in that regard.

Q80 Chair: Do you think in the post-Brexit world there is a role for Britain to be leading on this debate, whether through the WTO or other places? I am conscious that we were a leader in the UK in bringing forward the Modern Slavery Act, but we have fallen behind a bit. Australia has now gone ahead of us in terms of supply chain transparency around public sector procurement. The French Assembly has brought forward legislation to require adequate and effectively implemented plans and mechanisms in supply chains, with the role of the judiciary to ensure compliance. It seems to me that you agree we are going to try to get to that. Do you have any anticipation of timescales or prioritisation in updating our legislation and what role we might play?

Paul Scully: To be fair, I cannot give you any timescales, as much as I would love to. I will certainly work with Minister Atkins to see what more we can learn from international comparisons.

Q81 Ms Ghani: You have my papers on comparisons to France. There are obviously lots of Departments involved, but I was just looking at what was happening in France. Some of the submissions we have had to the inquiry have done some really good comparisons of what Departments equivalent to yours, Minister, are doing in Europe.

In France, there is the duty of vigilance law. In 2017, the corporate duty of vigilance law was passed by the French Assembly. That law requires French companies to take steps to identify and prevent exploitation in their supply chain. Not only do those steps have to be adequate but they have to be effectively implemented. That is important, because a lot of the people who gave evidence today would say, "We are committed; we are committed; we are committed", but they are not being held accountable to any of those commitments. What more can your Department do to ensure that we are in line with France at the very least and that, when we do have laws in place, they are fit for purpose?

Paul Scully: You are talking about enforcement. We had the independent review of the Modern Slavery Act, which fits in with what the Chair was saying about how we bring this up to scratch, having introduced it. We consulted on it last year. We want to strengthen it and future-proof the transparency legislation. Some of that will require primary legislation, which we will need to introduce as parliamentary time allows. The Home Office is also considering options for civil penalties for non-compliance. That will be in line with the development of the single enforcement body as well, which we are seeking to introduce at pace. At the moment, the single enforcement body is something that is looking at enforcement in a number of areas. We are reflecting on the lessons of Covid to bring that single enforcement body up to scratch, to make sure that in itself can be future-proofed before we introduce it.

Q82 Ms Ghani: Bringing you straight back to your Department and not the



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Home Office, you have the Company Directors Disqualification Act, correct? You might not have the absolute briefing, because I know you have such a wide brief, but I put this suggestion to you, Minister. Within the Company Directors Disqualification Act, why do you not put in a disqualification of businesses element or clause, so you can disqualify businesses and CEOs from setting up further companies if they are seen to be exploiting slave labour or in particular the Uyghur? Your Department could do this immediately. Is this something we could have a further conversation on or you could go away and discuss with your officials?

Paul Scully: Yes, I will reflect with Lord Callaghan, who leads on this. We are committed to introducing a more effective corporate governance and reporting structure as well, after the Kingman review, which was predominantly about financial reporting, but these are clearly conversations we can have as we are looking at that.

Q83 **Chair:** There need to be consequences for people's actions. You may have overheard my conversation with the representative from Boohoo. What happened there was just outrageous, but no one seems to have been held accountable for it. They just get on with their business, albeit putting in efforts now to be better for the future, which are welcome. Surely we have to be able to set a threshold where corporate action is so bad that there are consequences. That is going to require some enforcement from legislation, the judiciary or somewhere else, because at the moment it seems to be pretty toothless.

Paul Scully: To the wider point, the reason we are committed to effective corporate governance is to have accountability to give people assurances—consumers, us in Government and everybody—that our corporate governance system means that entrusted directors of limited companies, PLCs, whatever they are, can be held to the highest standards.

Q84 **Chair:** This update of the legislation will require primary legislation. Are you able to give us any updates today as to when the Department's legislation on corporate governance reform, audit and financial reporting will come to the House?

Paul Scully: I cannot, I am afraid. As you are only too aware, parliamentary time at the moment is somewhat precious with the situation we are in, but we are keen to get on with it, frankly.

Q85 **Ms Ghani:** It is interesting how firms are always keen to tell us how their avocados have arrived to our supermarket shelves and how diverse their boards are, but when it comes to Xinjiang there seems to be very little said. We are going to have to rely on the Department to ensure it uses all the tools it has, or updates those tools, to make sure that when consumers are buying products they can understand where they were sourced or what sort of labour was involved.

You have been incredibly generous with your time and your offer to write



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to us to give us greater transparency on the ODA fund budget or relationships that come out of that strand of British taxpayers' money. I would like to go a little further and ask you not to just write to us, but is there a way that you can audit that trail and let us have sight of which companies you are working with, the sums of money involved and the projects they are linked to? We cannot sit here, genuinely, and ask companies to be transparent if I was not to ask the same of you, Minister.

Paul Scully: Mike, can I ask you about this? It is a year since I did the review into the Newton fund and one of the issues there was about value for money. I am trying to remember the aspect of that about what is published anyway.

Michael Warren: It is not part of my portfolio but, talking with colleagues this morning in preparation for this session, we are not aware of any funding going to projects in Xinjiang or related to Xinjiang. I would not want to give a categorical answer without doing a bit more digging, but we can write in the terms that the Chair has suggested. We can offer a more fulsome response than the usual letter.

Paul Scully: I will try to disaggregate the data as much as I can.

Q86 **Ms Ghani:** Thank you, Minister. The issue is that some data is made available, but not absolute clarity on this point. We do not want to see what is already in the public domain. We want to know exactly what risk assessments you have done to ensure that there is no link to British taxpayers' money and the abuse of the Uyghur, regardless of which arm's-length body you are involved with.

Paul Scully: I will certainly reflect that in the response that we give you.

Ms Ghani: I am grateful. Thank you.

Chair: That might be an issue that we refer to our colleagues on the International Development Committee, who I know have an interest in ODA spending across Departments. Minister, those are all our questions on this subject today, so thank you for your time. Thank you also, Mr Warren, for joining us this afternoon.