

Foreign Affairs Committee

Oral evidence: Xinjiang detention camps, HC 800

Tuesday 9 February 2021

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Members present: Tom Tugendhat (Chair); Chris Bryant; Bob Seely; Henry Smith; Royston Smith; Claudia Webbe.

Questions 87-134

Witnesses

I: Peter McAllister, Executive Director, Ethical Trading Initiative; Andrew Opie, Director of Food and Sustainability, British Retail Consortium; Damien Sanfilippo, Director of Standards and Assurance, Better Cotton Initiative.



Examination of witnesses

Witnesses: Peter McAllister, Andrew Opie, and Damien Sanfilippo.

Q87 **Chair:** Welcome to this afternoon's session of the Foreign Affairs Committee. We are looking into the Xinjiang detention camps and the response of British business. We are very lucky to have three witnesses before us this afternoon. In the order in which they appear on my screen, we have Peter McAllister, Damien Sanfilippo and Andrew Opie. Will you introduce yourselves for the record, please, starting with Mr McAllister?

Peter McAllister: My name is Peter McAllister. I am the executive director of the Ethical Trading Initiative.

Damien Sanfilippo: Good afternoon. My name is Damien Sanfilippo. I am the director of standards and assurance at the Better Cotton Initiative, or BCI.

Andrew Opie: Good afternoon. My name is Andrew Opie, and I am the director of food and sustainability at the British Retail Consortium.

Q88 **Chair:** Thank you very much indeed to all three of you for being with us this afternoon; we appreciate your time. For no better reason than it is the way you appear on my screen, may I start with you, Mr McAllister? What practical steps should the Government take to support private companies to prevent the use of forced labour in their supply chains?

Peter McAllister: Obviously, the Government taking an interest in something that cuts across not only the sphere of business, but the political sphere is important. The challenge we face is as much a political challenge as it is a business challenge, so it is important that Government both engage with business and listen to it, and that they inform business about realities and engage in the political sphere to set the environment for responsible business. In addition to that, and in addition to private business, Government of course also have a role in their own purchasing practices and engaging with those that supply services, products or goods into the Government, so it is not just about visible retail companies. For example, a lot of people work in supply chains and supply to the public sector, so the issue is to make sure that there is an alignment of message across the wider business sectors.

There is some basic guidance on the Government website that is helpful, but it raises as many questions as it answers about what practical due diligence actually looks like in these difficult circumstances. It might be worth elaborating on that. In addition to engaging with individual businesses there is a role for business associations, some of which are represented here, and chambers of commerce to fully understand and support their members on these rather difficult issues.

Chair: Thank you. Mr Sanfilippo, will you pick up that question?

Damien Sanfilippo: Yes, sure. BCI is a multi-stakeholder organisation not a business, but we do have some businesses in our membership. I



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want to say that, while forced labour is completely unacceptable in an organisation like BCI, as you might expect, I have no doubt that it is also considered unacceptable by UK businesses.

The challenge is that we need to recognise that forced labour comes in many different forms and that it is particularly difficult to identify, let alone remediate and eradicate, and that is even more true when referring to the farming sector—we are speaking about cotton today, for example. It is a genuine challenge that we all face—the private sector, NGOs, governments and standards systems like us. It is right, of course, to expect companies to take action, and I think they do, but if we are to succeed in eradicating forced labour from supply chains, we really need to all work together towards developing solutions. New tools need to be developed, and from our point of view all Governments have a role to play and can help support these efforts.

Q89 Chair: Thank you. Before you answer, Mr Opie, I will quickly add to that question. As a representative of many of the businesses in the UK, what do you think the Foreign Office could do specifically—for example, in making sure that your members do not find themselves at the wrong end of an inquiry like this, having to explain themselves for a mistake or error that they simply could not have foreseen? Will you help us to understand where the Government could fit in?

Andrew Opie: Yes, thank you. We have been speaking regularly to the Government—I am sure we can pick that up later—particularly to the FCDO and the DIT. Really, it builds on what Peter said. I think there are probably three things that we would be looking for. The first is intelligence in terms of what the Government knows and what it is hearing on the ground, which improves the risk assessment that we take to the audits and the inspections that we do—not particularly in that region but outside that region and beyond. That would definitely be one thing.

The second would be for the Government to support those businesses who are trying to do the right thing on the ground—again, not necessarily in Xinjiang, because all of our members have stopped sourcing from Xinjiang, but in the wider Chinese region—in terms of what they can do to help us support our auditors, but also to support those companies who identify malpractices and want to correct them. You will probably be aware that new laws have recently been introduced in China that actually make it quite difficult for businesses from outside China to act or take measures that could have an economic impact on the businesses that they deal with in China. We would look for support from the Government to do that.

The third point would be the one that Peter alluded to. Although guidance has been published by Government—I am sure we will come to that for China and Xinjiang specifically—really what we are looking for is more clarity from the Government about what good due diligence looks like. We risk-assess businesses. We do that to protect our brands because it is important to our consumers in the UK, but we are looking for a consistent approach that not only applies to our members but to the wider UK businesses that source in China. We also feel that the UK could show some



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leadership here, in the discussions we are having with US and European retailers, for example, to get a consistent approach to how we risk-assess and audit businesses in China.

Q90 Chair: You raise some interesting points. I would be grateful if I could just follow up very briefly; then I will come to Bob Seely in a moment, who is signalling. Clearly a lot of the focus in recent months has been about the cotton harvested in Xinjiang, for example, which is one of the reasons we are very grateful to have Mr Sanfilippo here, but there are also credible accusations that there may be slaves moving around China—exported Uyghur Muslim communities moving to factories in the east, for example. Clearly that is difficult, and I appreciate it is difficult for UK-based companies to monitor when they are buying products from thousands of miles away. So in issues like that, what do you expect that the Foreign Office, for example, with a network of officers in country, should be doing to make sure that your customers—your partners, as it were; your members—are not falling foul, or not finding themselves unwittingly complicit in human rights abuses?

Andrew Opie: *[Inaudible.]*

Chair: We appear to have lost Mr Opie.

Andrew Opie: Sorry, I was muted. Everybody froze when you started your question, so if you would not mind repeating it?

Chair: I have that effect on people. Given that populations move around—this isn't simply a question of Xinjiang, which has been in the news recently—while a lot of the focus has been on things like Xinjiang cotton, which is why we are lucky to have Mr Sanfilippo here, clearly there are people who are moved around in forced labour groups, and that perhaps has the possibility to draw some of your members unwittingly into human rights abuses. What do you expect of the Foreign Office to help you prevent your members from falling into that trap? What do you hope, or what do you expect, your members to do to make sure that they are also playing their part in this area of responsibility?

Andrew Opie: I think there are two aspects, there, Chair. The first is the one that I alluded to earlier, which is intelligence. Any intelligence that the Foreign Office can supply to us, in particular about exactly that problem of moving forced labour around China, would be of real interest to our members. Since we saw the problems in Xinjiang, what our members have done is risk-assess their businesses in China and their sourcing in China, to take account of the fact that there is a risk that forced labour is being moved around China and to reflect that in the way that they audit those factories and those suppliers that they deal with in China. We are trying both to review and to improve our own practices to ensure that doesn't happen, but any intelligence that we can get—it is incredibly difficult to get, as you can imagine—actually helps improve that risk assessment and our auditing process.

Q91 Chair: How do you see the division of labour? Where do you see your



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members' responsibility and where do you see the Government responsibility?

Andrew Opie: We have the ultimate responsibility. Those are our brands that are being sold in the UK. What we have seen is abhorrent and it would be abhorrent to all our customers as well. Our members, who are all the major high street brands, know that their responsibility to their customers is that when they go into any of their shops they can trust that the products they are buying are not produced with forced labour. Ultimately, the responsibility for making sure that happens lies with our brands, but, as I said, sourcing in China is a difficult situation. Anything we can do to refine that risk assessment, to make sure that doesn't happen and so we can act with an entirely precautionary approach, is right.

We are looking for two things from the Government: as much intelligence about the problem as we can get, so we can really think about how we refine our auditing and inspection process; and support for our members who are operating in China. It is not always easy to operate in China in terms of information and data, even that which is passed between members or those who are on the ground in China. Protection for our members and their representatives who are operating in China is important, so they feel that they have the opportunity to raise issues. To give you an example, if we did find a potential problem, we would obviously immediately want to flag that to the authorities, but that is very difficult when it is potentially state sponsored.

Chair: Okay. That raises a series of different concerns. Bob, do you want to come in briefly?

Q92 **Bob Seely:** Thanks, Tom. I have two questions and I would like to follow up on something fascinating that Mr Opie said. He was really interesting. Before I do that, Peter McAllister, you are saying that these are difficult issues. Are you saying that genocide is a difficult issue, or that issues around the supply chain are the difficult issues?

Peter McAllister: You have used a word there that is quite technical; I am not going to comment on whether that has been agreed by the people who would normally agree whether something is genocide or not. There are two fronts that are difficult. As Damien has already alluded to, forced labour can be quite a technical subject. It shouldn't be, in the sense that obviously it is wrong, but actually identifying forced labour can be quite difficult. Forced labour does not happen by accident; it is an action taken by one party to impose their will on somebody else, and therefore it is often hidden. There are various ways in which that is perpetrated, whether in China or in other countries. It is the same with child labour.

The other difficult aspect of this, as has been said, is that we find a number of systemic problems in different parts of the world, but often they are business—either business practices or a poor legislative environment. When you have a state involved in creating that—in this case, state-enforced forced labour, as we have with Uzbek cotton—you



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have a particular challenge in that recourse to the state mechanisms is obviously part of the challenge. So there is the technical issue and then there is the circumstance if you have the state involved in perpetrating the conditions.

- Q93 **Bob Seely:** Thank you, Peter. Going on to what Andrew was saying, that was really interesting. I assume you are supportive of some kind of systematic risk assessment, which can be shared between nations, be it Scandinavia, the UK, the US, the EU—interested parties who care about these issues. Is that because you are assuming that if you stop supplying cotton, somebody else can supply cheaper goods by turning a blind eye to the forced labour the EU are ethically trying to act on? Can you expand a little bit on what you were talking about, with the need for a common approach amongst nations who are engaged in this issue and care about it?

Andrew Opie: That is exactly the point. I don't want to pretend that UK retailers are any different here, but we are a small player in terms of sourcing in China, which is the largest consumer products producer in the world. Actions that we take as the UK—even collectively, as the UK—will have a relatively limited impact, in our opinion.

Therefore, what we have seen, not only in China but in other areas where we have been involved with unethical labour—for example, forced labour that is potentially being used in the Thai prawn supply chain—is that the most effective remedy, which I think would apply here to your question, would be to have a consortium of countries that are all operating the same kind of due diligence process.

We are talking to the US retailers and also to the European retailers to see if that would be possible. Interestingly, to the point that Peter raised right at the start around a mandatory due-diligence approach, the Europeans are looking at that approach. It may be some time off, but if we could get a consistent approach to this that applies across all the major markets, it may not be everything to solve the problems in China, but then you are preventing potentially that product ending up on all of the high-value markets around the world.

Bob Seely: Thank you. Tom, I highlight the point that has just been made because I think it is a very interesting one.

- Q94 **Chair:** Thank you. I am going to build on that, if I may, Mr Opie, before I come to Royston, who is going to come in in just a moment. Clearly, there are announced reforms to the Modern Slavery Act 2015. That is a UK Act and therefore it stands alone. Are you saying that, were we to be able to work with, say, Canada, Australia, the European Union and America, that would make it easier to resist human rights abuses in the production chains, not just in China but around the world?

Andrew Opie: I think it would send the most powerful signal if we were able to do that. I give you an example outside cotton or textile production. I have been involved in the work that the Trade and Agriculture Commission is currently looking at in terms of the future standards for



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food imports and exports in our trade. One of the things I have been trying to push very strongly is that the UK could show some global leadership around how important ethical standards are to trade, alongside the usual issues that we see in trade deals.

I know that we are probably a long way from getting the WTO to accept it, but the UK could show some leadership in that space, which I think would gather other countries around it. The problems that we share, we know from talking to US retailers, Canadian retailers and European retailers, are shared by their consumers. They abhor abuses, as our consumers do. The most effective thing would be to bring all of those major businesses together. One of the problems we have in the UK, ironically, is that we would find it hard to co-ordinate our members to take collective action because of competition law and how it applies, so I think there must be a mechanism by which countries could come together to signal to businesses as a whole that this is the right way to do business.

- Q95 **Chair:** And given all that, what are the costs we are looking at falling on business and how could those be better managed? Clearly, this is not simply a matter of cost; indeed, it is particularly not a matter of cost. However, some of these high standards will have cost implications, not just in that manufacturing costs will rise—that is something I think we all welcome if it ends slavery and forced labour—but in terms of due diligence there are significant costs in research and inquiry that should be shared.

Andrew Opie: In my view, those costs are marginal in the scheme of things, if we are looking at things such as risk assessments and audits and keeping the best businesses in your supply chain. There are many very good businesses in China that we trade with that can offer access to the factories, which allow good ethical audits to happen within those factories and they do not charge any more, frankly, than other factories. It is perfectly feasible to act in this way and not add cost to the consumer. In fact, in some ways, it would be a much better way to operate, because then consumers could be reassured that the workers in those factories are being properly rewarded, that they have the right of association, for example, and that their human and ethical rights are being respected. I do not think we are talking about a cost issue here, because you tend to find with problems with ethical labour that there would often be other problems with that business and it could be around areas of fraud or safety issues. So the best businesses generally are the ones who are operating to the higher ethical standards. It is not unfeasible to operate in this way and still supply the market in this country for affordable products.

- Q96 **Chair:** Thank you. Mr Sanfilippo, can I ask you specifically about cotton, which is your area? Do you agree with Mr Opie that knocking out, keeping out forced labour, keeping out such incidence from cotton production is not a significant cost barrier?

Damien Sanfilippo: I would probably agree with that if we are referring to risk assessment and making sure that forced labour is kept out of the supply chain. However, to the point I was making earlier, if we all want to



work together to work on the issue and towards the eradication of forced labour, some investment needs to be made supporting grassroots organisations, because we also need to tackle the drivers of forced labour. From our perspective, that is an area of work where we should focus efforts. That will definitely come at a cost, but more importantly, it will require all actors working together towards a common goal.

Q97 Royston Smith: The Government recently released guidance for businesses on the risks of doing business in Xinjiang. We have touched on this a bit, but is guidance alone sufficient to change business behaviours? That question is for any or all of you.

Peter McAllister: Shall I start? I guess the simple answer is no, Mr Smith. Many of the responsible leading businesses are already doing a lot on sharing good practice. They might be part of BRC or ETI and involved in conversations about sharing. Business writ large is not necessarily going to take notice of guidance if it is top level, particularly—I know I am overstating this—in a complex situation, such as we are dealing with in Xinjiang, because it is not easy to know what to do.

I am afraid that with these very difficult, systemic issues guidance is suitable for those who are willing to do something, but not enough for those who are willing to take a backseat or not lift up the stone to see what is involved in their deeper supply chain. In these situations, something more demanding than guidance would be a good way of levelling the playing field.

Q98 Royston Smith: So, to follow up and say, was anything missing from the guidance, it is not what is missing, it is more than guidance, in your opinion?

Peter McAllister: It is probably both, in that the guidance can be updated reflecting some of the best practice. That would help to bring some of the waverers into doing things. Businesses are generally very practical and risk averse, but it is not enough to draw in those who would prefer to cut corners or avoid facing difficult challenges, for example.

Andrew Opie: I would agree with that. To build on Peter's point, there could be more transparency around those businesses to comply with that due diligence if it was specified. I am sure we will come on to a discussion of the Modern Slavery Act. We were very actively involved in getting transparency into the supply chain through the Modern Slavery Act, but our view is that we could go further within the Act. Linked to this point around consistent due diligence, companies could get specific about what they are doing in their supply chain, going much further than simply making a statement about how they are tackling modern slavery—give the detail, but also give the detail around some of the mandatory standards that we expect good businesses to abide by.

Q99 Royston Smith: The BRC has previously said that the solution to this issue will be found through collaboration between Government, industry, civil society and worker representatives. What sort of collaboration do you envisage?



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Andrew Opie: Exactly that point. That is where we have driven some of the issues around ethical labour in this country. If I look back at the work we did on gangmasters in food production, for example—a major problem in this country in the mid-90s onwards—it absolutely relied on that point. It was a collaboration between the farmer producers—our suppliers, in effect—NGOs, which were very active in that space, such as Stronger Together, and other powerful NGOs, which have good connections with workers and worker representatives, but supplemented by a real evolution in the way that we audit businesses for ethical. Peter is much better able to comment on this.

There should be much wider involvement of the workers themselves, often on an anonymous basis, whistle-blowers allowed and companies that do supply those retailers being prepared to look at what the remediation processes are, so it is not always a case of finding a problem and moving on to the next supplier. If we find a problem, how do we, the factory owners and the workers within it, solve the problem collectively? That has to be the best approach.

Q100 **Royston Smith:** That would be much more difficult in Xinjiang than in this country or other countries.

Andrew Opie: It is impossible in Xinjiang. Regardless of the abhorrence of what we have seen there, it is impossible to effectively audit—again, Peter or Damien would be able to comment much more on what is happening on the ground on this, but it is impossible for any brand to reassure themselves that they can audit those production sites and say confidently that this is going on.

As I said earlier, that does not apply to the rest of China, where we have very good relationships with many, many factories. We can get access to those sites. We can see what is going on. We can speak to workers in those factories and actually check that their rights are being observed, but that is not the case in Xinjiang. Xinjiang is a completely different situation. It is not really a place that lends itself to this kind of risk assessment and audit approach.

Royston Smith: Thank you, Chairman.

Chair: Thanks. Bob, you wanted to come back in.

Bob Seely: Yes, but I think the point has just been made by Mr Opie. I was going to ask how individual companies can check for forced labour in Xinjiang, and clearly the answer, as he has just said, is that you need a system whereby that is doable, and it is not for individual companies, so you need some other process by which it is going to happen. So I think that question has been answered.

Chair: Thanks, Bob. Chris Bryant.

Q101 **Chris Bryant:** Can I ask a first question of all of you? What evidence have you sought or got that consumers care about this?



Andrew Opie: I am happy to start. Chris, you are absolutely right. We do know, from correspondence that our members receive around an issue like Xinjiang, that some consumers are very, very concerned about it; there is no doubt about that. The core of consumers trust the brand when they go into it. This doesn't just apply to forced labour; it applies to safety. They are assuming, if they go into a branded retailer, that they have taken care of all those issues. When there tends to be a problem is when something goes wrong in the supply chain, and then you see a very large adverse reaction to what has gone wrong. It is in the business's interest to ensure that they are risk-assessing and doing the work that their consumers expect them to do to ensure the provenance of the products that they are selling. I don't pretend for a minute that 100% of consumers are on every retailer's website, checking to see whether they have listed every supplier that they have and what all their statements are, but they take that as read. Their trust is put in that brand when they go into that store, and therefore the responsibility is for the brand to supply exactly what the consumers demand.

Chris Bryant: Do either of the other two want to say anything on that?

Peter McAllister: I think that Andrew's points are well made. In addition to that, what we find is that consumers trust third-party organisations—that might be an Oxfam campaign or others—and will listen to that and listen to their opinion on what is happening and who is doing well and who is not. But of course it doesn't need 51% of consumers for a business to act, as Andrew knows, because businesses care about their employees, and employees are a stronger voice than ever; and businesses care about their brands and want to avoid being the business that is held up as the bad example in a given case. There is a much more subtle relationship in terms of consumers and how they influence, and how third parties influence, business than a direct one.

I guess that, as a purist, I would like to believe that everybody cares about everything, but again, some of these things are far away, difficult to understand and difficult to get traction with. Our experience has been that this matters because brands care and because the consumer's voice is amplified through credible third parties, but it isn't the total number of consumers, if you like.

Q102 **Chris Bryant:** Do you think there is a distinction between different countries? Do different countries have a higher threshold, or a lower threshold, as consumers?

Peter McAllister: Do you mean in the sense of consumers' reactions to different countries?

Chris Bryant: Do more French people or more Spanish people—or Argentinians or whoever—care about human rights issues in relation to their—

Peter McAllister: I would say that, typically, the British and the Dutch are the countries that are cited to have the most dynamic groups that



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revolve around human rights—human rights due diligence and interests. That goes back to a long history of giving and support within the UK and Holland. Germany has a very active civil society on these issues as well. Those are typically the three countries that would be cited. I am not suggesting others don't care, of course.

Chris Bryant: Mr Sanfilippo?

Damien Sanfilippo: I have nothing to add. I agree with what Andrew and Peter said about those dynamics in relation to consumers.

Q103 **Chris Bryant:** You have raised the issue of wanting more intelligence. In a sense, an individual company is not going to be able to establish quasi-military intelligence on human rights abuses, genocide and forced labour in another country. That will largely be the job of Government, won't it? How do you think Government could better get that information to you?

Andrew Opie: For this purpose, I am not just going to talk about China or Xinjiang, but again, we are looking very closely at trade at the moment, as the UK takes on its own independent trading approach. I think the Government can give more visibility around enforcement. Often, that is the bit that is missed. It is not that countries either sign up to ILO conventions or say, "This is what the minimum wage is". What I think is really interesting is how compliant those countries are in terms of enforcing their own regulations. That is where we, as retailers who may be a long way from those supply chains and may not be on the ground all the time, could really benefit from intelligence on that basis.

We have suggested that the Foreign Office could, for example, look at whether there is anything it could do to grade countries in terms of compliance with basic legislation, particularly on human rights and ethical labour rights around payment, time off, right of association. Could they give us more of an assessment of countries, which I think will be particularly pertinent as we drive our independent trading approach going forward? I am sure that we get a lot of intelligence on the potential to export to those countries and on the market itself, but the bit that is missing is that country's performance on enforcement and compliance.

Q104 **Chris Bryant:** Just out of interest, has the FCDO held a meeting of key players in the Chinese economy, particularly in Xinjiang, this year?

Andrew Opie: We have recently had a call with the FCDO, specifically around Xinjiang, and we were able to let them know what we are doing in terms of the non-supply—or the stopping of supply—from Xinjiang, but also the approach that we are taking in China. That gave us the chance to raise the issues of compliance and of mandatory due diligence, which Peter talked about. In other words: Government, as well as the guidance that you are giving us for operating in China, what does good due diligence look like to you? Let us make sure that we are not missing anything and that we set the bar high so that every company—not just our members as retailers—has to abide by that standard going forward. We have not heard back on that yet.



I think the Government are probably reluctant to get involved in specifying due diligence—that is my take on it—because they feel that it is more a business's responsibility to protect its brand. It is an honest request from the retail industry in particular, saying, "We want to make sure that we are doing everything you, as our Government, expect us to do. After hearing how we are operating in China, is there more that we should be doing?" And more than that: "Have you got a responsibility, as a Government, to say to every business, not just retailers, how they should operate in China?"

Q105 **Chris Bryant:** Sorry, was that meeting with a Minister? With officials?

Andrew Opie: With officials.

Q106 **Chris Bryant:** Right, so you have not spoken to the Foreign Secretary?

Andrew Opie: No.

Q107 **Chris Bryant:** One more question from me, about the BRC again, I am afraid. You have sort of answered this in a way, but what specific advice have you given to members about doing business in Xinjiang and in China more widely? What are your next steps?

Andrew Opie: It is not so much guidance; it is more about sharing and giving members a safe space to share their own experiences, and also about bringing in people like Peter and his colleagues at the ETI. What we have found is that being able to share intelligence—we have used that a lot, but this time across what we see in our own businesses—helps other businesses risk assess better and refine their policies. That is really where we have been going.

The one area that I flagged earlier was whether, potentially, it would be okay for UK retailers all to say, "We won't do this in a particular country or region." That is very difficult for us to do because of competition regulations. We feel that we can play a part by providing a very safe space for members to feel comfortable, where they can share their own experiences from China directly with each other, and then use that across the retail community to refine their own practices, working with people like the ETI.

Chair: Thank you very much. Claudia, you wanted to come in.

Q108 **Claudia Webbe:** I want to come in on what the British Retail Consortium said about collaboration—that a solution rests in collaborating through Government, industry, worker representation and civil society. Could you expand on what you meant by collaboration?

Andrew Opie: Genuine collaboration is where everybody feels comfortable to spot issues and make them good. The best collaboration is where we have a full understanding of how the Government are operating in terms of, say, their national minimum wage payments or the labour rights they have in a particular country, and where we are assured by them that their compliance and enforcement are strong around those issues as well. It is also where they say, for example, that they are signed



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up to ILO conventions on the right of association or something like that, and we can visibly see that in the factories themselves.

Once we have that assurance from the Government, it often becomes more of a business practice between the retailers and the suppliers themselves. That is supported by a strong auditing process, where the factories open themselves up to inspection and allow a good dialogue, not only between the retailers and the suppliers but between the workers and the owners of the factory. If you get to that place, that is stronger for all of the businesses, because often there are practices that actually can be corrected once the factory owners understand that. It often makes the workers more productive than they were before, and it is kind of a win-win situation. I think it starts with a strong reassurance from Government that it sees the benefits of that type of business collaboration, that it supports it and reinforces it, and it then allows that conversation to continue between the retailer and the supplier.

Q109 Claudia Webbe: I just wonder what the starting point and the baseline are. Obviously, the emphasis there is on the supplier and the supplier companies doing the right thing. What emphasis is on the retailer and the brands—the British brands—in what they do, what they choose to do and who they choose to trade with? Does the UK Government need to do more in terms of conditioning or introducing statutory, mandatory human rights and due diligence responsibilities for our own retail brands?

Andrew Opie: You will certainly be aware, Claudia, of the work we have been doing in the East Midlands, for example, to get that baseline established: we have been talking about licensed factories, for example. You establish a baseline where everybody is comfortable, where those businesses that are in business are doing the right thing, and then they can be compliant—

Q110 Claudia Webbe: Can I just interrupt you? You are talking slightly about the supplier end there. I am talking about the retail end, and therefore what the emphasis should be on that retail end and how we regulate, or mandate, who it chooses to do business with. You will recall, for example, that Boohoo said that these were third-party companies that had nothing to do with them, which suggests that a stronger emphasis on the brands is needed.

Andrew Opie: Yes, absolutely. I was just going to come to that. Obviously, there needs to be a strong relationship between the retailer and the supplier, for two reasons. First, the retailer wants a consistent supply. They want to build long-term relationships, so the supplier has to feel that they are being well treated by the retailer, that they are being rewarded appropriately, and that there is a long-term commitment in terms of the buying and the contracts between the retailer and the factory, to give them the confidence that they can reinvest.

You are absolutely right about suppliers. That is the major issue in textile production. From the primary production of cotton, for example, through to the final products that come from a factory, there is quite a long chain



and it is quite complicated. What the retailers are trying to do—I am not going to pretend that they have solved this problem yet, but what they are trying to do—is to work with the tiers below those many factories with which they have contracts. The responsibility of the retailer is to go further than their direct contractual relationship, which is the factory that is manufacturing the jeans or the T-shirts, to understand where the basic materials come from and how the subcontractors who are supplying that finished article are operating as well. That is more complicated and more difficult, because the factory will potentially be sourcing from a number of different factories or farms, for example, and it is harder to do that, but that is definitely the direction of travel that we are on at the moment.

- Q111 Claudia Webbe:** If the retailers or the brands do not see it as their responsibility, is there a role for the UK Government to regulate the brands and the retailers here in the UK? You have talked about the food industry and how successful that has been. The food industry here has legislation that regulates it, through the Groceries Code Adjudicator. Is there a role for a similar textile adjudicator that places the emphasis on the brands and the retailers?

Andrew Opie: Actually, I think I would go further. I would choose a different piece of legislation, but a similar one—gangmasters legislation. We have consistently called for that legislation—which covers temporary and seasonal labour, which, as you will be aware, is used quite extensively in primary production and in textile production—to be extended.

I believe retailers do have a responsibility to those in their supply chain that goes beyond that contractual relationship they have with the final manufacturer. The best retailers, for example, are currently looking at the problems and are not just looking at the finished article that would have been coming out of Xinjiang. They are also looking at where their cotton is coming from, where the manufacturers of that are, and how the subcontractors are working with their textile factories.

I think retailers do have a responsibility, but I concur that there is the potential to extend legislation. Whether that is the Groceries Code Adjudicator, I am not sure—that was set up for a very specific purpose, on the back of the Competition Commission report in the early 2000s—but there is certainly this hope to look at some of the provisions that were made around gangmasters legislation and the Gangmasters Licensing Authority.

- Q112 Claudia Webbe:** Therefore, what the UK Government could do is legislate, and what the British Retail Consortium could do is work with the Government to help legislate the retailers and the brands in terms of what they do. If you do business or seek to trade with a supplier that, for example, does not recognise unions, where is the baseline? The starting point is with the retailers and the brands. When I say unions, I mean a voice for workers.

The issue is that brands and retailers, even those with UK supply chains, will say that those workers are not their workers—that those workers are



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the workers that work in the supply companies, and those companies are not their companies. In this Ethical Trading Initiative that you talk about, there is something about those brands and retailers being mandated to not do business with companies that do not have, for example, a particular baseline for ensuring that workers' rights are protected through unions or other processes. I put the emphasis back on how you regulate the brands and the retailers.

Andrew Opie: That could be covered by the mandatory due diligence issue that we have been talking about, for example. You risk-assess your supply chain and ensure that that does not happen. But not only that, because potentially you are then required—under a review of the Modern Slavery Act, which is another possibility because it is Government legislation—to publish exactly what you are doing on that. It is a much more detailed publication of the steps that you are taking as a retailer to protect the workers in your supply chain, by being mandated to take certain steps—the Government can set that mandate—and to demonstrate that through a wider requirement of what is required by a retailer, or a branded manufacturer for that matter, under the Modern Slavery Act. There is the potential to look at that.

Q113 **Henry Smith:** I have several questions that follow on from what Claudia has been inquiring about. How many of those retailers that sell in the UK market actually visit the sources of production? About two and a half years ago, when I was a member of the International Development Select Committee, we did an inquiry into the garment industry. In fact, one of our visits was to Bangladesh, where a number of UK retailers had procured manufacturing from producers. You are talking about the possibility of extraterritorial legislation. Are there other jurisdictions or countries—in Europe, North America or Australia, for example—where that sort of legislation is already in existence and can be used as best practice? You talked about the gangmasters legislation of about 20 years ago and the Modern Slavery Act. Is it a question of tidying up that legislation, or does the UK require a whole new piece of primary legislation?

Andrew Opie: To the first point, different retailers will operate in different ways. You will have seen that in terms of how contracts are placed. Some of the work will be desk-based and then they will do a risk assessment and probably visit those factories, but often a third party might carry out the audits on their behalf, or they may do it as a company.

In terms of whether there is other legislation, yes, there are some countries—Peter is probably much better placed to speak on this than I am—that already have some provisions on modern slavery Acts. Certainly, our Act leant partly on the Californian statement, which was required over there, and I think other countries have that in place now. I am not an expert in the other countries. I am aware of the steps that countries such as the US, Canada and in Europe have taken around Xinjiang specifically. The US, for example, has much more stringent controls on imports, particularly from Xinjiang itself, in terms of the companies being able to demonstrate that they have not sourced from an area that is using forced



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labour. We do not have that here as much. That is probably about the limit of my legal knowledge on this, so I had better hand over to Peter, if that doesn't not sound like a hospital pass for Peter.

Peter McAllister: I am happy to contribute. Again, I think it is important to recognise the leading role that the UK took in 2015 with the Modern Slavery Act and the leadership that that generated at a difficult time. Was it perfect? No, of course it was not perfect, but it was probably what was politically possible at the time. It has certainly inspired a whole range of conversations. We were followed by Australia, which built on that, and Canada, which built on that. It has also provided momentum for what is now being talked about, which is human rights due diligence.

In addition, it is really important that, for the first time, boardrooms had to consider an issue around slavery. Prior to that, for even the best companies—let us be honest, compliance is a sort of licence to do business; it is not a boardroom conversation. For the first time, somebody at board level had to ask someone, "What on earth is this about modern slavery? Do I sign this or not?" That was very important. I think we should be ready to take the next step.

Where I slightly differ from you, Andrew—and forgive me if I get this wrong—is that human rights due diligence is another step beyond compliance. Any of the big companies has thousands of companies in its supply chain. They cannot know intimately what is happening everywhere all the time. Therefore, an audit and compliance approach generally works where you have got a level of transparency, a level of confidence and a level of visibility in your supply chain. That is absolutely fine—nothing wrong with that.

In these complicated situations, human rights due diligence should go beyond compliance and even beyond the intelligence gathering, to understand why what we are seeing is happening. What is the underlying cause? Is it bad business practices? I think she may have departed now, but your colleague was on to something there about to what extent do you have to look back up the supply chain and say, "If this is all about a quick fix and low prices, we have to be honest that some of the business practices might be driving it."

If, as in the Rana Plaza example in Bangladesh—a country I am enormously fond of—it is a weakness of the structures and the enforcement of building standards, you don't fix that through compliance. You fix that by engaging, in this case through a very unique accord, to start driving up those building standards.

What human rights due diligence should do—and it should place an onus on lead firms—is say "Don't just tell me what is happening. Do you understand why it is happening? Can you solve it yourselves? If you can, get on and do it, and report about it, as the Modern Slavery Act would require. Or, if this is something which is beyond an individual company, who are you working through?" It could be through the BRC, through us or through Damien's organisation, if that is relevant. In the case of Xinjiang,



if it is really something which is this intersect between business and Government, how are we representing those issues to Government, to say that this is something that we need to be collaborating on?

I think mandatory human rights due diligence is not a panacea, and we should not see it as such. But I think we'd start to lift the bar and start to get companies to do the sorts of things we are seeing from, for example, Unilever, which has already ventured into this space. M&S recently did a report with Oxfam, which was very brave of them. It did not come out showing that they were perfect, but they were brave enough to take a credible third party and say, "Take a look at what we are doing and tell us what we need to do better".

Q114 **Chair:** Can I just build on the question that Henry raised there? As chair of the Ethical Trading Initiative, you have got wider experience than just Xinjiang, and much of the work you have done—forgive me, but I think I am right in saying this—is on cocoa fields around the world, many of them, let's be honest, have, certainly in the past, used slaves in war-torn areas, so they are not areas where the buyer could necessarily send an envoy to go and look and find out exactly what is going on in the fields. Is that fair?

Peter McAllister: It is a previous life, Mr Tugendhat. I was previously the executive director of something called the International Cocoa Initiative, so not under the auspices of ETI, which works across a number of geographies, sectors and issues. I probably haven't got long enough for it, but I am very aware that there are cases of child labour and forced labour in cocoa. But actually, much of the child labour we see in cocoa is like small holder farming everywhere: it is a factor of poverty, rather than misuse by smallholder families. But that is a long topic to talk about.

Q115 **Chair:** I do not want to go straight into the cocoa sideline, forgive me. The reason I am bringing it up is that your experience in the cocoa initiative would presumably have given you some experience for assessing worker conditions, or certainly employment conditions, in areas where you simply cannot reasonably send somebody to go and check. So, you have to find different ways of monitoring production.

Peter McAllister: There is a difference—if I may and, again, not to make everything sound so unique. Even in war-torn Ivory Coast, which was going through civil strife at the time, there were NGOs operating in cocoa communities. If we were careful, we could make it into those cocoa communities and talk first-hand to cocoa farmers, children, local NGOs and religious groups, and find out information for ourselves. In that case, the Government were not trying to frustrate us in doing that. They were not exactly happy about our findings, but they were not trying to frustrate us doing that.

In those contexts, although it is dangerous and you have to be careful with your own organisation and absolutely careful with your partner organisations, there are ways of extracting information. If you take the Uzbek cotton example, for a long time the Uzbekistan Government was



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trying to convince everybody that there was nothing to see. It was only through consistent dint of effort and the ILO taking an interest that slowly the situation emerged, and now we have seen change. We should not make too much of even war-torn environments, because it is amazing how much information can be gathered if someone is not trying to frustrate you in doing that.

Q116 **Chair:** So in that case, from your explanation there is not really a parallel between Xinjiang, where a Government is deliberately trying to frustrate, and other hostile areas in which to operate.

Peter McAllister: I would say the Xinjiang situation is quite unique.

Q117 **Chair:** Okay. Let's move on. I will come to questions, if I may, specifically related to the cotton initiative. Have UK businesses generally been supportive of BCI's decision to suspend licensing of cotton from Xinjiang?

Damien Sanfilippo: I would say yes. BCI is a multi-stakeholder membership association, so any important decision that BCI takes reflects the consensus among our members, and our job is to find what that consensus is. So the decision to suspend our programme in Xinjiang, licensing first and then pulling out all together, which was based on vigorous research and analysis of the situation on our part, was also taken by our governing council which represents our membership. So even though I cannot comment on individual cases of UK companies, it is fair to say that that decision was supported by our membership.

Q118 **Chair:** Why did it take so long for BCI to stop licensing cotton? Were there internal discussions, or was that conversations with other stakeholders?

Damien Sanfilippo: That is part of it, but I would broaden the issue a little bit because the context and the way we carry out our work is important here; that is related to our mission. Disengaging from communities who are in need of BCI's programme needs to be done in a responsible manner and as a last resort. The same concept applies to businesses, by the way, not just to organisations like BCI. It is an important concept in business and human rights due diligence that when you identify a risk and a problem you do not just run away; there is a process to deal with that in a responsible manner.

What was specific in the Xinjiang case was that, from the moment we assessed with the limited tools and resources at our disposal that we could not credibly verify the absence of forced labour on the farms in our programmes, we immediately decided to suspend licensing. Then, later, from the moment we assessed the context we referred to—that the operating environment did not allow us to be a positive agent of change—we decided to disengage. Again, we did that as a last resort.

This is a very important question, and it is important to understand that the risk of forced labour is widespread in the agricultural sector and other sectors in virtually all countries. This is one of the reasons for the



existence of organisations like BCI in the first place. Our mission is precisely to engage where the risk exists so that we can create positive change. Again, it is if—and only if—we assess that the operating environment does not enable us to make any positive difference that we decide to disengage. So we have taken decisive action, but again in a responsible manner and in consultation with all our stakeholders and our membership.

Chair: Thank you.

Q119 **Bob Seely:** I want to ask what the likely impact of western companies exiting Xinjiang will be. Will it make a difference to China's policies there? Will it have some unintended consequences by maybe making issues of poverty worse in that province?

Damien Sanfilippo: It is very difficult, and I am not in a position to know what impact this will have on Chinese policy, but what matters most for BCI is the wellbeing of cotton farming communities—cotton farmers, workers and their families—of any ethnic background. That is our primary concern, wherever they are. So I can say that, to the best of my knowledge and understanding, it is very unlikely that cotton production will cease in the region. I cannot comment on the rest of the supply chain, but cotton will most likely continue to be grown in the region.

Q120 **Bob Seely:** Will it make any conceivable difference or is the scale not large enough?

Damien Sanfilippo: I doubt that this is going to make a major difference to the conditions of farmers and workers on the ground in cotton farming. I have no evidence to show that it will make a difference. It does not change the fact that we had to pull out, and it is impossible to be complicit with instances of forced labour. That is why I said at the beginning that it is still important for all actors to sit around the table and discuss what can be done to the drivers of forced labour, so that the issues are addressed and eradicated, even if that takes a long time.

Q121 **Bob Seely:** While forced labour is clearly abhorrent, there is an issue—maybe in either Xinjiang or elsewhere—of unintended consequences that can actually damage people more in the short term. That is not an excuse for doing nothing. Do you ever come across a situation like that, where well-meaning, well-intentioned policies backfire or have unintended consequences?

Damien Sanfilippo: We try to avoid being in that situation, which is why we operate as a roundtable. We never operate in isolation. When we operate in a country on any particular issue, we make sure we bring together all stakeholders so that we can see unintended consequences coming, where a stakeholder category—either the NGO or the producers themselves—could alert us to the consequences of our decisions. Again, Xinjiang is a very particular case. There was just nothing that we could do, and we had to disengage. But that does not in itself solve the root of the problem on the ground, unfortunately.



Q122 **Bob Seely:** We know that the problem of forced labour does not end in Xinjiang. How do we improve due diligence for forced labour throughout China and indeed other countries? Some people have mentioned Thailand as a model as well, for instance. Is there anything that anyone would like to add to that question about the problem of forced labour throughout China and how we improve due diligence, or do people think we have covered that in the conversation thus far?

Peter McAllister: I would like to add something if I may. There are analogies here with migrant labour, which we see in many supply chains and regions. There is nothing wrong with migrant labour—it is not inherently a good or bad thing—but migrant labour is often quite vulnerable and exploited. The parallel is that you can find out what is going on, but the typical social audit mechanism isn't necessarily sensitive enough or strong enough to do that. Again, we have seen this on home territory in Leicester—the average audits were not picking up the issues.

So an enhanced due diligence, building much more on working with local NGOs, talking to trade unions locally, taking a much more hands-on approach if you have got people in the region, is needed to detect those sorts of things. If you look at wider China—I want to agree with Andrew here—you need to be very careful; there are lots of excellent Chinese companies that supply into the UK and beyond, and there are very strong relationships, but of course there are still problems. You need an enhanced approach that goes beyond the typical compliance order if you want to detect these more subtle, intentional abuses of labour.

Q123 **Bob Seely:** Peter, what is the gender angle here? Are women more vulnerable when it comes to, say, the garments industry in somewhere like Bangladesh compared with men, who maybe do most of the cotton picking? What is the gender balance here?

Peter McAllister: There are a number of intersectionalities that increase vulnerability, so women—yes; if you are in South-East Asia, caste is a factor you would need to bear in mind, and there is also migrant versus local labour. A number of things need to be borne in mind. But certainly, yes, women are typically at the bottom of the pyramid doing the base jobs. Typically, their supervisors are men, and typically, you are in cultures where women aren't encouraged to speak up, and do not have the confidence to do so. Although those are generalisations and there are always strong exceptions that prove the rule, they are factors that we view as high-risk factors.

Q124 **Bob Seely:** What about the cotton industry? Is that women, men or both?

Damien Sanfilippo: The same applies to cotton. Women tend to be part of the vulnerable groups in cotton for perhaps a slightly different reason. The fact is that women actually carry out many farm activities. It varies from country to country, but they are, by and large, invisible in the sense that the farming household is usually represented by the male spouse, so the role of the woman is largely invisible. Only men have access to input,



only men have access to marketing for the cotton, so these are definitely very important issues for us to address.

Q125 **Bob Seely:** When one is trying to do the right thing, do men benefit more often from these policies, or do women benefit equally? Should that influence how we try to insist on higher standards?

Peter McAllister: I would like to comment on that if I may. It depends how those policies are developed. If they are not developed thoughtfully, they can reinforce existing power balances, for example. If they are thought through carefully, understanding the gender lens and understanding tribal issues, they can work to diminish that. Often there is not a simple answer, sadly; it really does depend on how policy is developed and whether that starts to narrow the gap or increase it.

Q126 **Bob Seely:** In Afghanistan, you could argue that it actually had a counterproductive effect: you could argue that in a very conservative society, gender policies might have been counterproductive. Do you ever find that when trying to improve trade conditions?

Peter McAllister: Having worked in Afghanistan, I am sympathetic to that. We have to be careful not to overlay a western lens on to these things too abruptly. Obviously, we are proud of our values and they are important, but in my experience—whether that has been in Afghanistan or western Africa or India—we still are not as good as we should be at listening to the local context.

I think about young girls working in mills in southern India. They were largely treated as people whose lives need to be improved, but actually they are passionate and very vocal about how they see their lives if they are given the space and allowed to have the confidence to speak up. The rule of thumb is that, while obviously there are global values, which we think are important, how they are woven into policy really matters in terms of understanding local context, local voices and local realities.

Q127 **Bob Seely:** Thank you so much. What have other countries done well in their private sector responses to the Xinjiang crisis; who should the UK seek to emulate? I know that witnesses have mentioned, for example, the United States. Are there other countries we think have leading understanding or behaviours where dealing with forced labour and trading issues in Xinjiang? Peter, do you have an opinion on that?

Peter McAllister: It's nice to be popular. Did you say "companies" or "countries"?

Bob Seely: I meant to say countries. I'm not sure whether I did, but I meant to say countries. People have talked about the US. Are we an outlier? Should other people follow what we are doing? Are we all trying to edge towards a better policy framework, or are there specific other countries you would mention?

Peter McAllister: I guess, at the risk of going a little beyond my brief, I am not sure everybody would agree that the US has taken a stance which is leading or constructive. It is appealing to ban something. In this case, I



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think that the solution is going to lie in careful and thoughtful engagement in China at the highest level to work out ways forward, so that face is saved, and international norms are restored.

It cannot be solved by business alone, although business has to do more, and there needs to be clear intent behind that, and clear implications if that is not achieved. It is quite easy to sit here and say, “We won’t receive anything from Wherever-stan” and then we can fold our arms and feel good, but it’s not driving the solution.

I am not sure that any country has got this right. It is interesting for those of us who have been tracking this for about three or four years that in the last 18 months or so, a number of countries have spoken up. I think that’s positive, because while, as I say, I think China is an amazing country and is going through an amazing time, but the Chinese Government has responded to that and has obviously listened to that.

Going back to Andrew’s point, if there are coherent messages about a way forward, an expectation of the right standards, and a dialogue that could lead to a way forward without losing too much face, that will probably have more of an impact than banning. I don’t think anyone has that right just yet. I think that the managing of human rights—it is interesting, I am sorry, we echo over and over again—is part of the puzzle, but not the entire puzzle in this case.

Q128 Bob Seely: Fair enough. Are non-binding international human rights agreements that companies sign up to effective at all?

Andrew Opie: They form the core of the brand values, but they are often baseline for the brands here, I would say. All our members would be aware of UN and human rights guidance, for example, and that would form a core part of their company’s brand values on human rights, but in my experience companies go much further than that, because that is what their consumers expect them to do, so they will use that as the base and then they will put on the other issues that they believe are important to consumers—obviously, not all human rights or ethical labour issues; there will be issues of sustainability and welfare as well. They will build those together as their brand, which they think is attractive and gives their consumers what they require. Those agreements form the basis, but they are not the be all and end all for a brand here.

Q129 Bob Seely: To follow the point that Claudia was making, do those non-binding agreements allow us quite a bit of buck passing? Companies do not necessarily have to go out of their way to prove very much beyond a certain level of supply. Is that correct, or is that unfair?

Andrew Opie: No, I think they do provide a baseline across the world. The ILO conventions are a good example of that—I think there are eight ILO conventions and most countries have signed up to some, if not all, of those.

The agreements provide a baseline and some consistency across the world. The point that I am making is that that probably would not be



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enough to satisfy what UK consumers are looking for when they go into one of our members' stores; it would need to go much further than that.

Also, to go back to the point that we talked about early on, the company would need to demonstrate compliance. Where our members are coming from is that a lot of statements are made—and lots of legislation in different countries is applied as well—but if that is not enforced properly, it is really only paying lip service to some of the issues.

Q130 Bob Seely: Do you think that enforcement of existing laws would be enough, for example—if that could be done perfectly—or do we, beyond that, as you were all saying earlier, have to look to international co-operation across countries that tend to lead on ethical issues, such as Germany, the UK, the US, Scandinavia and so on? Is existing implementation enough, or do we have to go beyond that?

Andrew Opie: My preference would be to get those issues in particular much higher on the agenda of trading countries than they are at the moment, frankly, and not just in the ethical space but in the environment space—if we were looking at things like carbon reduction around the world, for example. There is a genuine conversation for the UK to lead in its new role as an independent trading country on the kind of values that we now expect.

Realistically, we are a small trading country in global terms and, therefore, we should not expect to be able to make those advances straightaway, but we can show leadership in these areas. We can push the boundaries of what we expect countries to do. That goes above and beyond the baselines that we have at the moment.

Q131 Bob Seely: I wouldn't say small—we have the fifth or sixth largest economy in the world—but, clearly, we are smaller than the European Union. If I understand this correctly, correct me if I'm wrong, the European Union either was about to sign, or has signed, a trade deal with China that says absolutely nothing about human rights or value systems. Does that concern you?

Andrew Opie: Not being in the European Union, that is less of an issue for us—

Bob Seely: When it comes to working together.

Andrew Opie: Oh yes, definitely. That is why we are trying to influence our trade policy here. We are working closely with the Department for International Trade on what our future trade and trade deals might look like, and on the alliances that we are likely to strike going forward.

I think we would want to see ethical and environmental issues at the heart of those trade deals, and I hope that the UK Government embrace that going forward. In particular for imports, which is the area that we are most concerned with, because we serve UK consumers, those are the values that our consumers expect. Why should we not take some leadership on that in our own trade policy?



To your point earlier, you have to build these alliances, whether it is a private alliance—groups of retailers and brand manufacturers basically saying, “This is what our customers need”, and therefore that sends a very powerful signal to the market—or it is countries together in terms of how they are signing trade deals. Both of those could be effective in making a difference.

Bob Seely: Thank you. Does anyone else—Peter or Damien—have anything to add?

Peter McAllister: Just a quick comment. As Andrew said, I think voluntary codes and voluntary organisations like the Ethical Trading Initiative have a role to play, but to a certain extent we attract companies that already get it. They are already part of ETI or BCI and they want to do more. But if you look at the response to the Modern Slavery Act, to get everybody who should have reported to report has proven a challenge. I am not suggesting for a minute that all the companies who are members of ETI are perfect. They are not, and we have work to do, but I think that is where the volunteerism falls down, because it doesn’t require everybody to be involved. So that’s No. 1.

Secondly, on a point you made. Countries that have signed up to the ILO convention—the conventions apply whether you have signed up to them or not, and there are 190 conventions in all—are required to put those into national law. So it is not generally an absence of local law; it is actually an absence of the implementation of local law. In terms of talking about mandatory human rights due diligence, it should not be about usurping a third party’s national law; it is making sure companies are taking all the actions that they could do to understand that law, to respect that law and, when things are beyond their control, to take alternative action. That is a slightly different approach to where UK, German or EU law could require companies to do more to understand local law and to abide by it, whether it is respected firmly by its own Government or not. So that is a slightly different take on that point.

Bob Seely: Thank you. Damien, do you have anything to add?

Damien Sanfilippo: No, sorry. This sort of policy work is outside the scope of our work.

Q132 **Chair:** Just coming back to one or two points, Peter, you mentioned, as did Andrew, the updates to the Modern Slavery Act. Clearly, as you rightly said, Peter—sorry, Mr McAllister; forgive me—those who have joined your organisation by definition are already showing willing, even if they are not showing perfection. What more reforms to the Modern Slavery Act would you like to see that have not yet been brought in and that would assist in making sure that your members who aim for a higher standard are not undercut by those who aim for a lower one?

Peter McAllister: I have two answers. We should not underestimate the importance of the Act when it was brought into play and the impact that it has had globally, so beyond these shores. I think that the Modern Slavery



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Act on its own, even an updated one, frankly, would be behind the times. The conversation now is a broader remit in line with UN guiding principles and human rights due diligence, which of course would help drive the impact that we want to have on modern slavery, but would look at abuse in the workplace of women, for example—the gender dimension and other things that are not captured narrowly.¹ Although this might be a bigger ask, in addition to the proposed updates in the Modern Slavery Act, which are positive, the reality is that in a few years' time we will find that the leading Governments are looking at human rights due diligence rather than modern slavery in isolation. I guess Xinjiang and other places throw up that that might be a better investment for British business as well as British Government than the slightly narrower Modern Slavery Act.

Chair: Okay. Thanks very much. I don't know if you have any views on that, Andrew, but if they are the same as Peter's, please don't repeat them.

Andrew Opie: Just to repeat the point around specific guidance on what is required, it goes much further than simply saying, "We have a statement on modern slavery". We campaigned for that clause, and I agree with Peter that it was great when the legislation came in. At the time we wanted more companies involved. We thought the threshold was a bit too high. You could lower the threshold to encompass more companies as well at the same time. So clearer statements from companies would aid transparency and give Government an opportunity maybe to ask more direct questions of those companies in terms of what measures they are taking.

Q133 **Chair:** Can I go on to the question about the ILO? We touched on it earlier, but clearly China is not a signatory to the forced labour provisions within the ILO. What more can the ILO do within China?

Peter McAllister: I'm a fan of the ILO, so I will declare that up front. It is a big beast. It is a beast that has a very important role in setting international conventions and setting norms. That is not always the quickest route, and it is a tripartite organisation that has to take into consideration all its members' concerns. As I say, the core labour conventions are supposed to apply regardless of whether you have ratified them or not, and child labour and forced labour are part of the core conventions.

On occasion—Uzbekistan is a good example—the ILO has launched investigations and then brought the member states to account within the ILO structures. As I have not been updated, I don't know whether there are conversations within the ILO about China vis-à-vis Xinjiang, and whether that is a mechanism they feel able to exert, but if their other members felt that that was the right mechanism, I believe it is to hand. Again, we have to realise this is a rather unique situation and has many repercussions, but the ILO does have a role to play in holding its member

¹ Note by witness: By saying "narrowly", I misspoke. I meant to say, "in the narrower definition of modern slavery."



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states to account for the core conventions, in addition to any conventions they may have signed up to.

Q134 **Chair:** Thank you. Do you think there is more that we can press on the ILO? Although it is not a UK lead, its general secretary is a Brit. Are there ways in which we can work better to support their actions around the world? Are there ways in which the ILO can be part of cleaning up the cotton industry, with particular reference to Xinjiang?

Peter McAllister: If you look at convention 190, which was passed a year or so ago on violence in the workplace, UK business played a very active role in asking for that and pushing for the convention to be signed. When its members, including member states but also business confederations and trade unions, are active in the ILO over whatever subject, that motivates the ILO and encourages them. It gives them the political motivation to take on an issue. I think there is a role to play there. As you say, Guy Rider is a Brit, but it is using the machinery of the ILO effectively that is the opportunity.

Chair: Mr Sanfilippo?

Damien Sanfilippo: The ILO is very important. We base a lot of our work on the ILO, and we collaborate as much as we can, depending on the country. But as Peter said, the issue with China is different. Xinjiang is not Uzbekistan, so there is a limit to how many lessons we can learn from Uzbekistan and apply to Xinjiang. Beyond that, it is difficult for me to speak on behalf of the ILO, but from our perspective, the more conversations and the more collaboration we can have, the better.

Chair: Thank you very much to everybody who has joined us this afternoon. I am extremely grateful to the three of you—Mr McAllister, Mr Opie and Mr Sanfilippo—not just for your contribution this afternoon to our inquiry, but for the work you are doing in trying to raise standards around the world. If there are areas that you think you would like to add information to, we are particularly focused on British businesses' involvement with forced labour conditions in Xinjiang. I would be hugely grateful if you would reach out to your members or partner organisations. If they feel that there are areas to which they would like to add, so that we can try to help British businesses avoid being unwittingly complicit in human rights abuses, we would be very grateful to hear from them and, indeed, from you. Thank you very much indeed.