



Mr Tom Tugendhat MP
Chair, Foreign Affairs Select Committee
House of Commons
London
SW1A 0AA

Letter by email to fac@parliament.uk

10th February 2020

Dear Chair,

Thank you for your letter dated 27 January in relation to your committee's ongoing inquiry into Xinjiang. I have answered your questions separately below.

- 1. What is the nature and extent of your company's operations in Xinjiang?**
Asda does not directly source from any suppliers based in Xinjiang.
- 2. What specific raw materials arriving in UK markets are sourced from Xinjiang?**
As far as we are aware from our audits and collaborative work with external partners, we do not believe that any raw materials are sourced from Xinjiang. Approximately 1% of our finished cotton products come from China overall, and 7% for our George clothing lines. As members of the Better Cotton Initiative, we have strong due diligence in the supply chain to eliminate cotton from areas like Xinjiang.
- 3. Are any of your products assembled in factories deemed to be at risk of using forced labour?**
We are absolutely clear in our supplier standards that no forced labour should be used to produce our goods at any level within our supply chain. We audit our suppliers through a risk-based approach, providing them with the tools to mitigate risks within their own extended supply base. All suppliers are made aware of our modern slavery policy.

In 2019, Xinjiang was added to three other provinces in China (Jilin, Liaoning and Heilongjiang) where we require any facility in that region to go through assessments to identify any potential forced labour issues.
- 4. Which Chinese companies are involved in your supply chains?**
Our General Merchandise business sources around 70% of products from facilities in China. This does not necessarily mean they are Chinese owned.
- 5. How do you ensure that companies at every stage of your supply chain meet their contractual obligations regarding anti-slavery and anti-human trafficking laws?**
Our supplier standards are very clear that no forced labour should ever be used to produce our goods. To monitor this, we take a risk-based approach to auditing first tier factories in our supply chain and include second tier factories for George suppliers. If there is any indication whatsoever of violations, this would go through a thorough investigation supported by a global investigations team and incident management process. The consequences range from a temporary pause in business up to, and including, cessation of business and termination of the suppliers and/or facilities.
- 6. What is Asda's / George at Asda's approach to assessing and scrutinising its supply chains to ensure that materials are ethically sourced?**
Suppliers undergo a risk-based disclosure and auditing process to check the facilities and validate relevant details. Information is gathered from a range of sources



including colleagues, suppliers, audit firms and other external partners. This data informs a dashboard that provides insight into supply chain risks, allowing us effectively manage areas of higher risk. The same information also governs the internal controls for order placing within Asda. This process is also done for second tier George clothing, nominated packaging and trim suppliers to ensure ethical sourcing.

7. Where materials from unethical sources are identified, how does your company respond and what steps are taken to mitigate the risk of future occurrences?

If there is a suspected violation of Asda's standards for suppliers, a full investigation is conducted. As a last resort, and if necessary, we would be willing to terminate our business with said supplier. This has happened previously, but not in the context of a forced labour allegation. Any supplier that is investigated is always expected to remediate any non-compliance and provided with the tools to do this. Our dashboard informs our ongoing monitoring with intelligence on any further suspected risks from a range of different sources.

We are pleased that our suppliers also take their obligations in this area very seriously. Most recently, a supplier of ours identified that they sourced tomato-based products from Xinjiang in their supply chain. They immediately highlighted this to us and moved to source it from Europe instead. While this could carry an extra cost for Asda, we know we have a responsibility to act on human rights abuse allegations and would accept an increase, as the change was the right thing to do.

8. What is your information-gathering process for your Modern Slavery statements, and how do you verify this information? What is your process for acting on the findings of your Modern Slavery statements?

We have an extensive process for gathering and verifying information for our Modern Slavery annual statements. Our annual statements set out our approach to combatting modern slavery in our business and supply chain, which feeds into an internal working group as part of our responsible sourcing programme. This is a key part of our corporate social responsibility programme.

Every Asda colleague, contractor and third-party worker is expected to adhere to our Modern Slavery Policy. This sets out the responsibilities of each colleague, including the requirement to immediately report any concerns or suspicions of modern slavery. This includes receiving reports and allegations in several ways, including directly from colleagues, individuals, suppliers, audit firms, media or external partners.

Every incident is assessed, and where appropriate, investigated in partnership with our Global Responsible Sourcing Investigations Team. We partner with suppliers to host remediations and support them in their compliance. Additionally, we have ongoing monitoring via our intelligence dashboard, which gathers automated information.

Yours sincerely,

Chris Lowe
Senior Director, Public Affairs
Asda Stores Ltd.



Foreign Affairs Committee

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From the Chair
Tom Tugendhat MP

Chris Lowe
Senior Director – Public Affairs
Asda
Letter by email: Chris.Lowe@asda.co.uk

27 January 2021

Dear Mr Lowe,

We are writing to you following recent reports that parts of UK companies' supply chains include materials and/or labour sourced from the Xinjiang Uyghur Autonomous Region of China. As part of the Foreign Affairs and Business, Energy and Industrial Strategy Committees' inquiries into the Xinjiang detention camps, we are reaching out to a number of businesses to establish a clearer understanding of commercial activity in the region, and what private companies perceive their ethical responsibilities to be in this area.

We would be grateful if you could address the following questions:

1. What is the nature and extent of your company's operations in Xinjiang?
2. What specific raw materials arriving in UK markets are sourced from Xinjiang?
3. Are any of your products assembled in factories deemed to be at risk of using forced labour?
4. Which Chinese companies are involved in your supply chains?
5. How do you ensure that companies at every stage of your supply chain meet their contractual obligations regarding anti-slavery and anti-human trafficking laws?
6. What is Asda's / George at Asda's approach to assessing and scrutinising its supply chains to ensure that materials are ethically sourced?
7. Where materials from unethical sources are identified, how does your company respond and what steps are taken to mitigate the risk of future occurrences?
8. What is your information-gathering process for your Modern Slavery statements, and how do you verify this information? What is your process for acting on the findings of your Modern Slavery statements?

It would be helpful to have a response to this letter by 10 February 2021. We intend to place your response in the public domain.

Best wishes,

TOM TUGENDHAT MP
CHAIR, FOREIGN AFFAIRS COMMITTEE



**NUSRAT GHANI MP
BUSINESS, ENERGY AND INDUSTRIAL STRATEGY COMMITTEE**



**DARREN JONES MP
CHAIR, BUSINESS, ENERGY AND INDUSTRIAL STRATEGY COMMITTEE**