

Foreign Affairs Committee  
House of Commons  
LONDON  
SW1A 0AA

**16<sup>th</sup> February 2021**

Dear Mr Tugendadt MP  
Dear Ms Ghani MP  
Dear Mr Jones MP

Thank you for your letter dated 3<sup>rd</sup> February 2021 in which you have asked a number of questions pertaining to our commercial activity in the Xinjiang Uyghur Autonomous Region of China and what our perception is of our ethical responsibilities in this area. We are pleased to have the opportunity to discuss this important issue with you.

JD Sports Fashion Plc ('JD' or the 'Group') is an ethical and responsible retailer which recognises that human rights are fundamental principles which allow an individual to lead a dignified and independent life, free from abuse and violations. We will not tolerate, nor will we condone, abuse of human rights within any part of our business or supply chains, direct or otherwise. Any allegations that human rights are not respected will be taken very seriously.

The Group has an '[Ethical Code of Practice](#)', the purpose of which is to establish a procedure for protecting individuals who work within our supply chain and providing assurance that our products are manufactured in safe and fair conditions.

This [Ethical Code of Practice](#) applies to everything we do and forms part of the contract between our suppliers and the Group. The people working for our suppliers are to be treated with respect, and their health and safety and basic human rights must be protected and promoted. Our Group 'Code of Conduct' is included within this document and follows the International Labour Organisation's ('ILO') minimum standards.

The Group remains committed to upholding these principles and standards. We are always prepared to work with our suppliers to help them progress and ensure they meet these values. However, we will take the appropriate and remedial action(s) required if a supplier cannot commit to the same standards and principles. This could include the immediate termination of our relationship with that supplier.

## **JD CODE OF CONDUCT - MINIMUM STANDARDS**

- Employment is freely chosen – there must be no forced labour, bonded or involuntary
- Freedom of Association and the right to collective bargaining must be respected
- Workers conditions are safe and hygienic
- Child labour shall not be used
- Living wages are paid in line with local laws and for a standard working week and overtime must be paid at premium rate
- Working hours must not be excessive and must be voluntary
- No discrimination
- Regular employment is provided
- No harsh or inhumane treatment is tolerated

HOLLINSBROOK WAY  
PILSWORTH  
BURY  
LANCASHIRE  
BL9 8RR  
TEL: 0161 767 1000  
WEBSITE: jdplc.com  
Registered Office as listed. Registered in England No: 1888425

With regards to your specific questions, I can answer as follows:

## **1. What is the nature and extent of your company's operations in Xinjiang?**

Approximately 90% of the products sold by the Group are sourced from our international brand partners e.g. Nike and Adidas. The Group does not have any direct control over the operations of these businesses although, from frequent dialogue with them, we believe that their view on the need for an ethical supply chain is aligned with that of the Group.

The remaining 10% of sales are derived from the Group's own sourcing of 'Goods for Resale' where the Group is in control of the supply chain and we can advise that the Group has no direct operations in the Xinjiang region for manufacturing or recruitment of labour. Prior to onboarding a factory to be part of the Group's own supply chain, we would undertake a full risk assessment. This assessment checks the nationality of the workers, the recruitment policies and that the rights of the workers follow the ILO published standards as detailed in the JD Code of Conduct. These requirements have been extended to include domestic migrant workers in China with specific reference to the identification of workers from the Xinjiang region. The Group does not condone any form of labour abuse and will take all possible steps to ensure that our manufacturers do not enter into agreements with any agencies recruiting domestic migrants that may be subject to human trafficking. We already carry out checks, primarily using independent auditors (discussed below), to ensure that workers are not subject to forced labour of any form.

## **2. What specific raw materials arriving in UK markets are sourced from Xinjiang?**

The Group does not undertake any manufacture in the UK and so does not import any raw materials into the UK. Product which is imported into the UK for with regards to 'Goods for Resale' is imported in a form which requires no further modification prior to being made available to the consumer.

More specifically with regards to these 'Goods for Resale', the Group can advise that in 2020 it joined the Better Cotton Initiative ('BCI'). BCI is a global not-for-profit organisation and the largest cotton sustainability program in the world. BCI exists to make global cotton production better for the people who produce it, better for the environment it grows in and better for the sector's future. BCI ceased the licensing of cotton farms in Xinjiang as of October 2020.

Whilst the Group welcomes the stance taken by the BCI, it is impossible for any business to say with absolute certainty at this time that none of the cotton actually used in the manufacturing process of products arriving into the UK is sourced from the Xinjiang region. This is because the production of cotton is subject to a complex supply chain which relies on 'mass balancing' where cotton from different sources is blended together in the spinning process to produce the bales which are then used in the manufacture of goods.

Having joined BCI in 2020, the Group is committed to ensuring that its inputs (i.e. the cotton that is required for our production) into the 'mass balancing' cotton spinning process will be sourced entirely from BCI accredited sources by the end of 2021.

BCI recognise the challenges in the 'mass balancing system' and are working on a system which will make cotton supply chains more traceable and, as purchasers of better cotton through our membership, we will be a beneficiary of this process as it evolves.

### 3. Are any of your products assembled in factories deemed to be at risk of using forced labour?

As stated in point 1, JD Group have no manufacturing operations in the Xinjiang regions.

### 4. Which Chinese companies are involved in your supply chains?

We have full visibility of all Chinese agents and factories involved in the manufacture of our finished products. Further, unless it is authorised in advance, the Group does not permit the subcontracting of orders within the supply chain of its own 'Goods for Resale'. Where the use of subcontractors is required and requested, these factories are risk assessed in the same way as the original factory and subject to approval and record. We are currently working on publicly disclosing the addresses of these factories and agents on our corporate website within our [transparency map](#).

### 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?

The Group has a multi-layered approach to ensuring that the factories which it engages operate in an ethical manner:

- Our contracts require that the Factories in the Group's supply chain undertake independent audits with more than 75% of the factories in China undertaking full audits in the last year.
- All factories have completed our own internal risk assessment which covers the ILO standards and require verifications by way of photographs and documentation.
- The sourcing and compliance team undertake regular in-person visits although, inevitably, that has not been possible recently consequent to the restrictions on international travel.
- Over the past 3 years our supply base has been consolidated to ensure that the majority of our suppliers are now long-term partners who understand the requirement of being an ethical employer.

### 6. What is JD Group's approach to assessing and scrutinising its supply chains to ensure that materials are ethically sourced?

The Group purchase garments that are ready for sale and do not have direct relationships with the lower 'tiers' (for example, mills, dye houses and yarn suppliers). JD do not purchase raw materials directly or stipulate the supply chain directly. However, we do have visibility of these tiers within our supply chain and we work with our factories to embed our policies. Further, as noted above, the Group is committed to ensure that its inputs into the 'mass balancing' spinning process which produces the cotton bales will be sourced entirely from BCI accredited sources by the end of 2021.

## 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?

We firmly believe that preventing materials from unethical sources from entering into the supply chain is the best approach.

- Joining the BCI shows the Group's intent towards ethical sourcing and sustainability. We will work with the BCI and their project to increase transparency from 'field to factory,' so that we can more easily identify unethical sourcing and promote those principles which we uphold within the JD Group Ethical Code of Conduct across our supply chain.
- Further our rigorous multi-layered audit and inspection process plays a significant role in ensuring compliance with the Group's ethical standards.

If we discovered that a factory was deliberately using materials from unethical sources then we would immediately investigate the incident, likely through the appointment of an experienced independent auditor. Whilst we would ultimately be guided by the outcome of that investigation, we would inevitably have to give consideration to terminating our relationship with that factory as we like to build long term relationships with our suppliers based on trust and respect.

## 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?

Our [Modern Slavery statement](#) is published on our corporate website. This details our information-gathering process, how we verify that information and how we act upon it.

For further background, we have also done the following in respect of Modern Slavery:

- Over 2019 and 2020, we have worked with the Gangmasters and Labour Abuse Authority ('GLAA') to implement a more stringent recruitment process with all on site recruitment partners which includes a documented process for interviewing potential victims, identifying risk and reporting that risk.
- We now have 'Welfare Champions' in the UK distribution centre and our retail network who are specially trained employees whom potential victims can liaise with and are trained to spot potential and early signs of modern slavery.
- In our overseas operations, we worked with 3rd party audit company, QIMA, to implement a 'Worker Welfare Audit' which is a qualitative survey concentrating on the workers' actual experiences. The process involves one to one private conversations with a larger percentage of workers than could be covered in a standard audit and is designed to give individuals the opportunity to come forward and raise any concerns they may have in a private forum without factory management present. Group sessions are also done to explain to workers their rights and violations that they may not realise are illegal in their country. QIMA also have a 'WECHAT' helpline for workers who wish to raise any concerns anonymously.

We note your intention to place this response in the public domain in due course.

Yours sincerely

A handwritten signature in black ink, appearing to read 'N Greenhalgh', with a stylized flourish at the end.

Neil Greenhalgh  
**Chief Financial Officer**  
JD Sports Fashion Plc



## Foreign Affairs Committee

House of Commons · London · SW1A 0AA  
+44 20 7219 6106 · fac@parliament.uk  
www.parliament.uk · @CommonsForeign

**From the Chair**  
Tom Tugendhat MP

Jennifer Iveson  
Investor Relations Manager  
JD Group  
Letter by email: jennifer.iveson@jdplc.com

3 February 2021

Dear Ms Iveson,

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 JD Group'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 17 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**