

Written submission provided by TJX Europe in response to a request from the Chair of the Foreign Affairs Select Committee, dated 3 March 2021.

Sent by email to fac@parliament.uk

Date: 17 March 2021

Introduction

Thank you for the opportunity to comment on these issues. The reports of forced labour in, and connected with, the Xinjiang Uyghur Autonomous Region have been deeply concerning to us.

Our responses are provided in respect to TJX Europe, which is headquartered in the UK.

Background

TJX Europe, part of The TJX Companies, Inc., operates the TK Maxx and Homesense brands in the UK and is Europe's leading off-price apparel and homeware retailer. As of February 2021, TK Maxx has over 590 stores in six European countries and Homesense has over 70 stores across the UK and Ireland.

TJX Europe is an off-price retailer, and our mission is to deliver great value to our customers every day. We define value as a combination of brand, fashion, price, and quality. As an off-price retailer, we have a complex business model that is quite different from other traditional retailers. Globally, The TJX Companies sources our assortment of quality, fashionable, brand name, and designer merchandise from a universe of approximately 21,000 vendors around the world. Our strategies to acquire merchandise allow our buying organisation to react to frequently changing opportunities and trends in the market. Sometimes, when what we are seeing in the marketplace is not the right value for our customers, meaning the right combination of brand, fashion, price, and quality, we may help design or develop merchandise to be manufactured just for us.

Responsible sourcing and social compliance are important, and ensuring and maintaining compliance is challenging. At TJX Europe, we believe we are responding to the challenge by making our commitment to these issues clear to our vendors, buying agents, and associates; by our global auditing and training efforts; and by responding to issues as appropriate for our business.

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

TJX Europe have no operations in Xinjiang Uyghur Autonomous Region.

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

TJX Europe does not directly source any raw materials from Xinjiang.

In the light of increasing reports of forced labour in the Xinjiang region, in October 2020, The TJX Companies notified its global merchandise vendors, including those from whom TJX Europe's merchandise is sourced, of its concerns regarding reports of forced labour associated with Xinjiang and reminded them that forced labour is expressly prohibited.

Again, on 1 February 2021, The TJX Companies further notified all global merchandise vendors that products sold to any of The TJX Companies divisions anywhere in the world must not include cotton or tomatoes originating from, or produced in, Xinjiang. The letter also notified merchandise vendors that they must implement and maintain appropriate due diligence and other compliance policies and procedures to ensure that no other product originating from, or produced in, Xinjiang that is sold to The TJX Companies or any of its divisions is produced with any form of involuntary or forced labour.

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

TJX Europe believes in the importance of ethical sourcing in our supply chain and is committed to continuous improvement. We strongly value the relationships that we have developed with our merchandise vendors. These relationships are built on a foundation of honesty, trust, and ethical business practices.

TJX Europe have not identified any instances of modern slavery, including forced labour, or human trafficking, through our factory auditing program. However, we understand the potential risks and continue to review and update our approach.

While TJX Europe does not own, operate, or manage any facilities that manufacture products sold in our stores, our company has a long established Global Social Compliance Programme. Through that programme, all of our merchandise vendors must agree to follow our Vendor Code of Conduct as part of our purchase order terms and conditions. Consistent with our commitment to high ethical standards, our Vendor Code of Conduct has long prohibited any form of involuntary or forced labour and considers forced labour a “zero tolerance” issue, meaning that if a factory used by one of our vendors is found to be in violation of our requirements on these topics, we require the vendor to terminate use of that factory for any goods provided to us. We monitor the global environment regularly and update our Vendor Code of Conduct from time to time to respond to various needs. For instance, in 2020 we updated our Vendor Code of Conduct Forced Labour clause to include explicit reference to recruitment fees, as we are aware that unreimbursed recruitment fees can be a modern slavery and human trafficking risk.

Our Global Social Compliance Programme also includes factory auditing and merchandise vendor training programs. Historically, we have focused those programs where we have more influence in bringing the products to market. Typically, this means factories that are involved with products that we have helped design or develop to be manufactured just for us. We focus our auditing and training efforts on these factories because we believe this is where we are most likely to be able to have a meaningful impact.

TJX Europe’s annual Modern Slavery Statement provides further details on how we undertake due diligence to address the topic of forced labour in our supply chain. The most recent Statement can be found [here](#).

Following increasing media reports concerning forced labour in the XUAR, in August 2020 TJX Europe engaged a consultant to conduct an assessment of factories in China producing goods for TJX Europe in order to identify if any present a potential higher risk of being associated with the Uyghur forced labour transfer scheme. Whilst no evidence of forced labour was found, some risk factors were identified and any factories deemed to present a potential higher risk will be subject to additional audits and further assessment. TJX Europe will not produce goods with these factories pending the outcome of these additional audits.

In addition, through the aforementioned Global Social Compliance Programme, we continue to require audits of factories in China that are part of our audit programme, and are continuing dialogue with the audit firms that conduct audits on our behalf to understand the changes they've been implementing to identify forced labour.

Our merchandise vendor training efforts have long covered our strict prohibition of forced labour and going forward, we anticipate expanding that discussion during training sessions to include specific references to the issue of forced labour in Xinjiang.

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

As a global off-price business, The TJX Companies sources product from a universe of approximately 21,000 vendors around the world. We do not publicly share a list of specific vendors.

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?

We are committed to responsible business practices, and as part of our purchase order terms and conditions, all of our merchandise vendors are required to comply with our Vendor Code of Conduct. The Vendor Code of Conduct requires that goods we sell have been manufactured and shipped in accordance with all applicable laws, regulations, and industry standards, including, among other things, a commitment to respect the rights of the workers who manufacture products for sale in our stores. These requirements stand even if a vendor applies their own code of conduct, monitoring, or ethical sourcing guidelines. Our vendors are also required to ensure that any factories or subcontractors they use comply with our Code's principles.

Our Code expressly prohibits the use of forced labour, as well as labour acquired through slavery or human trafficking. Our Code also addresses other risks associated with forced labour and human trafficking. More specifically, it prohibits our vendors from requiring workers to surrender any identity papers as a condition of employment; such documents may only be temporarily held to verify a worker's employment eligibility. Additionally, our vendors must reimburse their workers for any recruitment or hiring fees that are paid.

While TJX Europe does not own, operate, or control any facilities that manufacture products sold in our stores, our company has a long established Global Social Compliance Programme.

Key components of our Global Social Compliance Programme:

- As part of our purchase terms, merchandise vendors are required to adhere to our Vendor Code of Conduct and ensure that any factories or subcontractors they use also comply with our Code's principles.
- Factories included in our audit program are required to undergo regularly scheduled audits.
- We provide training sessions on a regular basis to educate our buying agents, vendors, and factory management on our expectations with regard to social compliance and to reiterate our seriousness of purpose.
- Our associates involved in the development and buying of merchandise are expected to undergo formal social compliance training biennially.

The TJX Companies contracts with both leading independent auditors (including UL LLC, Intertek Group PLC, and Omega Compliance) and other third parties (such as our buying agents) to conduct social compliance audits at factories that are involved with products that we have helped design or develop to be manufactured just for us. In addition, we accept audit reports from recognised accredited audit sources, including BSCI, WRAP, and SEDEX. These social compliance audits evaluate and address risks of forced labour, including slavery and human trafficking.

Our Global Social Compliance Manual is available in seven languages and contains an audit procedure outline and factory evaluation checklist to help the affected factories better understand our Vendor Code of Conduct and the audit process. The audits are conducted on an unannounced basis during specified time windows, where possible, and they are intended to verify the factories'

compliance with the standards contained in our Vendor Code of Conduct, including our prohibition of involuntary or forced labour. To this end, factory audits consider whether workers are responsible for any fees associated with their recruitment, and evaluate policies related to passport retention. Merchandise vendors must cooperate fully with the audits and provide the auditors with full access to their facilities, employees, and documentation. Factory audits include employee interviews in order to hear first-hand about worker treatment.

The factory's score on the initial audit determines how soon it will be re-assessed, according to a risk-based audit cycle we have developed. We will take appropriate steps should we learn that a merchandise vendor is failing to meet our standards, including remediation, cancellation of purchase orders, or termination.

If we find non-compliances with our Vendor Code of Conduct through our audit process, a Corrective Action Plan (CAP) is created and concerns are discussed by the auditors with factory management. Our approach is to continue to engage with factory management as they look to implement that plan. For lower-risk deficiencies, our buying agents or direct vendors are expected to provide evidence to us that remedial action has been carried out. However, where moderate to more serious violations of the Vendor Code of Conduct or the local laws are detected, we require a re-audit of the factory. Problems are tracked and factories are notified of the expectation of remedial action. Our goal is to have re-audits complete within six months of the prior audit.

There are several issues that we consider to be "zero tolerance" issues, including forced labour, among others. If a factory used by one of our vendors is found to be in violation of our requirements on these topics, we require the vendor to terminate use of that factory for any goods provided to us.

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

Our Vendor Code of Conduct requires all merchandise vendors and subcontractors to adhere to ethical standards and principles designed to protect the interests of workers.

We understand there is a need to collaborate with the industry to address complex issues in the supply chain.

We recently joined the Textile Exchange, a collaborative programme working to improve the sustainability of garment raw materials and are exploring other programmes to support the responsible sourcing of raw materials for products which are manufactured for us.

We also collaborate with various industry groups such as the Joint AAFA/NRF/RILA/USFIA Forced Labour Working Group, Retail Industry Leaders Association's Responsible Sourcing Committee, and American Apparel and Footwear Association Social Responsibility Committee to continue to learn how others are addressing this complex topic and will continue to evaluate additional steps we may be able to take.

In addition, TJX Europe are members of the BRC, BITC and Microfibre Consortium.

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?

On 1 February 2021, The TJX Companies notified all global merchandise vendors that products sold to any of The TJX Companies divisions anywhere in the world must not include cotton or tomatoes originating from, or produced in, Xinjiang. The letter also notified merchandise vendors that they must implement and maintain appropriate due diligence and other compliance policies and procedures to ensure that no other product originating from, or produced in, Xinjiang that is sold to The TJX Companies or any of its divisions is produced with any form of involuntary or forced labour.

TJX Europe takes appropriate steps should we learn that a merchandise vendor is failing to meet our standards, including remediation, cancellation of purchase orders, or termination of our business relationship.

If we find non-compliances with our Vendor Code of Conduct through our audit process, a Corrective Action Plan (CAP) is created and concerns are discussed by the auditors with factory management. Our approach is to continue to engage with factory management as they look to implement that plan. For lower-risk deficiencies, our buying agents or direct vendors are expected to provide evidence to us that remedial action has been carried out. However, where moderate to more serious violations of the Vendor Code of Conduct or the local laws are detected, we require a re-audit of the factory. Problems are tracked and factories are notified of the expectation of remedial action. Our goal is to have re-audits complete within six months of the prior audit.

However, there are several issues that we consider to be “zero tolerance” issues, including forced labour, among others. If a factory used by one of our vendors is found to be in violation of our requirements on these topics, we require the vendor to terminate use of that factory for any goods provided to us.

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?

At TJX Europe, we are committed to treating people with dignity, fairness, and respect. Our Vendor Code of Conduct, which applies to our merchandise vendors, reflects these principles and prohibits involuntary or forced labour. We are aware that instances of modern slavery have been reported in merchandise supply chains.

The Global Social Compliance Programme, which includes, among other things, our factory audit programme, our Vendor Code of Conduct and our training efforts, underscores our efforts to address and mitigate these risks with our merchandise vendors, and where appropriate, to take corrective action. We also review factory audits performed, remediation efforts taken, and vendor training attendance, as part of these efforts. We collaborate closely with our buying agents and our international buying offices because they have strong relationships with local production facilities and are well positioned to reinforce our standards.

Senior leadership from TJX Europe participates in the Global Social Compliance Committee, which, meets on a regular basis to oversee our social compliance programme. This Committee also reviews summary results of audits and global trends in social compliance.

As we prioritise our actions, we take into consideration the results of our factory audits; analysis of our audit results from our third-party partners; and briefings from external consultants and industry organisations with human rights expertise. We look across these areas and more to cross-check findings, determine underlying trends, and salient human rights risks.

Our annual Modern Slavery statement can be found [here](#).



Foreign Affairs Committee

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From the Chair
Tom Tugendhat MP

Debbie Lake
Head of Reputation
TJX Europe
Letter by email: Debbie.Lake@tjxeurope.com

03 March 2021

Dear Ms Lake,

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 TJX Europe'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 March 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**