

## Written evidence submitted by the Ethical Trading Initiative (FL0005)

Dear Committee,

### Introduction

The Ethical Trading Initiative (ETI) is a leading alliance of companies, trade unions and NGOs that promotes respect for workers' rights around the globe. Our vision is a world where all workers are free from exploitation and discrimination, and enjoy conditions of freedom, security and equity.

ETI's approach to doing business responsibly in complex global supply chains is closely based on the UN Guiding Principles on Business and Human Rights, which set out the Protect, Respect and Remedy framework. States should protect human rights; businesses should respect those rights; and both should work to provide remedy when rights are violated.

ETI works with its members to practically implement the obligations set out in the UN Guiding Principles, focusing on the rights set out in the ETI Base Code through a process of continuous improvement and shared learning. The Base Code has nine clauses, of which the first is 'Employment is freely chosen': there should be no forced, bonded or involuntary prison labour.

ETI is responding to this call for evidence because we are supporting our corporate members to conduct appropriate due diligence in relation to this issue and are interested to ensure that there is a widespread, common understanding of the capacities and obligations of business in responding to the issue. We have considerable insight into the challenges that businesses face in addressing the issue, as well as the opportunities for them to exert leverage to create positive change. This submission expands on our previously published [position statement](#) on this issue.

### Previous work

In October 2019, ETI published specific guidance on [State-Imposed Forced Labour](#). The guidance set out recommended actions that businesses should take, both individually and together with industrial groups and other stakeholders, to prevent and remediate forced labour in their supply chains. However, there is a limit to the actions that individual businesses can take in certain complex situations that need action from government to ensure business can act responsibly.

### Due diligence on forced labour affecting Uyghur workers

Responsible businesses make their best efforts to conduct adequate due diligence within their supply chains, in line with the UN Guiding Principles on Business and Human Rights. This is to ensure that (i) any labour risks within their supply chain are identified and (ii) any risks identified are promptly prevented or remedied.

However, there are reported challenges in conducting supply chain due diligence within the Xinjiang Uyghur Autonomous Region (XUAR). As a [recent report](#) by the US Centre for Strategic and International Studies (CSIS) documents, the particular conditions in which the recruitment and employment of Uyghur workers is occurring mean that obtaining reliable information by interviewing the workers is difficult. There are also constraints on access by independent auditors to the region.

In the case that businesses cannot conduct adequate due diligence with respect to the recruitment and employment of Uyghur workers by companies in their supply chain, they must assume that cases of forced labour and payment below minimum wage are present and should reconsider any engagement with the supplier(s) in question.

### **Indirect supply chain links**

A separate challenge is how businesses can ensure that they have no indirect links to the XUAR (indirect links are links other than with direct suppliers). Many responsible businesses are deeply concerned and are seeking guidance on how to ensure they can avoid such links. They need support in doing that. Difficult, unresolved questions remain, such as:

- How can UK businesses engage with their Chinese suppliers about the issue in a manner that allows for a safe and constructive conversation?
- How can UK businesses verify whether or not their suppliers elsewhere in China are making use of Uyghur labour outside of the XUAR through the Labour Transfer Scheme?
- If a business does find Uyghur workers in its supply chain outside the XUAR, how should it respond? What remediation measures are possible and advisable?
- How can a business trace its supply chain back to raw materials to ensure that none of its goods are made in whole or in part in the XUAR? Cotton is one of the most affected products yet has a complex and difficult to trace supply chain.

### **The apparel industry**

The XUAR produces approximately 80% of China's cotton; China produces approximately 20% of the global supply. However, only around 1% of Chinese cotton is exported in its raw form (see the CSIS report referenced above, page 4). The remainder is processed to some degree within China before export. Each processing stage may often involve combining cotton from multiple different sources, with limited traceability measures in place.

For UK apparel companies, the most likely supply chain links to forced labour affecting Uyghur workers are indirect through the lower tiers of their supply chains. Some companies are already able to trace their supply chains to source (for example if they use organic cotton) but for others it is much more difficult to do so.

As noted above, conventional auditing practices are greatly restricted in their ability to detect instances of forced labour affecting Uyghur workers.

### **The role of the UK government**

We would encourage the UK government to take a strong and public position regarding the risks of sourcing from the XUAR or from companies with strong links to the region.

We would also encourage the UK government to continue to engage multilaterally with the Chinese government. The documented forced labour affecting Uyghur workers in XUAR and elsewhere in China is State-imposed. It is the responsibility of businesses to conduct appropriate due diligence and ensure their operations are not linked to forced labour, but individual and collective action by international companies and engagement with their suppliers alone will not resolve the issues.

Effective action by business depends on a level of transparency and open dialogue. ETI urges as a matter of priority that:

- There is a dialogue between the relevant parties including relevant government departments that:
  - ensures transparency in the XUAR and beyond with respect to the recruitment and employment of Uyghur workers
  - enables effective business access to conduct enhanced due diligence within their supply chains
- Any issues identified are quickly and comprehensively remedied where possible
- Responsible business engagement is normalised

Kind Regards,

**Peter McAllister**  
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