

**Written evidence submitted by CORE Coalition:
Business and Human Rights Resource Centre (BHRRC), Oxfam GB, Anti-Slavery International, Traidcraft Exchange, Labour Behind the Label, War on Want, Freedom United, Fashion Revolution, The Circle and Homeworkers Worldwide.**

Introduction

The CORE Coalition is the UK civil society network on corporate accountability, with a membership spanning NGOs, trade unions and law firms. We work to ensure that British companies are held accountable for their impacts on human rights and the environment wherever in the world they operate, and that people and communities adversely affected by corporate abuses of human rights and the environment have access to justice.

This submission is jointly endorsed by the **Business and Human Rights Resource Centre (BHRRC), Oxfam GB, Anti-Slavery International, Traidcraft Exchange, Labour Behind the Label, War on Want, Freedom United, Fashion Revolution, The Circle and Homeworkers Worldwide.**

Our submission focuses on measures to hold UK fashion brands accountable for their human rights and environmental impacts. We focus on questions 1, 3, 4, 5, 6 and 7 under the call to evidence and provide additional input on the environmental impacts of fashion brands.

Q.1. What progress has been made in reducing the environmental and social impact of the fashion industry since the Fixing Fashion report came out?

1. It is our assessment that very little progress has been made to address the scale of human rights and environmental abuses in the fashion industry, which overwhelmingly operates under a 'fast fashion' business model based on mass production at low costs. The Committee has recognised that the Government has rejected the recommendations that were made in the 2019 Fixing Fashion report.¹
2. A specific example of the failure of UK law and policy to effectively regulate the fashion industry are the well-publicised labour abuses in Leicester garment factories, specifically referenced in the EAC's 2019 report. Despite the Government and implicated companies having long held knowledge of these allegations, there have been no concrete legislative or policy actions to remedy the situation. The COVID-19 pandemic has exacerbated and shed light, once again, on these abuses (detailed further under question 3.)
3. Voluntary initiatives by businesses have led to little or no reduction in abuses; UK labour laws are inadequately enforced; and UK companies and companies operating in the UK currently have no legal responsibility to take action to prevent human rights abuses in their supply chains. The Modern Slavery Act Transparency in Supply Chains (TISC) provision requires companies only to disclose the steps they are taking to prevent slavery in their supply chains but does not oblige them to take action. A recently published review of Boohoo's actions by Alison Levitt QC

¹ <https://committees.parliament.uk/work/654/fixing-fashion-follow-up/>

confirmed unacceptable working conditions and underpayment of workers in the firm's supply chain, but also states that the company was fully compliant with the TISC provision.² The Independent Anti-Slavery Commissioner Dame Sara Thornton has also noted the inadequacy of the TISC provision.³

4. The recent announcement of reforms to the TISC provision are too little too late and will not address the environmental impacts of fast fashion nor labour rights abuses that do not meet the threshold of modern slavery offences.⁴
5. **As we detail below, we recommend:**
 - a. Strengthening labour market inspection and enforcement, including secure reporting, remedy for workers and the upholding of collective bargaining and freedom of association;
 - b. Strong consideration of the Trade Union Congress (TUC) call for joint liability provisions with regard to specific UK laws;
 - c. A new 'failure to prevent' law to hold companies accountable for preventing human rights and environmental abuse across their operations and supply chains;
 - d. An apparel fair purchasing watchdog established to stop the abusive purchasing practices of retailers, and other intermediaries, which directly shape working conditions of workers in their suppliers' factories;
 - e. Complementing the above measures, the UK Government should also utilise trade policy to promote human rights and environmental standards, including options to introduce punitive tools to exclude products produced in whole or in part with forced labour from the UK market, learning the lessons from comparable legislation in the United States.

Q.3. What impact has the pandemic had on the relationship between fashion retailers and suppliers?

6. The garment sector is widely known for the unequal power relations between lead brands and their suppliers. Lead firms wield vast power over their suppliers to define the contractual terms of production to their advantage - including timeframes, prices brands are willing to pay and quality imperatives. Parliament's own 2017 report states that: "The working conditions that manufacturers offer their workforce in many cases reflect the deal they receive from leading retailers." Pressures include, "high volume production in short time scales and at very low or even no profit margins".⁵ An ILO survey of suppliers to international brands and retailers shows the market power of buyers - in all sectors 54% of suppliers have a high dependency risk on a single buyer. In some sectors such as garment and agriculture sectors, this is as high as 75%.⁶

² <https://www.2harecourt.com/2020/09/25/boohoo-publishes-the-levitt-qc-independent-review/>

³ <https://news.trust.org/item/20201014134238-5zo8n>

⁴ See the joint statement by civil society: https://corporate-responsibility.org/wp-content/uploads/2020/10/Civil-society-joint-response-to-Government-TISC-response_FINAL-261020.pdf

⁵ Joint Select Committee on Human Rights, *Human Rights and Business 2017: Promoting responsibility and ensuring accountability*;

<https://publications.parliament.uk/pa/jt201617/jtselect/jtrights/443/443.pdf>

⁶ https://www.ilo.org/wcmsp5/groups/public/---ed_protect/---protrav/---

7. Unfair purchasing practices by companies, such as ever-shorter lead times, short-notice changes and lower prices for suppliers, leads to pressure on capacity, working hours and labour costs, which inevitably filters down the supply chain. Wages are suppressed, working hours are irregular and excessive, and unrealistic performance targets are paired with a lack of breaks and poor health and safety. Poor employment conditions also lead to high worker turnover, reduced productivity and unauthorised subcontracting, in-work poverty, and child and forced labour.
8. The COVID-19 pandemic has exacerbated many of these impacts. Brands have used their purchasing power to their advantage. They either dictated a change in terms without referring to their contracts, and/or have activated broadly defined “hardship”, “frustration” or “force majeure” clauses in their supplier contracts, invoking the pandemic as a way to cancel or suspend orders worth millions of pounds and to dishonour existing contractual obligations. Research from the Center for Global Workers’ Rights shows that 56% of suppliers have been forced to accept some orders below cost during the pandemic.⁷ The structure of brands’ supply chains allows brands to be shielded from the worst impacts.
9. **The consequence of contracts being breached by UK retailers and brands is felt all over the world, as suppliers (who face challenges in taking powerful customers to court) face bankruptcy, and millions of garment workers’ livelihoods are destroyed.**
10. In garment manufacturing in South and Southeast Asia, this has led to mass layoffs of workers without adequate state safety nets to protect them. Mass unemployment, even if temporary, means that major sections of the global population are at greater risk of exploitation in forced labour and other modern forms of slavery. Garment workers have been left unpaid, jobless, or received only a percentage of their usual poverty wages: the Clean Clothes Campaign estimate that workers are owed up to \$5.8 billion for the first three months of the pandemic alone.⁸ Women - the majority of workers in labour-intensive export production in low-income countries – have been disproportionately impacted.
11. The impacts have also been felt in the UK, with recent reports by Labour Behind the Label⁹ and an investigation by the Sunday Times¹⁰ revealing numerous breaches of COVID-19 guidelines and furlough fraud – on top of ongoing exploitation of vulnerable workers and modern slavery - in Leicester factories. Many affected workers are women from minority ethnic backgrounds, vulnerable to abuse as a result of their immigration status. Brands purchasing from these factories have benefitted from a surge in online sales of low-cost, ‘fast fashion’ products during the pandemic.
12. It is important to note that the impacts have not only been felt in the garment sector, but also in construction, agriculture and other sectors. While not all brands have

travail/documents/publication/wcms_556336.pdf

⁷ <https://www.workersrights.org/wp-content/uploads/2020/10/Leveraging-Desperation.pdf>

⁸ <https://cleanclothes.org/news/2020/garment-workers-on-poverty-pay-are-left-without-billions-of-their-wages-during-pandemic>

⁹ <https://labourbehindthelabel.org/report-boohoo-covid-19-the-people-behind-the-profit/>

¹⁰ <https://www.thetimes.co.uk/article/boohoo-fashion-giant-faces-slavery-investigation-57s3hxcth>

behaved irresponsibly in their responses to the pandemic, they are being undercut by unscrupulous operators.

Q.4. How could employment law and payment of the minimum wage be more effectively enforced within the UK fashion industry?

13. There has been a decline in funding for labour inspectors and a lack of safe reporting mechanism for workers experiencing abuse. The number of health and safety inspectors employed by the Health and Safety Executive has dropped by a third from 1,495 in 2009 to 978 in 2017, with funding slashed from £239m to £139m over the same period.¹¹ As noted in the Director of Labour Market Enforcement's 'Strategy 2018/19', HMRC's minimum/living wage enforcement capacity is so under-resourced that "the average employer can expect an inspection around once every 500 years".¹²
14. Proposals for enhancing labour market inspection and enforcement – including through the creation of a Single Enforcement Body for employment rights – are welcome only if this **includes improved resourcing to address all breaches of labour law and new legal requirements on businesses that reflect the current labour market landscape** (the latter is detailed below under question 5.) "Teeth" must be given to enforcement bodies so that they can do their job properly. We recommend the Government bases how much money it puts into inspection and related activities on evidence¹³ and international best practice, such as the ILO recommended ratio of 1 inspector per 10,000 workers.¹⁴
15. Government must go above and beyond the current minimum wage to enforce a living wage as well as other contributions legally owed to workers, such as sick pay and holiday pay; to enforce health and safety standards (including COVID-19 protections); and to ensure remedy for those who have been the victims of non-payment or underpayment of wages and benefits, furlough fraud, unsafe environments, and modern slavery. In tandem, Government must uphold the right to organise and bargain collectively, and secure reporting of abuses so that workers have means to raise concerns in the future. It is also imperative that a firewall is created between labour enforcement bodies and the Home Office's immigration control function.
16. **The Government should also heed calls by the TUC to extend joint liability laws, to ensure that 'parent companies' are accountable and responsible for maintaining labour law standards in their supply chains.**¹⁵ The UK Labour Market Enforcement Strategy 2018/19 set out that joint liability should be reconsidered if joint responsibility proves to be ineffective.¹⁶

Q.5. What are the pros and cons of proposals to license factories or more strongly regulate purchasing practices?

¹¹ <https://www.theguardian.com/world/2020/may/24/unite-calls-for-renewed-hse-spot-checks-to-reduce-covid-19-risk>

¹² <https://www.gov.uk/government/publications/labour-market-enforcement-strategy-2018-to-2019>

¹³ See, for instance, the recommendations made by FLEX:

<https://www.labourexploitation.org/news/will-new-single-enforcement-body-ensure-decent-work-all>

¹⁴ <https://www.ilo.org/public/english/standards/relm/gb/docs/gb297/pdf/esp-3.pdf>

¹⁵ <https://www.tuc.org.uk/news/tuc-calls-employers-be-made-liable-abuses-uk-supply-chains>

¹⁶ <https://www.gov.uk/government/publications/labour-market-enforcement-strategy-2018-to-2019>

17. **There is a danger that licensing of factories will enable the blame (and financial burden) for labour rights abuses to be shifted onto suppliers, and away from the brands that are driving abuses.**¹⁷ In this sense, licensing could be seen as a distraction from the underlying problems. Licensing of factories will not be effective unless it is set within wider reforms to legislation and empowerment of regulatory bodies that are, at present, clearly failing to provide adequate protections to workers in supply chains. We recommend the Government instead takes the following action to address labour rights abuses and to regulate purchasing practices.
18. **Firstly, we recommend improved resourcing and powers to address all breaches of existing labour law, in addition to the extension of joint liability laws to parent employers,** as detailed above under question 4.
19. **We also recommend a corporate duty to prevent human rights and environmental abuses,**¹⁸ **as recommended by the Joint Select Committee on Human Rights.**¹⁹ This would create a legal requirement for commercial organisations and public sector bodies to conduct human rights and environmental due diligence across their supply chains and operations both in the UK and globally. It would include liability mechanisms, so that brands failing to prevent labour and environmental abuses would be held accountable. A new law will ensure that companies doing the right thing are not undercut by firms operating to lower standards, provide legal clarity and predictability on firms' responsibilities, and promoting engagement and impactful actions between supply chain partners.
20. Such a law would build on the UK's commitment to implement the UN Guiding Principles on Business and Human Rights. Under this proposed legislation, it is our assessment that Boohoo could have been found liable for the abusive working conditions in their supply chain. A recent review of Boohoo's actions by Alison Levitt QC found the that the company may have breached the UNGPs, but that the UNGPs currently have "no force of law" in the UK.
21. **In tandem, there should be an apparel fair purchasing watchdog established to stop the abusive purchasing practices of retailers, and other intermediaries, which directly shape working conditions of workers in their suppliers' factories.** This would build on good practice in the Groceries sector where the Groceries Code Adjudicator (GCA) has reduced the prevalence of specific abusive purchases by UK supermarkets from 79% in 2014 to 36% by 2020.²⁰ For further details, see the submission to this inquiry by Traidcraft Exchange.
22. These measures should be coupled with brands taking steps to limit value chain tiers and a wider rebalancing of corporate governance away from a singular focus on shareholder profit and towards a stakeholder model elevating human rights and environmental protection as a primary goal. Research shows the alarming increase

¹⁷ <https://www.theguardian.com/business/2020/jul/10/boohoo-co-founder-jalal-kamani-linked-to-leicester-garment-factory>

¹⁸ https://corporate-responsibility.org/wp-content/uploads/2020/10/CORE-F2P-General-Parliamentary-Briefing_FINAL-6.pdf

¹⁹ <https://publications.parliament.uk/pa/jt201617/jtselect/jtrights/443/443.pdf> - recommendation 193.

²⁰ https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/890059/GCA_YouGov_2020_Presentation.pdf

in shareholder profits at the expense of workers, society and the environment.²¹ Calls for a move away from a singular focus on shareholders' interests have come from the British Academy's Future of the Corporation project,²² the Business Roundtable (a US association of leading chief executives) and the Financial Times.

Q.6. What would be the most effective measures industry or Government could put in place to ensure that materials or products made with forced or prison camp labour are removed from the supply chain?

23. Current law and policy have proved wholly inadequate to prevent human rights abuses in company supply chains.
24. **As above (under question 5.), we recommend a corporate duty to prevent human rights and environmental abuses,²³ modelled on the civil and criminal duties to prevent tax evasion and bribery found in the Criminal Finances Act 2017 and the Bribery Act 2010.** This law would create a legal requirement for commercial organisations and public sector bodies to conduct human rights and environmental due diligence, with liability provisions. The EU's plan to introduce due diligence legislation in 2021 – which could apply to all businesses operating in the EU in addition to those domiciled there – builds on a domestic and international, legal and political consensus on this issue. A 2020 study by the British Institute of International and Comparative Law confirms that such a law is legally feasible.²⁴
25. **In tandem, Government could examine legislative options to introduce punitive tools to exclude products produced in whole or in part with forced labour** (such as the forced labour of Uyghurs in the Xinjiang Uyghur Autonomous Region of China), which according to rights groups and researchers could be linked to the supply chains of virtually the entire global and apparel textile industry.²⁵ The UK could learn lessons from comparable, effective legislation in the United States.²⁶ = If pursued, such measures should be developed to establish maximum positive impact for affected workers, ensuring that the measures are effective in promoting supplier engagement, providing prompt remediation, and preventing adverse consequences to workers. The rationale to levy such sanctions on any product must be transparent and disclosed, and the UK government must ensure that such measures are employed solely in the interests of upholding human rights.
26. Further, the introduction of such punitive measures should not replace, or distract from, the responsibility of the buyers of products to conduct due diligence to identify, prevent, mitigate and remediate risks. The introduction of mandatory human rights due diligence legislation would fulfil this imperative, compelling buyers to work closely

²¹ <https://www.tuc.org.uk/research-analysis/reports/how-shareholder-first-business-model-contributing-inequality>

²² <https://www.thebritishacademy.ac.uk/programmes/future-of-the-corporation/>

²³ https://corporate-responsibility.org/wp-content/uploads/2020/10/CORE-F2P-General-Parliamentary-Briefing_FINAL-6.pdf

²⁴ <https://www.biicl.org/publications/a-uk-failure-to-prevent-mechanism-for-corporate-human-rights-harms>

²⁵ See written evidence to the Foreign Affairs Committee by CORE Coalition and Anti-Slavery International: <https://committees.parliament.uk/writtenevidence/13183/html/>

²⁶ <https://corpaccountabilitylab.org/calblog/2020/8/28/using-the-masters-tools-to-dismantle-the-masters-house-307-petitions-as-a-human-rights-tool>

with suppliers, including to examine the impact of buyers' own purchasing practices on labour violations.

Q.7. How can any stimulus after the Coronavirus crisis be used to promote a more sustainable fashion industry?

27. The COVID-19 pandemic has exposed structural injustices in our economy and the burden of risk carried by workers (particularly vulnerable groups, including women and migrant workers) in global supply chains. In order to achieve a just and green recovery, stimulus packages must prioritise those most at risk from the social and economic impacts of the crisis.
28. Any financial incentive packages must come with clear, transparent, and enforceable conditions, including supporting only businesses which 1) pay a living wage to all workers; 2) have honoured contracts with all suppliers; 3) have worker representation on boards and full trade union recognition; 4) have fair tax practices, including avoidance of tax havens by both businesses and their owners. As a requirement of receiving financial aid, businesses should be expected to a) put a moratorium on dividend payments, increases to executive pay and share buyback schemes; b) implement a time-bound action plan to achieve net-zero carbon emissions; and c) engage with their suppliers in relation to raising wages and conditions of workers in garment supply chains. Where there is evidence that a company has undermined good industrial relations practices, its financial support should be reviewed.
29. Stimulus should also include funding for civil society and trade unions to drive the crucial capacity building and training work needed to support good industrial relations.

The environmental and climate impacts of the UK fashion industry

30. The Government must recognise that the environmental impact of fast fashion – including fashion waste - is tied to the industry's impact on labour rights.
31. Oxfam research has shown that the carbon footprint of new clothes bought in the UK every minute is greater than driving a car around the world six times.²⁷ The textile industry accounts for 8% of the world's greenhouse gas emissions - more than international aviation and shipping combined. This could rise by more than 60% by 2030. The average lifespan for an item of clothing is just 3.3 years and consumers in the UK send 336,000 tonnes of used clothing to landfill every year.
32. To enable this fast production, short life-span model, prices are kept low through underpayment of wages and non-payment of a living wage. The current model of the fashion industry is unsustainable, and the industry must be compelled to produce clothes in a way that is better both for the planet and the people who make them (both in the UK and the Global South) - by using sustainable materials to lessen emissions, by creating good quality clothes that will last, and by paying garment workers a living wage, and ensuring safe working environments, free from abuse.

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²⁷ https://oxfamapps.org/media/press_release/fast-fashion-produces-more-carbon-emissions-per-minute-than-driving-a-car-around-the-world-six-times-oxfam/