

## WRC Case Brief: Lacoste Linked to Factory in China that Reportedly Uses Forced Labor

The Worker Rights Consortium (WRC) has determined that the global clothing brand, Lacoste, produced apparel at a factory that has been identified by independent researchers as using forced labor.

The factory, Yili Zhuo Wan Garment Manufacturing, is located in the Ili Kazakh Autonomous Prefecture, part of the Xinjiang Uyghur Autonomous Region (XUAR) of China. This part of the XUAR is home to members of the Kazakh ethnic group, one of the Muslim minority peoples that are targets of the Chinese government's brutal campaign of repression in the region. The factory makes leather gloves and other products for export. Its address is Home Textile Park, Number 5, Yining County, Yili.<sup>1</sup>

Lacoste, with \$2.2 billion in annual revenue, sells apparel in 120 countries and operates its own retail stores around the world, as well as boutiques within larger department stores.<sup>2</sup> Lacoste sponsors a number of leading professional tennis players, including number-one-ranked Novak Djokovic. The brand is owned by the Swiss holding company, Maus Frères.

The Center for Strategic and International Studies (CSIS), a US-based research and policy organization which issued a widely-read report last year on forced labor in the XUAR, documented the abuses suffered by a woman who was forced by the Chinese government to work at Yili Zhuo Wan Garment.<sup>3</sup> According to CSIS: After subjecting the woman to extrajudicial detention in a series of internment camps, the government, upon releasing her from detention, forced the woman to report for work at Yili Zhuo Wan Garment. During the time she was made to work at the factory, the woman was housed in a guarded dormitory, which she was not allowed to leave, and bused every day to the factory and back. Yili Zhuo Wan Garment management required workers to say a prayer to the Chinese Communist Party at the end of each workday and express their gratitude to Chinese leader Xi Jinping for giving them a job. The worker was paid well below the legal minimum wage.

CSIS provides numerous additional details of the woman's experience, including physical mistreatment by police when she sought to discontinue her work at Yili Zhuo Wan Garment, and its account should be read in full.

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<sup>1</sup> "Yili Zhuo Wan Garment Manufacturing Co., Ltd." Alibaba.com, <https://zhuowan.en.alibaba.com/>.

<sup>2</sup> "About Lacoste," The Lacoste Group, <https://www.lacoste.com/us/corporate-group.html>

<sup>3</sup> Amy Lehr and Mariefaye Bechrakis, "Connecting the Dots in Xinjiang: Forced Labor, Forced Assimilation, and Western Supply Chains," *Center for Strategic & International Studies*, October 16, 2019, 21–28, [https://csis-prod.s3.amazonaws.com/s3fs-public/publication/Lehr\\_ConnectingDotsXinjiang\\_interior\\_v3\\_FULL\\_WEB.pdf](https://csis-prod.s3.amazonaws.com/s3fs-public/publication/Lehr_ConnectingDotsXinjiang_interior_v3_FULL_WEB.pdf).

In November 2019, commissioners of the Congressional-Executive Commission on China (CECC) issued a letter calling on US Customs and Border Protection (CBP) to enforce restrictions on goods made from forced labor in the XUAR.<sup>4</sup> Accompanying the letter was a list compiled by the CECC of companies that reportedly used forced labor in the XUAR, which included Yili Zhuo Wan Garment.<sup>5</sup>

In correspondence with the WRC, a representative of Yili Zhuo Wan Garment identified Lacoste as one of its largest customers.<sup>6</sup> The WRC contacted Lacoste to inquire as to the accuracy of the factory's claim. Lacoste *confirmed* that it used the factory.<sup>7</sup>

As is common when a brand's connection to an unsavory supplier is exposed, Lacoste sought to downplay the extent of its involvement with the factory. Lacoste told the WRC that it made only one, relatively small, order of gloves at Yili Zhuo Wan Garment, which the company says were purchased through a French intermediary, called Société Du Gant Andre Poujade - Segap.<sup>8</sup> Lacoste reported that the gloves were sold exclusively in Europe (if Lacoste imported gloves made with forced labor into the United States, this would be a violation of US law<sup>9</sup>). Lacoste's claim that its production was small conflicts with the factory's characterization of Lacoste's importance as a customer. It is impossible to determine, based on the information available, whether Lacoste or the factory is telling the truth about the size of Lacoste's production. It is also impossible to determine, with certainty, where the gloves were sold. What is certain is that Yili Zhuo Wan Garment, a factory that has been exposed as using forced labor, was part of the Lacoste supply chain in 2019.

The WRC asked Lacoste why it produced at a factory that had been publicly identified as using forced labor (the *Globe and Mail* reported on forced labor at Yili Zhuo Wan Garment in March of 2019,<sup>10</sup> months *before* Lacoste says its goods were produced there). Lacoste answered that a "social compliance audit" of the factory was conducted in July of 2019 by Bureau Veritas, a for-profit entity that inspects factories for clients, and that no forced labor was identified.<sup>11</sup> It is widely recognized that "audits" of the type conducted by firms like Bureau Veritas are not a reliable means of detecting the presence of forced labor in the XUAR. Such audits rely on

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<sup>4</sup> Letter from Congressional-Executive Commission on China to Mark A. Morgan, Acting Commissioner of US Customs and Border Protection, October 31, 2019,

<https://www.cecc.gov/sites/chinacommission.house.gov/files/documents/CBP%20Letter%2010%2031.pdf>.

<sup>5</sup> Full CECC list of products reportedly produced with forced labor and companies that reportedly used forced labor in the XUAR: <https://www.cecc.gov/sites/chinacommission.house.gov/files/CBP%20Attachment.pdf>.

<sup>6</sup> Yili Zhuo Wan Garment representative, message to the WRC, January 13, 2020.

<sup>7</sup> Frédéric Lecoq, Lacoste Global Corporate Social Responsibility Vice President, email to WRC, February 7, 2020.

<sup>8</sup> Frédéric Lecoq, Lacoste Global Corporate Social Responsibility Vice President, email to WRC, February 13, 2020.

<sup>9</sup> US federal law, under the Section 307 of the Tariff Act of 1930 (19 U.S.C. § 1307), bans the import of all products manufactured with forced labor, which the Act defines as "all work or service which is exacted from any person under the menace of any penalty for its nonperformance and for which the worker does not offer himself voluntarily."

<sup>10</sup> Nathan Vanderklippe, "'I felt like a slave:' Inside China's Complex System of Incarceration and Control of Minorities", *The Globe and Mail*, March 31, 2019, <https://www.theglobeandmail.com/world/article-i-felt-like-a-slave-inside-chinas-complex-system-of-incarceration/>.

<sup>11</sup> Frédéric Lecoq, Lacoste Global Corporate Social Responsibility Vice President, email to WRC, February 13, 2020.

interviews with workers, conducted at the workplace. Given the climate of terror the government has created in the XUAR, given its intensive efforts to conceal proof of forced labor from foreign eyes, and given the pervasive surveillance apparatus that makes a confidential conversation oxymoronic, no worker is going to tell a factory auditor that her employer and the government are breaking the law by forcing her to work against her will. Yet, according to Lacoste, Bureau Veritas conducted worker interviews at Yili Zhuo Wan Garment and relied on those as a basis for its conclusion that there is no forced labor at the factory.

It is astonishing that Bureau Veritas issued a clean bill of health for a factory where forced labor was identified via credible refugee testimony and did so based on interviews with workers who had no ability to speak freely. It is equally astonishing that Lacoste treated this as legitimate due diligence when it decided to do business with the factory.

Notably, Lacoste acknowledged that its own personnel visited Yili Zhuo Wan Garment in September of 2019.<sup>12</sup> They did so not to address labor rights issues but to assess the factory's capacity to meet Lacoste's quality standards. Apparently, the factory passed muster.

In addition to citing the Bureau Veritas "social compliance audit" in its defense, Lacoste cited its "Partners' Charter of Ethics", which prohibits forced labor.<sup>13</sup> Lacoste further informed the WRC that the company "condemns every breach of human rights and international agreements and takes very seriously any kind of human rights or labour rights abuses." Lacoste also claims that Yili Zhuo Wan Garment is the only clothing assembly facility in the XUAR from which it has sourced.

None of these statements diminish Lacoste's responsibility for its decision to source from a factory where forced labor had been documented. It is to Lacoste's credit that the brand was at least willing to answer questions concerning its relationship with Yili Zhuo Wan Garment.

Unfortunately, given the security situation in the XUAR, there is no way for Lacoste to provide any remedy to the workers who made its products at this factory. Attempting to assist these workers would risk making them targets for government retaliation. The WRC is working to identify alternate remedies that Lacoste can implement.

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<sup>12</sup> Frédéric Lecoq, Lacoste Global Corporate Social Responsibility Vice President, email to WRC, February 13, 2020.

<sup>13</sup> "Lacoste Partners' Charter of Ethics," Lacoste, [https://www.lacoste.com/on/demandware.static/Sites-ZA-Site/Library-Sites-LacosteContent/en\\_ZA/dwa621633c/events/corporate/pdf/Lacoste\\_Partners\\_Charter\\_of\\_Ethics\\_2019\\_eng.pdf](https://www.lacoste.com/on/demandware.static/Sites-ZA-Site/Library-Sites-LacosteContent/en_ZA/dwa621633c/events/corporate/pdf/Lacoste_Partners_Charter_of_Ethics_2019_eng.pdf).