

**WORKER RIGHTS CONSORTIUM
FACTORY ASSESSMENT
HETIAN TAIDA APPAREL CO., LTD. (CHINA)
FINDINGS, RECOMMENDATIONS, AND STATUS**

JUNE 24, 2019



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Photo on cover: Still from video broadcast on Central China Television, aired on October 16, 2018, showing camp administration building of the Hotan Vocational Education and Training Center.

I. Introduction

This report details the findings and recommendations of the Worker Rights Consortium (WRC) arising from an investigation of Hetian Taida Apparel Co., Ltd. (“Hetian Taida”), a supplier of university logo clothing to Badger Sportswear (“Badger” or “Badger Sport”) located in China’s Xinjiang province, and Badger’s response to the WRC’s findings.

The WRC found that forced labor was utilized by Badger’s Chinese supplier, Bada Sport, at its Hetian Taida facility, in gross violation of university labor standards; that Badger’s failure to perform labor rights due diligence facilitated the entry of goods made with forced labor into the collegiate supply chain; and that Badger also violated university labor standards by failing to disclose to its university licensors its use of Hetian Taida to produce university logo goods. The WRC also determined that the investigation Badger commissioned of Hetian Taida, in response to allegations of forced labor, was fatally compromised by the company’s rush to exonerate itself and its supplier; the company announced findings, supposedly based on worker interviews, *before* interviewing any workers.

Background

On December 17, 2018, the Associated Press (“AP”) reported that it had traced garment shipments to Badger Sport, a university licensee, from Hetian Taida, a factory situated, AP reported, within the so-called Hotan Vocational Education and Training Center (“HVETC”), in the City of Hotan, in northwestern China’s Xinjiang province.¹ The HVETC is one of a burgeoning number of “re-education” internment camps in the region, in which the Chinese government reportedly has imprisoned upwards of one million members of the Uyghur minority group.² Detainees in these internment centers are denied freedom to worship in their Muslim religion or speak their native language and are increasingly forced to work in factories set up by Chinese companies inside or adjacent to these state-run carceral facilities, which the U.S. government has called “concentration camps.”³ This repression represents one of the gravest human rights crises in the world today.

The Focus and Methods of the WRC’s Inquiry

Upon learning of AP’s findings, the WRC, in its capacity as a designated labor rights monitor for many of Badger’s licensor universities, immediately launched an inquiry. Forced labor constitutes a particularly severe violation of university codes of conduct.⁴ The WRC, based on communications with Badger and with Chinese human rights researchers and on review of US Customs records and relevant corporate documents, was able to swiftly confirm that Badger

¹ Dake Kang, Martha Mendoza, & Yanan Wang, “US sportswear traced to factory in China’s internment camps,” *Associated Press*, December 19, 2018, <https://www.apnews.com/99016849cddb4b99a048b863b52c28cb>

² Adrian Zenz (2019), “‘Thoroughly reforming them towards a healthy heart attitude’: China’s political re-education campaign in Xinjiang,” *Central Asian Survey*, 38:1,102-128, DOI: [10.1080/02634937.2018.1507997](https://doi.org/10.1080/02634937.2018.1507997)

³ U.S. Department of Defense, Assistant Secretary of Defense for Indo-Pacific Security Affairs Schriver Press Briefing on the 2019 Report on Military and Security Developments in China, May 3, 2019, <https://dod.defense.gov/News/Transcripts/Transcript-View/Article/1837011/assistant-secretary-of-defense-for-indo-pacific-security-affairs-schriver-press/>

⁴ The IMG College Licensing Special Agreement Regarding Labor Codes of Conduct prohibits licensees from using “forced prison labor, indentured labor, bonded labor or other forced labor.”

goods, bearing university logos, had been produced in the location identified by AP, as we reported to universities in December 2018.⁵

The present report is the product of substantial additional investigative work, carried out over the subsequent months. In addition to addressing the primary question, raised by AP's report, of whether forced labor was used in the production of licensed goods for Badger, the WRC sought through its investigation to determine:

- whether Badger performed appropriate labor rights due diligence in choosing Hetian Taida as a location for the production of university licensed garments;
- why Badger failed to disclose the factory as a supplier of collegiate goods, per the disclosure requirement in its university licenses;
- whether forced labor also occurred at a second Hetian Taida facility, also used by Badger (the facility is located less than 500 yards from the first, where forced labor definitively took place); and
- the nature of the relationship between Bada Sport, Hetian Taida's parent company, and the Chinese authorities responsible for the campaign of repression in Xinjiang.

We also examined an important related question: why WRAP (Worldwide Responsible Accredited Production), an industry-led labor rights certification body, chose to give Hetian Taida a seal of approval.⁶

The WRC's investigation involved detailed review of satellite imagery of the area where Hetian Taida is located; extensive engagement with Badger and with Hetian Taida's parent company, Bada Sport; review of a range of original documents, as well as secondary source material from other researchers; and a forensic architectural analysis of the production site; among other steps. It is important to note that the WRC was *unable to interview affected workers*, due to the brutally repressive environment in Xinjiang province – which includes, in addition to mass detention, ongoing threats against the families of the detainees and a pervasive program of government surveillance of virtually the entire Uyghur population⁷ – and due to the fact that the key production site is within an internment camp. As *The New York Times* noted in the context of its reporting on Hetian Taida, conducting interviews in the region is “all but impossible.”⁸ The WRC determined that it would be not be feasible to interview workers effectively and, indeed,

⁵ Worker Rights Consortium, “News report identifying forced labor in Badger Sport's supply chain,” Communications to Affiliates, December 18, 2018, <https://www.workersrights.org/communication-to-affiliates-2/121818-2/>

⁶ While WRAP's certification proved to have little evidentiary bearing on this case, its decision to approve a Hetian Taida facility, and its response to AP's reporting, shed substantial light on the organization's practices and policies.

⁷ Indeed, the government has gone so far as to threaten detainees' families with retaliation if they speak critically of the camps or share any information about the fate of their loved ones. See, for example:

Li Zaili, “How to Hide Illegal Detentions? China Gets Creative,” *Bitter Winter*, December 19, 2018, <https://bitterwinter.org/illegal-detentions-china-gets-creative/>

⁸ Chris Buckley and Austin Ramzy, “China's Detention Camps for Muslims Turn to Forced Labor,” *The New York Times*, December 16, 2018, https://www.nytimes.com/2018/12/16/world/asia/xinjiang-china-forced-labor-camps-uyghurs.html?_ga=2.145799924.1513129536.1546444447-126154138.1546444447

that attempts to do so were more likely to endanger workers than yield reliable evidence. Our investigation was thus limited to the means of inquiry outlined above.

Badger cooperated only partially with the WRC's inquiry. The company eventually answered most of the WRC's factual questions but was very slow in doing so with respect to certain key issues, causing delays in the investigative process. Most importantly, the company declined to provide the documents we requested. Badger's failure to cooperate fully impeded the WRC's investigation and, in itself, constitutes another failure to meet universities' expectations concerning their licensees' supply chain practices, which include the expectation that licensees will cooperate in the verification of their compliance with university standards.⁹

Proof of Forced Labor, Notwithstanding the Licensee's Denials

It is the position of Badger Sport that there is no conclusive proof that forced labor was utilized by Hetian Taida. The company stopped sourcing from Hetian Taida after the AP's report was published but says it did so out of "an abundance of caution,"¹⁰ while maintaining that the use of forced labor has not been definitively proven.

Badger's denials notwithstanding, we found sufficient evidence to conclude *with confidence* that Badger's goods were made with forced labor. Badger's denial that proof has been supplied relies on misinterpretation of the available evidence and the uncritical acceptance of claims by Hetian Taida that do not survive scrutiny.

The Implications of Badger's Decision to Source from Xinjiang Province

Badger's decision to source from Xinjiang province in the midst of the present human rights crisis, and to do so in the absence of any human rights due diligence, was a spectacularly ill-advised course of action. By sourcing from Hetian Taida, and continuing to do so throughout 2018, even as reports of gross human rights abuses proliferated, Badger created such a severe risk of labor rights violations in its supply chain that universities and their monitoring agents could reasonably have placed the burden of proof *on Badger* to demonstrate that Hetian Taida *did not use forced labor* – in other words, that forced labor was so likely to have occurred that it should be *assumed*, unless Badger could supply proof that its production remained untainted by it, despite being located at the epicenter of a program of mass detention and forced labor.

The WRC took a more conservative approach; we determined that forced labor had been used only where we found direct and convincing evidence to support this finding and only after giving full consideration to Badger's and Hetian Taida's alternative interpretation of the facts. We, nonetheless, found firm basis for concluding that forced labor was used in the production of

⁹ IMG College Licensing, the largest university licensing agency, observes that licensor universities that are affiliates of third-party nonprofit organizations like the WRC expect their licensees to "meet these organizations' affiliation requirements and/or cooperate with them in performing their work." See, IMG College Licensing, Corporate Responsibility Standards, <http://www.imgcollegelicensing.com/CollegiateLicensing/media/PDFDOCS/License-Docs/Corporate-Responsibility.pdf>

¹⁰ Email on February 5, 2019 from David Binley, Chief Operating Officer at Badger Sport, to Scott Nova, Executive Director of the WRC

university logo goods for Badger Sport.

Remedial Action and Badger's Commitments

With respect to remediation of the violations, the most appropriate and important remedy in a case of forced labor is compensation and assistance for the affected workers, including restoration of their freedom.

It is deeply regrettable that the grim circumstances in Xinjiang province make this unfeasible. Even if the affected workers could be identified, there is no means available to compel the Chinese government to release them. If they are no longer detained, and if compensation could be delivered to them, there is a substantial risk that the authorities would confiscate the compensation and retaliate against the workers and/or their families.

Since no viable means is available to assist the workers directly affected, the WRC instead asked Badger Sport to make a substantial monetary contribution – \$300,000 – to human rights organizations that are working to combat the Chinese regime's program of mass detention and forced labor in Xinjiang province and protect the rights of the minority populations. We also asked Badger to cease sourcing university logo apparel from Hetian Taida's parent company, Bada Sport, so long as it continues to operate garment factories in Xinjiang province;¹¹ that Badger correct its faulty supplier factory disclosure; and that Badger commit, going forward, to full cooperation with any labor rights compliance assessment by designated university monitors.

Badger has agreed to implement all of the WRC's recommendations. The company will contribute \$300,000 to an organization or organizations, providing assistance to or combatting the abuses against the Uyghur population of Xinjiang province, identified by independent human rights experts. The company has ceased purchasing collegiate goods from Bada Sport and all Bada Sport-owned factories; has committed to cooperate in the future with university labor rights assessments; and has amended its factory disclosure and committed to proper disclosure going forward. Badger also reports that it immediately ceased sourcing from Hetian Taida, upon the learning of the Associated Press's revelations, and it subsequently committed not to source products from Xinjiang province.

Because the affected workers cannot be directly assisted or compensated, these steps do not represent full remediation from a worker rights perspective. However, under university codes, a licensee can only be asked to take those remedial actions that are feasible under the given circumstances. Assuming Badger keeps its commitments, it will have done that, and it will thereby have addressed the violations of university labor standards documented in this report, per the requirements of its licensing agreements.

¹¹ There is not a basis, under Badger's university licensing agreements, to ask the company to take action vis-à-vis its non-collegiate business with Bada Sport. For that reason, the WRC was unable to recommend a complete cessation of Badger's business with the supplier. We asked Badger, for informational purposes, to indicate whether it intends to continue to source non-collegiate apparel from Bada Sport, and Badger has declined to answer this question.

Background on the Relevant Corporate Entities

Badger Sportwear is a privately held apparel corporation. In addition to the Badger brand, the company – which currently does business as the Founder Sport Group – owns the university licensee Teamwork Athletic and two other brands: Garb Athletics (which has no relation to university licensee Garb, Inc.) and Alleson Athletic. Both Badger and Teamwork, in addition to being university licensees, are suppliers of university logo apparel to other university licensees. Hetian Taida is owned by Bada Sport, a Chinese corporation and also operates in the United States under the same name.¹² Bada Sport is a longtime supplier to Badger from other factories Bada owns, including one in Zhejiang, China. Bada's owner and chief executive is also the principal of Hetian Taida, which, while owned and operated by Bada Sport, carries its own business registration in China.

We refer to Hetian Taida and Bada Sport separately in this report, but it is important to bear in mind that they are part of the same corporate entity, with common ownership and top management, and that Bada Sport controls, and is responsible for, the actions of Hetian Taida.

II. Sources of Evidence

The Chinese government does not permit any human rights organizations or members of the media, let alone any independent factory monitor, to enter any of its “re-education” internment centers. The WRC was therefore unable to perform an onsite inspection of the Hetian Taida facility located within the HVETC, much less conduct worker interviews.¹³ The WRC was nevertheless able to conduct significant fact finding on this case. The findings in this report are based on the following sources of evidence:

- U.S. Customs records of apparel shipments from Hetian Taida to Badger Sport;¹⁴
- analyses of satellite and other aerial imagery of HVETC internment camp and its adjacent areas, as well as photographs taken at ground level, which were conducted by WRC personnel and by Forensic Architecture, a research group at Goldsmiths, University of London;
- analysis of news reports by Chinese government-controlled media, including a crucial video¹⁵ broadcast on Central China Television (CCTV) on October 16, 2018 that focused on HVETC camp;

¹² The official corporate registration of Bada Sport's U.S. operation is under the name H&Z Enterprise Inc., located in El Monte, California.

¹³ As outlined in the introduction to this report, the repressive context in Xinjiang and the fact that Hetian Taida is located in an internment camp led the WRC to determine that it would be not be feasible to effectively interview workers without endangering them or in a way that would yield reliable evidence.

¹⁴ These records were obtained through the commercial web service Import Genius, which obtains publicly available U.S. Customs records of seaborne shipments arriving at U.S. ports of entry and makes them available to clients.

¹⁵ On October 16, 2018, the CCTV prime-time program ‘Focus Talk’ (焦点访谈) dedicated a 15-minute segment to the topic of Xinjiang's ‘vocational skills educational training centers’ (职业技能教育培训中心). *See*, <http://tv.cctv.com/2018/10/16/VIDEVR9aq34SsDMrB6IRGnh181016.shtml>

- interviews with independent human rights researchers;
- email correspondence and telephone communications with Badger Sport between December 17, 2018 and June 19, 2019 and email correspondence with Bada Sport;
- email correspondence with the WRAP factory certification program; and
- a review of pertinent secondary sources, including media reports, reports from human rights organizations, and academic research relating to the mass detentions of Uyghurs in China's Xinjiang province, some of which specifically pertain to the HVETC camp.

III. Background: China's "Re-education" and Forced Labor Camps and the Human Rights Crisis in Xinjiang Province

Xinjiang province, in the far northwest of China, is home to 23 million people, slightly less than half of whom are members of the Uyghur ethnic minority group, a predominantly Muslim people native to the region. Uyghurs have sought to maintain their ethnic and religious identity as distinct from China's Han majority population and have demonstrated substantial resistance to domination by the country's authoritarian government, which has sought to turn the Uyghurs away from the Muslim religion, from the Uyghur language, and from Uyghur culture.

In recent years, the government has seized upon isolated incidents of violence to brand all Uyghurs as potential terrorists; to classify all Uyghur resistance to forced assimilation, whether peaceful or otherwise, as the product of religious "extremism;" and to make the suppression of Uyghur identity a national security goal. It has transformed Xinjiang province into a police state. In addition to widespread extrajudicial detention, members of the Uyghur and other Muslim minority groups have been subjected to mass tech-enabled surveillance, including the widespread use of facial-recognition technology, house-to-house searches, ubiquitous checkpoints, tight border controls, and violent repression.¹⁶

¹⁶ Human Rights Watch, "How Mass Surveillance Works in Xinjiang, China," May 2, 2019, <https://www.hrw.org/video-photos/interactive/2019/05/02/china-how-mass-surveillance-works-xinjiang>; Peter Martin, "Inside Xinjiang: A 10-Day Tour of China's Most Repressed State," *Bloomberg*, January 24, 2019, <https://www.bloomberg.com/news/features/2019-01-24/inside-the-vast-police-state-at-the-heart-of-china-s-belt-and-road>;

"China has turned Xinjiang into a police state like no other," *The Economist*, May 31, 2018, <https://www.economist.com/briefing/2018/05/31/china-has-turned-xinjiang-into-a-police-state-like-no-other>

¹⁶ Chris Buckley and Austin Ramzy, "China's Detention Camps for Muslims Turn to Forced Labor," *New York Times*, December 16, 2018, https://www.nytimes.com/2018/12/16/world/asia/xinjiang-china-forced-labor-camps-uyghurs.html?_ga=2.145799924.1513129536.1546444447-126154138.1546444447



Figure 1. Government official scanning the QR code on the wall of a home in Xinjiang, giving him instant access to the residents' personal information. Source: Xinjiang state radio.

Efforts to compel Uyghurs to abandon their religion and their language, and to break their resistance to Chinese rule, are framed and defended by the Chinese regime as saving Uyghurs from religious extremism, on the one hand, and from economic backwardness, on the other. These are presented as the drivers of Uyghur “terrorism,” a supposedly widespread phenomenon that exists mostly as an invention of government propaganda. The regime claims it is bringing the Uyghurs into the modern world through schooling, skills training, and economic development programs. Unfortunately, the government’s approach to schooling involves heavy doses of forced “re-education,” including political indoctrination with the ideology of the Chinese Communist Party and pressure to abandon Uyghur language and religious and cultural tradition. And the regime’s job training and economic development strategy in Xinjiang increasingly serves as a means of repression and political control. As *The New York Times* observed, citing official government planning documents, the regime seeks to transform the Uyghur population “into a disciplined, Chinese-speaking industrial work force, loyal to the Communist Party and factory bosses.”¹⁷

¹⁷ Chris Buckley and Austin Ramzy, “China’s Detention Camps for Muslims Turn to Forced Labor,” *The New York Times*, December 16, 2018, https://www.nytimes.com/2018/12/16/world/asia/xinjiang-china-forced-labor-camps-uyghurs.html?_ga=2.145799924.1513129536.1546444447-126154138.1546444447



Figure 2. Photo posted to the WeChat account of the Xinjiang Judicial Administration shows Uyghur detainees listening to a “de-radicalization” speech at a “re-education” camp in Hotan prefecture's Lop county, April 2017.

Over the last two years, the repression has grown drastically worse. Since 2017, chilling reports have emerged from Xinjiang province of the mass arbitrary detention of Uyghurs and other ethnic Muslim minorities in internment camps, drawing worldwide attention and condemnation.¹⁸ Detainees now number more than *one million* by credible estimates.¹⁹ Accounts of the treatment of detainees in Xinjiang’s “re-education” camps detail grim conditions: former detainees have told journalists of beatings, solitary confinement, and other punishments – for offenses like refusing to sing political songs hailing the benevolence of the Chinese government or for showing any resistance to political indoctrination.²⁰ Omir Bekali, a former detainee who has fled to Kazakhstan, told the *AP* that after 20 days of being detained in a heavily guarded camp, he contemplated suicide.²¹ He said: “The psychological pressure is

¹⁸ See, for example:

Gerry Shih, “In western China, thought police instill fear,” *Associated Press*, December 17, 2017, <https://www.apnews.com/10207e125d564897934a2728855e34d>

Gerry Shih, “China’s mass indoctrination camps evoke Cultural Revolution,” *Associated Press*, May 18, 2018, <https://apnews.com/6e151296fb194f85ba69a8babd972e4b/China’s-massindoctrinationcamps-evoke-Cultural-Revolution>

Josh Chin, “Twelve Days in Xinjiang: How China’s Surveillance State Overwhelms Daily Life,” *The Wall Street Journal*, December 19, 2017, <https://www.wsj.com/articles/twelve-days-in-xinjiang-how-chinas-surveillance-state-overwhelms-daily-life-1513700355>

¹⁹ Adrian Zenz (2019) “‘Thoroughly reforming them towards a healthy heart attitude’: China’s political re-education campaign in Xinjiang,” *Central Asian Survey*, 38:1,102-128, DOI: [10.1080/02634937.2018.1507997](https://doi.org/10.1080/02634937.2018.1507997)

²⁰ Gerry Shih, “China’s mass indoctrination camps evoke Cultural Revolution,” *Associated Press*, May 18, 2018, <https://apnews.com/6e151296fb194f85ba69a8babd972e4b/China’s-massindoctrinationcamps-evoke-Cultural-Revolution>

²¹ *Ibid.*

enormous, when you have to criticize yourself, denounce your thinking – your own ethnic group... I still think about it every night, until the sun rises. I can't sleep. The thoughts are with me all the time.”²² Kayrat Samarkand, who was detained in a camp in 2017, described in an interview the “seemingly endless brainwashing and humiliation” he faced throughout his internment, and the punishments suffered by those who “disobeyed the rules,” including waterboarding and “long periods strapped in agony in a metal contraption known as a ‘tiger chair.’”²³ The stories of Bekali and Samarkand are not isolated cases; examples of the violence endured by Uyghur detainees abound.²⁴

Satellite images and official documents from Xinjiang chart the rapid growth of the Chinese government's internment camps. Adrian Zenz, a leading scholar on the government's repression of ethnic Muslim minorities, has analyzed government procurement and construction bids, as well as public job recruitment notices, confirming the establishment of a sprawling network of “re-education” detainment centers across Xinjiang.²⁵ The materials he has uncovered include documents pertaining specifically to Hotan Prefecture, the locus of the HVETC camp. Zenz noted that many procurement bids mandate the installation of comprehensive security features – such as high walls, security fences, barbed wire, reinforced security doors, surveillance systems, secure-access systems, watchtowers, and guard rooms for police – demonstrating the carceral nature of these facilities. Zenz observed that from May 2017 onwards, many county governments in Xinjiang with significant Muslim populations initiated a wave of staff recruitment. Zenz notes that job postings issued by these local governments for work at “educational and vocational training centers” usually did not call for degrees or experience in teaching or workforce development. They focused instead on a different type of qualification: prior experience in the military or the police.

Researchers from the Australian Strategic Policy Institute (ASPI) have also contributed to knowledge of China's growing network of political internment camps, bringing together existing data and original research into a single database²⁶ of identified camps.²⁷ The ASPI researchers have analyzed 28 camps, including the HVETC, reporting 465% growth in the physical size of the 28 camps since 2016. ASPI has dubbed the crisis in Xinjiang as “China's biggest human

²² *Ibid.*

²³ Simon Denyer, “Former inmates of China's Muslim ‘reeducation’ camps tell of brainwashing, torture” *The Washington Post*, May 17, 2018, https://www.washingtonpost.com/world/asia_pacific/former-inmates-of-chinas-muslim-re-education-camps-tell-of-brainwashing-torture/2018/05/16/32b330e8-5850-11e8-8b92-45fdd7aaef3c_story.html?utm_term=.c95ac4da492e

²⁴ The *Xinjiang Victims Database*, (<https://shahit.biz/eng/>) contains 4000+ testimonials from the families and friends of detainees in Xinjiang. See, also, coverage by the Washington, D.C.–based Radio Free Asia Uyghur service (<https://www.rfa.org/english/news/uyghur>), in particular:

“Behind the Walls: Uyghurs Detail their Experience in China's Secret ‘Re-education’ Camps,” Radio Free Asia, September 20, 2018, <https://www.rfa.org/english/news/special/uyghur-detention/index.html>

²⁵ Adrian Zenz (2019) “‘Thoroughly reforming them towards a healthy heart attitude’: China's political re-education campaign in Xinjiang,” *Central Asian Survey*, 38:1,102-128, DOI: [10.1080/02634937.2018.1507997](https://doi.org/10.1080/02634937.2018.1507997)

²⁶ ASPI ICPC Xinjiang re-education camp database, https://docs.google.com/spreadsheets/u/1/d/e/2PACX-1vR48u6lKYD21gv6mqM-2dV2IL8axuJ3yG5QJr2KNfG6bZNhy2dXDib_ZyF19QKwvTRP0EBKZPYczwp9/pubhtml

²⁷ Fergus Ryan, Danielle Cave, and Nathan Ruser, “Mapping Xinjiang's ‘re-education’ camps,” Australian Strategic Policy Institute, <https://www.aspi.org.au/report/mapping-xinjiangs-re-education-camps>

rights abuse since the 1989 post-Tiananmen purge.”²⁸

Journalists and human rights investigators have increasingly documented the use of forced labor in the internment camps. According to *The New York Times*, “Accounts from the region, satellite images and...official documents indicate that growing numbers of detainees are being sent to new factories, built inside or near the camps, where inmates have little choice but to accept jobs and follow orders.”²⁹

Evidence shows that apparel production, in particular, is a focal point of the government’s forced labor program. *The New York Times* uncovered Chinese government documents outlining the Xinjiang government’s plan to attract apparel and textile companies to the camps through a number of financial incentives. A speech in March 2018 by Sun Ruizhe, the president of the China National Textile and Apparel Council, described plans to increase the garment sector’s workforce in Xinjiang by more than 100,000 in 2018, through the recruitment of three sources of labor: impoverished households, struggling relatives of prisoners and detainees, and the camp inmates – whose training “could be combined with developing the textile and apparel industry.”³⁰

Widespread reports of former internment camp detainees being involuntarily assigned to work at factories outside of the camps have led the Fair Labor Association (FLA) to urge its corporate affiliates to “presume that any sourcing that is co-located with a “re-education” camp is forced labor.”³¹ Credible reports by *Radio Free Asia*,³² *Financial Times*,³³ and *The New York Times*,³⁴ among other sources, further chart the growing trend of former inmates being released from detention and forced to work in factories that are located near or adjacent to the “re-education” camps.

The Chinese government, in a manner typical of its approach to handling international criticism of its human rights practices, denies that it has built a massive network of detention and forced labor camps in Xinjiang and claims, instead, that it is providing education and job services to Uyghurs who are eager to benefit from this assistance: “Through vocational training, most trainees have been able to reflect on their mistakes and see clearly the essence and harm of

²⁸ *Ibid.*

²⁹ Chris Buckley and Austin Ramzy, “China’s Detention Camps for Muslims Turn to Forced Labor,” *The New York Times*, December 16, 2018, https://www.nytimes.com/2018/12/16/world/asia/xinjiang-china-forced-labor-camps-uyghurs.html?_ga=2.145799924.1513129536.1546444447-126154138.1546444447

³⁰ Sun Ruizhe, Speech at the symposium of representatives of the two representatives of the textile industry in 2018 China Textile Industry Federation, March 4, 2018, http://www.ccta.org.cn/hyxx/201803/t20180305_3683861.html

³¹ Fair Labor Association, “Forced Labor Risk in Xinjiang, China,” Issue Brief, April 2019, http://www.fairlabor.org/sites/default/files/documents/reports/china-forced-labor_april-2019.pdf

³² “Businesses in China’s Xinjiang Use Forced Labor Linked to Camp System,” *Radio Free Asia*, January 1, 2019, <https://www.rfa.org/english/news/china/xinjiang-labor-01012019124218.html>

³³ Emily Feng, “Forced labour being used in China’s ‘re-education’ camps” *Financial Times*, December 15, 2018, <https://www.ft.com/content/eb2239aa-fc4f-11e8-aebf-99e208d3e521>

³⁴ Chris Buckley and Austin Ramzy, “China’s Detention Camps for Muslims Turn to Forced Labor,” *The New York Times*, December 16, 2018, https://www.nytimes.com/2018/12/16/world/asia/xinjiang-china-forced-labor-camps-uyghurs.html?_ga=2.145799924.1513129536.1546444447-126154138.1546444447

terrorism and religious extremism,” according to Chinese officials.³⁵

In October of 2018, amidst a crescendo of international outrage over the abuses in Xinjiang, government-controlled China Central Television (CCTV) aired a propaganda video, in the guise of a news piece, to convey the government’s version of events. The video, aired nationwide, focused on the HVETC camp. It featured interviews with detainees talking in glowing terms about their experiences inside the camp, praising the Chinese Communist Party for putting them there, and extolling the virtues of hard work and study as the antidote to the pull of religious extremism and terrorism – which would supposedly have been their fate had an invitation to the HVETC not intervened. One woman summed it up as follows: “The Communist Party and the government discovered me and saved me.”³⁶ Far from assuaging the international community’s concerns regarding the human rights crisis in Xinjiang, the government’s attempt to reframe a brutal regime of extra-judicial detention and forced labor as a voluntary training program has been met with derision and has been condemned by the United Nations Secretary-General,³⁷ human rights organizations,³⁸ and the government of the United States.³⁹

IV. University Code Violations

It is the WRC’s conclusion that Badger Sport sourced university logo product from a Hetian Taida production facility that utilized forced labor, in violation of the prohibition on the use of forced labor in Badger’s university licensing agreements.⁴⁰ This violation, and the resulting entry

³⁵ “Full transcript: Interview with Xinjiang government chief on counterterrorism, vocational education and training in Xinjiang,” *XinhuaNet*, October 16, 2018, http://www.xinhuanet.com/english/2018-10/16/c_137535821.htm?from=grouppmessage#0-twi-1-9951-7250227817ecdff034dc9540e6c76667

³⁶ On October 16, 2018, the CCTV prime-time program ‘Focus Talk’ (焦点访谈) dedicated a 15-minute segment to the topic of Xinjiang’s ‘vocational skills educational training centers’ (职业技能教育培训中心). See, <http://tv.cctv.com/2018/10/16/VIDEVR9aq34SsDMrB6IRGnh181016.shtml>

³⁷ Michelle Nichols, “U.N. chief raises issue of Xinjiang’s Uighurs during China visit,” *Reuters*, April 29, 2019, <https://www.reuters.com/article/us-china-un-xinjiang/un-chief-raises-issue-of-xinjiangs-uighurs-during-china-visit-idUSKCN1S51UI>

³⁸ The Uyghur American Association, “China: Joint Letter to the Human Rights Council calling for a sustaining attention to human rights violations in China,” February 17, 2017, <https://uyghuramerican.org/article/china-joint-letter-human-rights-council-calling-sustaining-attention-human-rights-violations>

³⁹ U.S. House Representatives Committee on Foreign Affairs, “House Foreign Affairs Committee Demands Administration Response to China’s Human Rights Abuses,” March 4, 2019, <https://foreignaffairs.house.gov/2019/3/house-foreign-affairs-committee-demands-administration-response-to-china-s-human-rights-abuses>

⁴⁰ U.S. 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.” The purpose of the WRC’s investigation of Hetian Taida, however, was to determine not whether U.S. trade laws have been violated in this instance, but instead whether Badger’s sourcing from Hetian Taida violated the prohibition on use of forced labor *under university labor codes*. See, e.g., Collegiate Licensing Company Special Agreement on Labor Codes of Conduct, Sched. I, § II.B.5 (“Forced Labor: There shall not be any use of forced prison labor ... or other forced labor.”) Because university licensing standards do not specifically define forced labor, the WRC understands this prohibition to apply to practices banned under the leading international labor standard addressing this issue, the Forced Labour Convention of the International Labor Organization (ILO), Convention 29 (1930) (“[F]orced or compulsory labour shall mean all work or service which is exacted from any person under the menace of any penalty and for which the said person has not offered himself voluntarily.” (emphasis in original)). Although the WRC recognizes that the definition of forced labor under U.S. trade law and

of goods made with forced labor into the collegiate supply chain, was facilitated by Badger's failure to carry out any labor rights due diligence related to its decision to source from Hetian Taida. Badger also violated university labor standards by failing to disclose the use of Hetian Taida for the production of university logo goods. The WRC found a substantial possibility that forced labor was also utilized in the production of university logo goods for Badger at a second Hetian Taida facility, but we did not find sufficient evidence to support a firm conclusion.

a. Use of Forced Labor in the Production of University Logo Goods at the Hetian Taida Production Facility in the HVETC Camp

Immediately, after the appearance of the original AP report on December 17, Badger acknowledged to the WRC⁴¹ that university logo clothing was produced for Badger by Hetian Taida. Badger did not acknowledge, at that point, that the Hetian Taida-owned factory identified by the AP as being located within the HVETC internment camp was the same factory from which Badger goods were sourced.

i. Evidence Proving that Badger Sourced Good from inside the HVETC

The WRC identified U.S. Customs records,⁴² also cited by AP, showing numerous shipments to Badger Sport from Hetian Taida Apparel, located at #2 Jingdong Road in Hetian ("Hetian" is another name for the Chinese city – or "prefecture" – of Hotan). As demonstrated in Figure 3, the records show ten shipments from this address arriving at U.S. port from April to December of 2018, involving roughly 275,000 pounds of garments.⁴³ The #2 Jingdong Road address appearing on records of shipments to Badger is located *within the confines of the HVETC internment camp*, according to credible media reports and independent researchers,⁴⁴ a fact further corroborated through aerial image analysis conducted by the WRC.

ILO Convention 29 are substantially similar, the WRC does not reach a finding in this report concerning whether U.S. trade laws have been violated.

⁴¹ Phone call on December 18, 2018, between Patrick O'Neill of Badger Sport and WRC General Counsel Ben Hensler.

⁴² This data is available via Import Genius, a subscription-based online database of records of container shipments through U.S. maritime ports of entry that have been gathered by the U.S. Customs and Border Protection Service.

⁴³ Over half a million articles of clothing by the WRC's estimate.

⁴⁴ Dake Kang, Martha Mendoza, & Yanan Wang, "US sportswear traced to factory in China's internment camps," *Associated Press*, December 19, 2018, <https://www.apnews.com/99016849cddb4b99a048b863b52c28cb>; See, also: Fergus Ryan, Danielle Cave, and Nathan Ruser, "Mapping Xinjiang's 're-education' camps," Australian Strategic Policy Institute, <https://www.aspi.org.au/report/mapping-xinjiangs-re-education-camps>; Shawn Zhang, "Satellite Imagery of Xinjiang 'Re-education Camp' №63 新疆再教育集中营卫星图 63," October 18, 2018, *Medium*, <https://medium.com/@shawnwzhang/satellite-imagery-of-xinjiang-re-education-camp-63-%E6%96%B0%E7%96%86%E5%86%8D%E6%95%99%E8%82%B2%E9%9B%86%E4%B8%AD%E8%90%A5%E5%8D%AB%E6%98%9F%E5%9B%BE-63-5b324fa241d1>

Product Description	Shipper	Arrival Date	Gross Weight	Country	Shipper Address	Notify Party
MEN'S 100% POLYESTER	HETIAN TAIDA APPAREL CO.,LTD	2018-04-18	49,309	CHINA	#2 JINGDONG ROAD	BADGER SPORTSWEAR
MEN'S 100% POLYESTER	HETIAN TAIDA APPAREL CO.,LTD	2018-05-24	24,754	CHINA	#2 JINGDONG ROAD	BADGER SPORTSWEAR
MEN'S 100% POLYESTER	HETIAN TAIDA APPAREL CO.,LTD	2018-06-27	21,600	CHINA	#2 JINGDONG ROAD	BADGER SPORTSWEAR
MEN'S 100% POLYESTER	HETIAN TAIDA APPAREL CO.,LTD	2018-07-28	23,868	CHINA	#2 JINGDONG ROAD	BADGER SPORTSWEAR
MEN'S 100% POLYESTER	HETIAN TAIDA APPAREL CO.,LTD	2018-09-02	23,674	CHINA	#2 JINGDONG ROAD	BADGER SPORTSWEAR
MEN S 100% POLYESTER	HETIAN TAIDA APPAREL CO LTD	2018-09-26	25,571	CHINA	2 JINGDONG ROAD	BADGER SPORTSWEAR
MEN S 100% POLYESTER	HETIAN TAIDA APPAREL CO LTD	2018-10-26	25,927	CHINA	2 JINGDONG ROAD	BADGER SPORTSWEAR
MEN'S 100% POLYESTER	HETIAN TAIDA APPAREL CO.,LTD	2018-11-10	27,760	CHINA	#2 JINGDONG ROAD	BADGER SPORTSWEAR
MEN'S 100% POLYESTER	HETIAN TAIDA APPAREL CO.,LTD	2018-11-25	25,159	CHINA	#2 JINGDONG ROAD	BADGER SPORTSWEAR
MEN S 100% POLYESTER	HETIAN TAIDA APPAREL CO LTD	2018-12-20	26,827	CHINA	2 JINGDONG ROAD	BADGER SPORTSWEAR

Figure 3. U.S. Customs records showing shipments to Badger Sport from an address located within the HVETC internment camp.

An additional piece of evidence directly linking Badger Sport to the Hetian Taida facility inside the HVETC was a news photograph of a Badger executive, Ginny Gasswint, that appeared in a news story about Hetian Taida posted by Chinese government-controlled news media in January of 2018.⁴⁵ The media post celebrates the first batch of clothing, reportedly worth approximately USD 400,000, exported by Hetian Taida. In the media post, Gasswint is quoted saying “I am surprised the Hotan people are friendly, beautiful, enthusiastic and hardworking. I believe our cooperation will become larger.”

The photograph, taken during what Badger acknowledges was a visit by Ms. Gasswint to Hetian Taida, shows Ms. Gasswint standing with a group of women – presumably garment workers – with several industrial buildings in the background.

As shown in the figures below, the WRC compared the buildings appearing in the background of the photograph of Ms. Gasswint to satellite imagery of a factory complex that sits within the known confines of the HVETC camp. The WRC was able to conclusively match the angles and orientation of the roof lines of the buildings in both images and thereby determine that the two images show the same group of buildings – thus proving that the location where Ms. Gasswint was photographed in January of 2018 is the factory complex within the HVETC camp. The WRC asked a team of experts at Forensic Architecture, a research agency based at Goldsmiths – University of London, to conduct an analysis of the images. The Goldsmiths team confirmed the WRC’s conclusions.⁴⁶

⁴⁵ Shayi Gamal, “Still talking over those international big names? Hetian Taida Apparel has also embarked on the international stage!” *Hotan Zero Distance*, February 5, 2018, <https://local.6parknews.com/index.php?act=view&nid=586314>

⁴⁶ Email exchange on January 18, 2019, between Nathan Su of Forensic Architecture and WRC Executive Director Scott Nova.



Figure 4. Comparison of aerial and ground-level images, proving Badger executive was present in the factory complex later revealed to be part of the HVETC camp.

The official records of shipments from the #2 Jingdong Road address to Badger, and the image analysis placing Badger executive Ginny Gasswint inside the factory complex in the HVETC camp, prove conclusively that the Hetian Taida facility from which Badger sourced university logo goods is the same Hetian Taida facility identified by AP's investigative journalists as being within the HVETC.

ii. *Evidence that the HVETC is a Forced Labor Camp*

The spatial confines of the HVETC camp, and its status as an internment camp in which detainees are required to perform forced labor, has been reported by independent researchers⁴⁷ and by both the AP and *The New York Times*.⁴⁸ The AP's exposé cites a cyber-policy researcher Nathan Ruser from the Australian Strategic Policy Institute, who observed, via satellite analysis, watchtowers throughout the camp, as well other security features. Ruser noted: "Detainees can only access the factories area through walkways, and the entire facility is closed."⁴⁹ These carceral features show that the HVETC is an internment camp and that the detainees were being shuttled to factory buildings via a secured walkway.

Further corroboration that the HVETC is a forced labor camp was provided by the Chinese government itself in October of 2018. As noted earlier in this report, the government responded to burgeoning international criticism of the human rights abuses in Xinjiang province by airing a propaganda video nationwide on October 16, 2018, attempting to present its brutal regime of mass detention and forced labor as a humanitarian program of education and vocational training, designed to rescue Uyghur Muslims from their supposedly errant and backward ways. The centerpiece of the video is an overview of activities in the HVETC.

The video shows and describes *factory work* within the HVETC in multiple industries, placing particular emphasis on garment production and showing images of garment workers inside production buildings, whose interiors and exteriors closely resemble the buildings in the factory complex occupied by Hetian Taida.

⁴⁷ Fergus Ryan, Danielle Cave, and Nathan Ruser, "Mapping Xinjiang's 're-education' camps," Australian Strategic Policy Institute, <https://www.aspi.org.au/report/mapping-xinjiangs-re-education-camps>

⁴⁸ Dake Kang, Martha Mendoza & Yanan Wang, "US sportswear traced to factory in China's internment camps," *Associated Press*;
Chris Buckley and Austin Ramzy, "China's Detention Camps for Muslims Turn to Forced Labor," *The New York Times*.

⁴⁹ Dake Kang, Martha Mendoza & Yanan Wang, "US sportswear traced to factory in China's internment camps," *Associated Press*.



Figure 5. Still from video broadcast on Central China Television, aired on October 16, 2018, showing detainees sewing garments inside the HVETC internment camp.

Far from convincing anyone that the enterprise is benign, the government’s propaganda video exhibiting production workers in the HVETC was interpreted around the world as definitive proof of the existence of a forced labor regime in Xinjiang.⁵⁰

Evidence thus demonstrates that the HVETC is a forced labor camp in which detainees are compelled to work in apparel factories. Evidence also shows that Badger sourced university logo goods from a factory within this forced labor camp. On this basis, the WRC concludes that Badger sourced university logo goods made with forced labor.

iii. Admission from its Owner that Hetian Taida Operated a Factory inside the HVETC

Wu Hongbo, the chief executive of Hetian Taida’s corporate owner, Bada Sport, acknowledged to AP in an interview in the fall of 2018 that Hetian Taida was operating a factory inside the HVETC compound and that the factory employed camp “trainees” whom the government had

⁵⁰ “China suggests its camps for Uighurs are just vocational schools,” *The Economist*, August 18, 2018, <https://www.economist.com/china/2018/08/18/china-suggests-its-camps-for-uighurs-are-just-vocational-schools>; “China finally admits it is building a new archipelago of concentration camps. Will the world respond?” *The Washington Post*, October 11, 2018, https://www.washingtonpost.com/opinions/china-finally-admits-it-is-building-a-new-archipelago-of-concentration-camps-will-the-world-respond/2018/10/11/fb3b6004-ccc6-11e8-a3e6-44daa3d35ede_story.html?noredirect=on&utm_term=.67bfead957ea; Isabella Steger, “Basketball and happy kids: The photos of Xinjiang’s detention camps Beijing wants the world to see,” *Quartz*, October 22, 2018, <https://qz.com/1431426/china-is-defending-its-mass-incarceration-of-uyghur-muslims-in-xinjiang/>

deemed “unproblematic.” He told *AP* that the trainees made up a modest fraction of the overall workforce but did not elaborate as to the source of the remainder of the factory’s labor. Mr. Wu acknowledged his awareness that the HVETC is a government-run installation.

In March of 2019, Badger informed the WRC that Wu Hongbo now claims that he was “misquoted” by *AP* and that he did not “have a factory inside the HVETC that used ‘trainees’ provided by the camp.”⁵¹ The WRC considers it highly unlikely that the *AP* journalists who interviewed Mr. Wu, who have won a series of awards for their work on Hetian Taida and the human rights crisis in Xinjiang province,⁵² misquoted Mr. Wu concerning these basic facts.

The admission by its chief executive that Hetian Taida was operating a factory inside the HVETC, made at a time when Hetian Taida was producing university logo goods for Badger, is obviously highly significant evidence, notwithstanding his subsequent claim to have been “misquoted.”

iv. Evidence of Collaboration between Hetian Taida and the Chinese Government’s Operations in Xinjiang Province

There is considerable evidence that Hetian Taida has collaborated with the Chinese government’s repressive policies towards the Uyghur population in Xinjiang, and with the government’s defense of those policies, lending further support to the conclusion that the Hetian Taida production facility used by Badger was integrated into the government’s forced labor regime in the province.

As discussed earlier in this report, the Chinese government’s strategy in Xinjiang, as outlined in public statements by senior government officials, is to suppress the Uyghur population’s cultural and religious practices – which the government claims are the root of “terrorism” in the region – through a combination of education (which, in practice, includes forced “re-education”) and economic development and job skills enhancement (which, in practice, includes forced labor). The government’s October 2018 propaganda video, a primary element of its public relations response to international human rights criticism, portrays involuntary internment and forced labor in Xinjiang as voluntary schooling and job training and boasts of the jobs that are ostensibly available, specifically in garment factories, to “graduates” of these “schools.” What the Chinese government and its corporate partners in Xinjiang refer to as “economic development” and “job training” thus cannot be separated from the forced “re-education” and forced labor policies the government is using to control the population.

Hetian Taida’s owner, Bada Sport, acknowledged in a communication to the WRC that it established the Hetian Taida operation in Xinjiang at the *direct invitation* of the Chinese government and that the government provided “incentives” to subsidize the operation.⁵³ Bada

⁵¹ Email on March 18, 2019 from David Binley, Chief Operating Officer at Badger Sport, to Scott Nova, Executive Director of the WRC.

⁵² Society for Advancing Business Editing and Writing, 2018 Prize for International Reporting, <https://sabew.org/?s=Martha+Mendoza>; Overseas Press Club Awards, 77th Annual Overseas Press Club Awards, <https://opcofamerica.org/Eventposts/77th-annual-overseas-press-club-awards/>

⁵³ Email on April 15, 2019, from David Delafield, Vice President of Business Development, and Henry Wu, owner of Bada Sport, to Scott Nova, Executive Director of the WRC.

Sport reports that this government support for Hetian Taida was part of the government's "economic development" efforts in Xinjiang. Bada Sport also acknowledged that it provided "training" for garment workers in Xinjiang at the government's behest.

The Chinese government's estimation of the importance of Hetian Taida to its activities in Xinjiang is underscored by the prevalence of Hetian Taida in government propaganda about its actions in the province. |

The January 2018 news post referenced earlier presents Hetian Taida as a key exemplar of the economic development, poverty alleviation, and worker training that the government claims as its objective in Xinjiang. According to the news piece marking the shipment of the first export orders by Hetian Taida, "The employees are all from the registered poor households in towns. [Now that] [t]he garments made from these poor households have been going internationally, not only the family income of these poor households increase[s], but [it] also open[s] windows to bring new hopes for more underprivileged families."⁵⁴

Another article concerning government policy in Xinjiang appeared in the October 31, 2018 issue of *China Daily*, a newspaper that is owned by the Publicity Department of the Communist Party of China and is one of the government's primary vehicles for conveying its version of reality in the English language.⁵⁵ The article, titled "Vocational training centers aim to promote better lifestyle," presents, in a glowingly positive light, the experiences of two "graduates" (i.e., former detainees) of internment camps in Xinjiang, one from the HVETC camp and one from an internment camp in the city of Kashgar. The HVETC "graduate," according to the article, learned to sew in the camp and is now employed at a garment factory in her village. The article quotes the former detainees crediting their "vocational training" and their supposedly improved job prospects for turning them away from such "extremist" behavior as attending "prayer sessions," "wearing clothing associated with extremist views," and declining to work for the Chinese government. The article also quotes the Chairman of the Xinjiang regional authority praising the government's "vocational education and training" programs – in other words, programs of forced "re-education" and forced labor – for promoting a "healthy atmosphere" in the region and a decline in "improper practices." The piece references the new employer of the HVETC internment camp graduate: a Hetian Taida "satellite" factory in the village of Gazong, in the Hotan area's Xiaoberbage township, situated six miles west of the HVETC internment camp.

The Chinese government's nationally broadcast propaganda video features the same Hetian Taida facility referenced in the *China Daily* article and recounts the story of another HVETC internment camp "graduate." The latter describes herself in the video as a poor farmer, who formerly "knew nothing," but is now "very happy," thanks to the sewing skills she gained during her time at the HVETC camp – which, according to the video, have enabled her to work as a quality control supervisor at Hetian Taida. The government propaganda video shows a large "Hetian Taida" sign outside the factory.

⁵⁴ Shayi Gamal, "Still talking over those international big names? Hetian Taida Apparel has also embarked on the international stage!" *Hotan Zero Distance*, February 5, 2018, https://local.6parknews.com/index.php?act=view&nid=586314_9

⁵⁵ Cui Ja, "Vocational training centers aim to promote better lifestyle," *China Daily*, October 31, 2018, <http://www.chinadaily.com.cn/a/201810/31/WS5bd90319a310eff303285925.html>

To summarize, at the same time it was intensifying its campaign of repression in Xinjiang, expanding its network of internment camps, and introducing forced labor into the camp regime, the Chinese government:

- invited Bada Sport to establish garment production in Xinjiang province;
- subsidized the creation of Bada Sport's Hetian Taida garment operation;
- arranged for Hetian Taida to deliver government-sponsored training; and
- repeatedly featured Hetian Taida in propaganda promoting the government's repressive policies in the province.

This fact pattern demonstrates that Hetian Taida is an active collaborator with the Chinese government in its endeavors in Xinjiang province, lending weight to the direct evidence that Hetian Taida utilized forced labor.

v. *Badger Sport's Position that the Use of Forced Labor is Unproven*

It is Badger Sport's position that there is no definitive proof that forced labor was used by Hetian Taida at the #2 Jingdong Road location. While Badger announced in January that it would no longer source from Hetian Taida because "historical documentation provided by Hetian Taida regarding [the #2 Jingdong Road] facility was insufficient to conclude with certainty that it had met Badger's Global Sourcing Policy," it attributed this decision to an "abundance of caution," not to evidence of malfeasance by the factory.⁵⁶

In communications with the WRC in January of 2019, Badger Sport acknowledged that the factory location identified by AP – the location within the HVETC – is the same facility from which Badger sourced, beginning in December of 2018; however, Badger has argued, since that time, that the HVETC did not yet encompass the factory location *while Badger was sourcing there*, but only afterward. In support of this assertion, Badger claims, based on the representations of Hetian Taida's parent, Bada Sport, that Hetian Taida moved from the #2 Jingdong Road address to a different location in April of 2018 and that, if the factory complex at #2 Jingdong Road is part of the HVETC, it was only incorporated into the HVETC after Hetian Taida left. Badger argues, in support of this assertion, that its executive, Ginny Gasswint, did not see "anything unusual"⁵⁷ when she visited the factory in January of 2018. With respect to U.S. Customs records showing that shipments from Hetian Taida at #2 Jingdong Road did not cease in April of 2018, but continued into December, Badger says the listing of the address on these records was the result of a "clerical error."⁵⁸ With respect to the acknowledgement of Wu Hongbo, the head of Bada Sport and Hetian Taida, that he was operating a factory inside the

⁵⁶ Email on February 5, 2019 from David Binley, Chief Operating Officer at Badger Sport, to Scott Nova, Executive Director of the WRC.

⁵⁷ Email on January 11, 2019 from David Binley, Chief Operating Officer at Badger Sport, to Scott Nova, Executive Director of the WRC.

⁵⁸ Email on February 5, 2019 from David Binley, Chief Operating Officer at Badger Sport, to Scott Nova, Executive Director of the WRC.

HVETC compound, Badger credits Mr. Wu's claim that he was "misquoted."⁵⁹

The WRC finds Badger's position unpersuasive, for the following reasons:

- There is strong evidence that Hetian Taida continued to operate the production facility at #2 Jingdong Road, within the HVETC camp, *after* April 2018; that Badger continued to source from that factory; and that when Hetian Taida opened an additional facility in May of 2018, it was establishing a second factory, not relocating the original factory.
- There is strong evidence that the factory complex housing Hetian Taida was operating as part of the HVETC internment camp, and that detainee labor was being used there, *before* April of 2018. This means that forced labor was used by Hetian Taida at the original factory during a period when Badger *acknowledges* its goods were produced there, regardless of whether a move actually occurred in April of 2018.
- There are numerous reasons to doubt the veracity of the owners of Hetian Taida, whose claims form the basis for Badger's denials, including: the failure of Hetian Taida to provide employment records to substantiate its assertions, despite multiple requests from the WRC; the demonstrably false statements made by Hetian Taida concerning a third factory it operates in the Hotan area; and the company's collaboration with the Chinese government in spreading falsehoods via government propaganda.

vi. Evidence of Ongoing Production after April 2018

U.S. Customs records for exports to the U.S. consist of the bills of lading filed with the agency by shipping companies for every shipment they deliver to a U.S. port. The bills of lading show the address from which goods are shipped, as reported by the factory exporting the goods, along with numerous other data points.

The Customs records for Hetian Taida's exports to the U.S. show shipments to Badger Sport from the #2 Jingdong Road factory that arrived at U.S. port throughout 2018. The records show *eight shipments* from #2 Jingdong Road that left the factory *after* the date (April 2018) when Hetian Taida now claims that factory closed. The address of Hetian Taida's second factory location does not appear on any shipment to Badger until January of 2019, the month after the *AP* story was published.

The claim by Bada Sport, credited by Badger, that these records were incorrect and that the #2 Jingdong Road address was listed as the result of a "clerical error" is highly implausible. It would mean that Hetian Taida gave its shippers the address of a closed factory and did so not once, but eight separate times, over a period of seven months. The WRC has worked with U.S. Customs data for more than 15 years and, while we have seen erroneous data, we have never encountered a case where a supplier repeatedly, and over an extended period of time, accidentally misidentified the origin of its products.

⁵⁹ Email on March 18, 2019 from David Binley, Chief Operating Officer at Badger Sport, to Scott Nova, Executive Director of the WRC.

The WRC asked Hetian Taida to supply employee rosters and other personnel records from both the first and second factory locations. These would bear directly on the question of whether the first facility actually closed in April as the company claims. Hetian Taida failed to supply these records. It is also notable that Hetian Taida was unable to supply proper employment records for the first facility to Badger, its own customer, according to Badger itself.⁶⁰

When a factory closes or relocates, there is generally ample documentation of the closure. In the case of the supposed closure of the Hetian Taida facility at #2 Jingdong Road, Badger has pointed to only two documents.

One is a government filing showing Hetian Taida switching the address of its corporate registration to the second factory location. This filing indicates that a second location existed and that Hetian Taida preferred to locate its official address at that site. It does not constitute evidence that the first location closed. Indeed, with international scrutiny of the mass detentions in Xinjiang increasing, it would be logical for Hetian Taida to prefer an official address that was not within an internment camp.

The other document Badger references, and which it supplied to the WRC, is a one-page “relocation notice,” ostensibly sent to Hetian Taida in March of 2018 by the Hetian City Industrial Park Management Committee. Aside from its bearing what appears to be the management committee’s seal, the document is suspicious; it includes minimal detail and no administrative formalities beyond the seal. There is no way verify the authenticity of the date it carries. Given the international pressure on the Chinese government over its abuses in Xinjiang and given the damage to Hetian Taida’s reputation arising from AP’s exposé, the government may have produced the document after the fact, to assist Hetian Taida in advancing its denial that it utilized forced labor. The ongoing human rights crisis in Xinjiang, shrouded in government-sponsored falsehood and misrepresentation, should have triggered skepticism on the part of Badger; instead, Badger accepted the validity of this document uncritically. It is also notable that Badger did not supply this document to the WRC in January, when Badger conveyed Hetian Taida’s claim that the first factory location closed in early 2018 – even though the WRC directed written questions to Badger about the closure claim on January 25, 2019. Badger supplied the document nearly two months later, on March 15.

An additional reason to discount Hetian Taida’s claims that the address on the Customs records is a product of clerical errors, and to doubt the authenticity of the “relocation notice,” is that the company has made demonstrably false claims concerning other matters. The WRC asked Hetian Taida, both directly and through Badger, to explain the operations of the Hetian Taida satellite factory that appears in the Chinese government’s October news video and is discussed in the *China Daily* article, both referenced earlier. Despite the large and permanent “Hetian Taida” signage outside the factory, and despite the fact that the interior is also emblazoned with the “Hetian Taida” name, the company insists that the facility in question is not a Hetian Taida facility. Repeated inquiries from the WRC as to why a production facility neither owned nor operated by Hetian Taida would nonetheless be covered, inside and out, with Hetian Taida signage have yielded no substantive response. The only conclusion we can draw is that the company’s denial is intentionally false. This false claim damages Bada Sport’s credibility and

⁶⁰ Badger Sport, Sourcing Update, January 9, 2019, <https://www.badgersport.com/service/sourcing-update/>

warrants increased skepticism toward its other assertions. (Bada's clear desire to disassociate itself from the facility in question also raises suspicions about what is taking place there. Unfortunately, the WRC has been unable to gather further evidence about practices at this Hetian Taida satellite factory.)

In the absence of any relevant factory records – and in the face of shipping records maintained by the U.S. government showing that Hetian Taida continued to operate at #2 Jingdong Road, inside the HVETC camp, throughout 2018 – the WRC cannot credit the claims from Hetian Taida and Badger that the factory closed in April. We must conclude, on the contrary, that the factory continued to operate and that the reason U.S. Customs records show Hetian Taida clothing shipments to Badger from inside the HVETC through December 2018 is because that is where Badger's clothing was made.

vii. Evidence that the Factory Complex Housing Hetian Taida was Part of the HVETC and was Using Detainee Labor, Prior to April 2018

As discussed above, analysis of aerial imagery, review of publicly posted construction bids, and direct observation have led independent researchers and journalists to determine that the HVETC internment camp encompasses the factory complex housing the original Hetian Taida factory. Badger acknowledges that media reports locate the factory inside the camp but claims that was not the case before the end of April 2018 and that the factory complex must have been incorporated into the camp after that point. Badger acknowledges that it produced at the original site into April 2018; its denial that there is proof of forced labor rests on its claim that forced labor was not introduced until after April.



Figure 6. Confines of the HVETC internment camp.⁶¹

The question of *when* the factory complex was integrated into the camp is thus pertinent to the WRC’s investigation. Badger argues that this occurred sometime from May 2018 onward. Aerial image analysis and a Chinese government news report, however, show that the incorporation of the factory complex occurred earlier and that it operated as part of the camp during the period when Badger *acknowledges* sourcing there.

The most important pieces of evidence are satellite images, *visible from March 2018 onward*, showing a distinctive physical feature of the camp complex: a secured, fenced walkway, directly linking camp buildings identified by researchers as detainee housing to the factory complex that housed Hetian Taida. Both sets of buildings are surrounded by security fencing; the secure walkway provides a path for people to be moved between them.

The secure walkway is visible in the images below, one set captured in March 2018, the other in September 2018. In the March image, the walkway, which has swinging gates on both sides of the street, is in the closed position, allowing for the passage of vehicular traffic while the walkway is not needed to move detainees. In the September image, the fence is in the open position, allowing detainees to be moved securely.

⁶¹ Based on research and analysis by the Australian Strategic Policy Institute. *See*, Fergus Ryan, Danielle Cave, and Nathan Ruser, “Mapping Xinjiang’s ‘re-education’ camps,” Australian Strategic Policy Institute, <https://www.aspi.org.au/report/mapping-xinjiangs-re-education-camps>



Figure 7a. Secure walkway between detainee housing and production buildings, with gates in closed position (March 2018).



Figure 7b. Secure walkway between detainee housing and production buildings, with gates in open position (September 2018).

The existence of a secure, fenced walkway between detainee dormitories and the factory complex housing Hetian Taida constitutes definitive evidence that camp detainees were working

in the factory complex. There is no other plausible reason for the authorities to link the two sets of buildings in this manner. The presence of the walkway, which first appears in aerial imagery from March 20, 2018, shows that the factory complex housing Hetian Taida had been integrated into the HVETC camp by no later than that date – at a time when Badger acknowledges that university logo goods were being manufactured at Hetian Taida.

Another piece of evidence, the February 5, 2018 news piece hailing Hetian Taida’s first exports and featuring Badger Sport executive Ginny Gasswint,⁶² indicates that the factory complex was operating as part of the camp even earlier – no later than the time of Ms. Gasswint’s January 2018 visit, when the government journalist went to the factory to report the story. The piece uses verbiage about economic uplift and grateful workers that is virtually identical to government propaganda about the internment camps issued later in 2018. Most importantly, it states the following: “The employees of Taida are joyful to witness that their products can export overseas. They all said that they will treasure the *opportunity to study* and work here, learn a new skill, and work hard to relieve the family financial burden, as well as to realize their dreams. (emphasis added)” The word “study” is the critical one: it begs the question why the government propagandist would refer to workers “studying” at Hetian Taida. This was supposedly a private garment factory where people were paid to produce garments, not an educational institution where people went to “study.” The “opportunity to study” is, however, a fixture in the government’s descriptions of the activities of the HVETC and the “re-education” camp system, in general. The reference to the entire Hetian Taida workforce “treasuring” the “opportunity to study” supports the conclusion that Hetian Taida was not a private stand-alone factory at that time, concerned only with standard production activities, but was functioning within the regime of forced “re-education” and vocational training at the HVETC camp.

viii. Conclusion

While the government’s campaign of repression in Xinjiang province made worker interviews and on-the-ground research impossible in this investigation, the WRC has been able to gather and analyze substantial evidence. This evidence demonstrates that Badger Sport sourced goods from Hetian Taida Apparel that were made using the forced labor of detainees of the HVETC internment camp, in violation of university labor codes prohibiting the use of forced labor.

b. Failure to Perform Due Diligence

While not technically a university code violation in and of itself, Badger’s failure to perform due diligence in the context of its decision to source from Hetian Taida was a contributing factor to the entry of goods made with forced labor into the university logo apparel supply chain.

Badger has acknowledged that it undertook no labor rights assessment of the Hetian Taida operation at #2 Jingdong Road prior to placing orders there in October of 2017. Nor did Badger have access to any labor rights assessment performed by a third party at that time. Nor did Badger conduct, or commission, or have access to any labor rights assessment of the #2 Jingdong Road facility at any time after production of its goods commenced. As Badger has

⁶² Shayi Gamal, “Still talking over those international big names? Hetian Taida Apparel has also embarked on the international stage!” *Hotan Zero Distance*, February 5, 2018, <https://local.6parknews.com/index.php?act=view&nid=586314> 9

acknowledged, the visits of Badger executive Ginny Gasswint to the facility – Badger reports that she visited in December of 2017, as well as in January of 2018 – did not involve any assessment of labor conditions. Nor did they involve any effort to determine whether there was an association between the factory complex that Ms. Gasswint visited and the HVETC internment camp. Badger asserts only that Ms. Gasswint did not report seeing “anything unusual” at the factory, which, since she was not actively investigating its labor practices, is an observation that carries little weight.

Thus, Badger produced university logo goods in Xinjiang province, in the midst of a severe and highly publicized human rights crisis involving mass detention of Uyghurs, at a factory employing members of the Uyghur ethnic group, without making any attempt to determine whether the rights of the workers making its products were being respected. Not only did Badger fail to take special precautions in view of the severe human rights risks in Xinjiang, it did not even carry out the kind of standard labor rights assessment appropriate at any production facility.

c. Failure to Disclose Hetian Taida as a Supplier of Collegiate Goods

University licensing agreements require that licensees disclose the name and location of any factory engaged in the production of licensed goods. The IMG College Licensing code of conduct requires licensees to “disclose to the Collegiate Institution or its designee the location (including factory name, contact name, address, phone number, e-mail address, products produced, and nature of business association) of each factory used in the production of all items which bear Licensed Indicia.”⁶³ Badger Sport failed to disclose Hetian Taida to its university licensors as a source of apparel bearing their names and logos. This failure was a violation of Badger’s obligations as a licensee.

While Badger did not provide an explanation for its failure to disclose Hetian Taida in initial conversations after the *AP* story was published, the company later told the WRC that “[their] historic practice was to disclose the names of companies [they] source from,”⁶⁴ rather than the specific factory locations operated by those companies,” and that they, therefore, disclosed Hetian Taida’s parent company, Bada Sport, rather than Hetian Taida itself. A review of Badger’s past disclosure supports the company’s explanation. Though it does not change the fact that this nondisclosure violated university requirements, the company’s explanation does provide a plausible case that this nondisclosure was unintentional. The explanation also represents an acknowledgment of a broad and long-standing failure to meet university disclosure requirements, which Badger has moved to prospectively correct (see discussion of remediation below).

d. Failure to Cooperate Fully with the WRC’s Investigation

Badger Sport cooperated partially with the WRC’s inquiry but did not cooperate fully, particularly with respect to the WRC’s request for pertinent documents. Badger was ultimately, if not initially, responsive to most of the WRC’s questions. However, Badger never supplied, or facilitated access to, this requested documentation – specifically Hetian Taida’s employment and personnel records and Badger’s written correspondence with Bada Sport concerning the

⁶³ IMG College Licensing Special Agreement Regarding Labor Codes of Conduct.

⁶⁴ Email on February 5, 2019 from David Binley, Chief Operating Officer at Badger Sport, to Scott Nova, Executive Director of the WRC.

production of Badger goods at Hetian Taida. In declining to provide these documents, Badger argued doing so was unwarranted, because there was no “basis for concern about Bada Sport’s actions.”⁶⁵ The WRC cited several reasons for deep concern about Bada Sport’s actions, but Badger persisted in its unwillingness to share documentary material.

The company provided some cooperation with the WRC’s inquiry, and this improved over time, but Badger did not provide the full cooperation, expected by its university licensors, with the process of verifying its compliance with the universities’ labor standards.⁶⁶

V. Other Issues of Concern

a. Possible Use of Forced Labor at Hetian Taida’s Second Factory Location that Supplied Badger

As explained above, Hetian Taida opened a second factory location in Hotan in May of 2018. The WRC examined the question of whether forced labor was also used at this second location, where, according to Customs records, production of Badger goods commenced at the end of 2018 (as discussed, Badger claims production began at this site much earlier).

Identifying the location of this second factory was not a simple matter, because the address supplied by Badger and appearing on official documents – “Standardized Plant of Edates-Beijing Hetian Industrial Park” – does not include a street or street number. The WRC asked Badger for geographic coordinates, which Badger supplied.

The coordinates show that the second Hetian Taida factory is located less than 500 yards from the first and within 350 yards of the administrative area of the HVETC internment camp. The image below shows the first and second locations, labeled as “A” and “B,” respectively.

⁶⁵ Email on March 18, 2019 from David Binley, Chief Operating Officer at Badger Sport, to Scott Nova, Executive Director of the WRC.

⁶⁶ IMG College Licensing observes that licensor universities that are affiliates of third-party nonprofit organizations like the WRC expect their licensees to “meet these organizations’ affiliation requirements and/or cooperate with them in performing their work.” *See*, IMG College Licensing, Corporate Responsibility Standards, <http://www.imgcollegelicensing.com/CollegiateLicensing/media/PDFDOCS/License-Docs/Corporate-Responsibility.pdf>.



Figure 8. The locations of Hetian Taida’s two main production facilities, labeled as Facility A and Facility B. The area shaded in orange is the HVETC internment camp. Facility B is located less than 500 yards from Facility A and less than 350 yards from the border of the HVETC camp.

As described earlier in this report, journalists, human rights groups, and independent researchers report that some factories associated with Xinjiang internment camps are located within the camps and that others are located *nearby*.⁶⁷ Reports also indicate that, in addition to forcing current detainees to work inside the internment camps, the Chinese government practices another form of forced labor: the government forces some of the detainees it has released – “graduates” in government parlance – to work at designated factories *outside* of the camps. The WRC’s concern with respect to Hetian Taida’s second factory location is the possibility that this form of forced labor is or was utilized at the facility.

There is significant evidence to support this conclusion. The physical proximity of the second location to the HVETC camp indicates an association. And Hetian Taida, in correspondence with the WRC, acknowledged that it employs “graduates” of the HVETC at this factory, which it says constitute “1-2% of the workers” (given a reported workforce of roughly 500, this would mean there are 5 to 10 former detainees working at the facility).⁶⁸ The company, unsurprisingly, denies that any of these “graduates” are required to work at the factory, insisting that they do so of their

⁶⁷ Qiao Long, “Businesses in China’s Xinjiang Use Forced Labor Linked to Camp System,” *Radio Free Asia*, January 1, 2019, <https://www.rfa.org/english/news/china/xinjiang-labor-01012019124218.html>; Emily Feng, “Forced labour being used in China’s ‘re-education’ camps” *Financial Times*, December 15, 2018, <https://www.ft.com/content/eb2239aa-fc4f-11e8-aebf-99e208d3e521>; Chris Buckley and Austin Ramzy, “China’s Detention Camps for Muslims Turn to Forced Labor,” *The New York Times*, December 16, 2018, https://www.nytimes.com/2018/12/16/world/asia/xinjiang-china-forced-labor-camps-uyghurs.html?_ga=2.145799924.1513129536.1546444447-126154138.1546444447

⁶⁸ Email on April 15, 2019, from David Delafield, Vice President of Business Development, and Henry Wu, owner of Bada Sport, to Scott Nova, Executive Director of the WRC.

own free will.

Hetian Taida denies that any forced labor was or is used at the second facility. By itself, this denial carries minimal evidentiary weight, given the company's vested interest in avoiding exposure if it has utilized forced labor at this facility. Hetian Taida declined to supply employment records pertinent to this issue that were requested by the WRC; this refusal weakens the credibility of the company's denial.

Unlike the first facility, the second facility has undergone audits by for-profit factory monitoring firms. Some of these audits were pursuant to a certification process conducted by the industry-led auditing body, Worldwide Responsible Accredited Production (WRAP); Hetian Taida received WRAP certification in December of 2018.

Badger shared two audit reports with the WRC, neither of which found evidence of forced labor; however, these audits must be considered skeptically, because of the circumstances in Xinjiang and the auditors' methodological approach. Given the factory's proximity to the HVETC camp, given the presence of some HVETC "graduates" at the factory, and given the Chinese government's practice of forcing camp "graduates" to work at nearby facilities, an affirmative conclusion that the factory is free of forced labor would only be credible if based on *candid testimony*, from the camp "graduates," that their presence was uncoerced.

The WRC did not attempt to interview workers as part of its inquiry because of our assessment that the climate of fear and repression in Xinjiang made it very unlikely that workers could testify freely and because soliciting such testimony would put workers at grave risk of retaliation.⁶⁹ At a minimum, any prospect of obtaining candid testimony would have required these auditors to interview workers *away from factory premises*.⁷⁰ There is, however, no indication that the firms that audited Hetian Taida conducted offsite interviews, which means that the workers they interviewed were never in a position to speak candidly. For this reason, the audit reports provided by Badger do not represent significant proof that the second Hetian Taida facility is free of forced labor. Badger conducted its own inquiry at the facility and pronounced it compliant with the brand's labor standards, but that conclusion was announced in the absence of *any* interviews with relevant workers and is even less credible than the outside audits that Badger supplied (see further discussion of Badger's inquiry below).

⁶⁹ As *The New York Times* noted in the context of its own reporting on Hetian Taida, conducting interviews in the region is "all but impossible." See, Chris Buckley and Austin Ramzy, "China's Detention Camps for Muslims Turn to Forced Labor," *The New York Times*, December 16, 2018,

https://www.nytimes.com/2018/12/16/world/asia/xinjiang-china-forced-labor-camps-uighurs.html?_ga=2.145799924.1513129536.1546444447-126154138.1546444447; The Fair Labor Association (FLA) similarly issued a brief in April 2019 on the forced labor risk in Xinjiang, China, in which it urges its affiliates to "exercise additional due diligence" if they are sourcing from a factory in the Xinjiang region or other western parts of China. The FLA writes; "While worker interviews are usually a source for information about potential forced labor, in this instance, a worker interview may not yield reliable information due to potential pressure on workers not to reveal their status as a detainee, or former detainee." See, Fair Labor Association, "Forced Labor Risk in Xinjiang, China." Issue Brief, April 2019.

⁷⁰ WRAP told the WRC it interviewed some workers inside dormitories maintained by Hetian Taida. Interviewing workers inside housing controlled by the employer is no better than doing so inside a production building controlled by the employer; workers have no expectation of privacy or confidentiality in such venues.

While the audit reports' exoneration of the factory is unconvincing, and while the risk that forced labor is or was present at the second facility is high, the WRC determined that there is insufficient evidence to reach a definitive conclusion that forced labor occurred at the second facility. In the case of the first Hetian Taida factory, proof that it operated within, and as an integral part of, a forced labor camp proves that it used forced labor – there is no way for a factory operating in a forced labor camp to do otherwise. In the case of the second factory, however, establishing proof is more complex and the available evidence is insufficient to support a firm finding.

b. Badger's Faulty Investigation of Hetian Taida's Second Facility

The high risk of forced labor at the second facility should have caused Badger to decline to source there. The company decided to source from the facility nonetheless, and it made the decision to do so – as at the first facility – before undertaking any labor rights assessment. The audits and WRAP certification Badger cites in defense of the factory's practices were all conducted after Badger decided to produce at the facility.

This additional due diligence failure was compounded by the substandard inquiry Badger undertook itself in response to the AP report. Badger told the WRC that it carried out “a multi-faceted investigation” involving interviews “with 28 employees...including Uyghur workers.”⁷¹ The latter point is crucial: it is the factory's Uyghur workers who are at risk of being subjected to forced labor. According to Badger, its investigation was “conducted by outside counsel working with a global forensic accounting firm.”⁷²

On January 9, 2019, Badger publicly announced the results of its investigation: a clean bill of health for the second Hetian Taida factory.⁷³ Badger reported that it “found [the factory's] operations to be consistent with [Badger's] Global Sourcing Policy,” which prohibits forced labor. The company thus announced an affirmative determination that the second factory location was free of forced labor and that its investigators had gathered adequate evidence to support this conclusion, through a rigorous inquiry.

Records examined later by the WRC, however, show that Badger's investigators did not interview a single Uyghur employee of the factory before announcing the conclusions of the inquiry, a stunning omission that renders the results meaningless. According to records Badger supplied to the WRC, in response to the WRC's questions concerning methodologies utilized in the inquiry, the only interviews conducted prior to Badger's announcement of findings were with *Chinese managers* of the factory.⁷⁴ The records list six interviews with Uyghur employees, all of them conducted on January 10, 2019 – the day *after* Badger announced the findings of the investigation. In other words, Badger failed to interview any of the potential victims of forced labor before publicly announcing that there was no forced labor at the factory.

⁷¹ Email on March 11, 2019 from David Binley, Chief Operating Officer at Badger Sport, to Scott Nova, Executive Director of the WRC.

⁷² *Ibid.*

⁷³ Badger Sport, Sourcing Update, January 9, 2019, <https://www.badgersport.com/service/sourcing-update/>

⁷⁴ Email on March 11, 2019 from David Binley, Chief Operating Officer at Badger Sport, to Scott Nova, Executive Director of the WRC.

Badger's actions strongly suggest that the conclusions of its inquiry were predetermined, not driven by the evidence, and that its primary concern, rather than addressing alleged human rights violations, was protecting its corporate reputation. While fear of reputational damage under the circumstances is understandable, it does not justify misrepresenting – to the public and to business partners – the nature and outcome of a forced labor investigation.

c. WRAP's Dubious Certification of Hetian Taida

Badger's initial defense of its sourcing relationship with Hetian Taida relied substantially on the claim that the supplier had been certified (with a so-called "Gold" designation) by Worldwide Responsible Accredited Production (WRAP), an industry-led program whereby self-selecting factories pay for their facilities to be inspected by private auditors and certified as compliant with labor standards. WRAP's certification actually proved to have minimal relevance in this case, because the factory WRAP certified was not Hetian Taida's factory inside the HVETC internment camp – the factory that was the focus of AP's investigation and where the WRC's inquiry found that forced labor was utilized in the production of goods for Badger. The factory WRAP certified – on December 3, 2018, two weeks before the AP story was published – is the second Hetian Taida factory location, discussed above. However, because WRAP certification is often cited and relied upon, by buyers as constituting meaningful labor rights due diligence, WRAP's actions vis-à-vis Hetian Taida have implications beyond this case and merit examination.

On December 22, after AP reported Hetian Taida's use of detainee labor, WRAP released a public statement⁷⁵ announcing that it had, upon learning about allegations that a facility it had certified was using detainee labor in a state-run internment camp, immediately sent a WRAP auditor to conduct an on-site inspection of the facility and that this follow-up audit had been completed. WRAP's conclusion after the audit was that "the [Hetian Taida] facility is not located within the premises of the reeducation camp, nor even in immediate proximity to it" and that no forced labor was present at the facility.

There are several questionable aspects of WRAP's certification of the factory and its response to the AP story. First, WRAP's claims that the facility it certified is not "in immediate proximity" to a "re-education" camp is false. The facility is less than 350 yards from the HVETC camp. In light of numerous reports from human rights groups and journalists that factories located nearby internment camps are often associated with those camps, WRAP's claim that 350 yards does not constitute "immediate proximity" reflects either a novel understanding of the meaning of the word "proximity" or an attempt to downplay the facility's nearness to the camp in order to justify WRAP's decision not to take this geography into account when it certified the plant.

Beyond its questionable approach to measuring distance, WRAP's actions in the case of Hetian Taida reflect two serious flaws in its program, one related to investigative methodology, the other related to policy.

In an effort to understand WRAP's methodology, the WRC asked the organization to enumerate the specific precautions it utilized in interviewing workers at Hetian Taida to ensure that Uyghur

⁷⁵ Worldwide Responsible Accredited Production, Statement released on December 22, 2018, <http://www.wrapcompliance.org/upload/Documents/HetianTaida.pdf>

workers could speak freely, given the severe repression ongoing in Xinjiang province, the resulting climate of fear, and the Chinese regime's specific threats against Uyghurs who speak critically about forced labor. WRAP's response was to disclaim the need for any precautions, on the grounds that "this facility is not located in a reeducation camp or in any kind of detention facility, so any concerns about a 'severely repressive environment'...are misplaced."⁷⁶

WRAP's argument that Uyghur workers in Xinjiang have nothing to fear from the Chinese authorities unless their factory is within the actual confines of an internment camp is preposterous. Xinjiang province is a police state.⁷⁷ The Uyghur population is under constant surveillance. The internment camp network is vast and growing and every adult Uyghur in Xinjiang is at risk of being detained.

Moreover, as Hetian Taida acknowledged to the WRC, former detainees – of the adjacent HVETC camp – were among the factory's workforce and human rights researchers and journalists report that former camp detainees are subject to ongoing scrutiny and are, in some cases, forced to work for a particular employer.⁷⁸ WRAP's belief that these circumstances warrant no special measures to ensure that workers can testify without fear indicates a grievous lack of methodological rigor in the organization's certification process.⁷⁹

Equally concerning is WRAP's policy, articulated in its public statements about Hetian Taida, that it is appropriate to grant certification to a factory, as an exemplary performer on labor rights, when its parent company is credibly accused of using *forced labor* at a sister factory a quarter of a mile away. In its December 22 statement, WRAP advised that its "organizational focus is on facility-based certification and [it] can only speak to conditions in the specific facilities [it has] audited," thus declaring that labor practices at the original Hetian Taida factory, inside the HVETC camp, have no bearing on its certification of the second Hetian Taida factory. It appears to be official WRAP policy that there is no labor abuse a supplier can commit that is egregious enough to place that supplier, as a company, off limits for WRAP certification.

⁷⁶ Email on March 1, 2019 from Avedis Seferian, Chief Executive Officer at WRAP, to Scott Nova, Executive Director of the WRC.

⁷⁷ Human Rights Watch, "How Mass Surveillance Works in Xinjiang, China," May 2, 2019, <https://www.hrw.org/video-photos/interactive/2019/05/02/china-how-mass-surveillance-works-xinjiang>; Peter Martin, "Inside Xinjiang: A 10-Day Tour of China's Most Repressed State," *Bloomberg*, January 24, 2019, <https://www.bloomberg.com/news/features/2019-01-24/inside-the-vast-police-state-at-the-heart-of-china-s-belt-and-road>; "China has turned Xinjiang into a police state like no other," *The Economist*, May 31, 2018, <https://www.economist.com/briefing/2018/05/31/china-has-turned-xinjiang-into-a-police-state-like-no-other>

⁷⁸ Chris Buckley and Austin Ramzy, "China's Detention Camps for Muslims Turn to Forced Labor," *The New York Times*, December 16, 2018, https://www.nytimes.com/2018/12/16/world/asia/xinjiang-china-forced-labor-camps-ughurs.html?_ga=2.145799924.1513129536.1546444447-126154138.1546444447

⁷⁹ It is important to note that the interview methods utilized by WRAP would have been insufficient even had the factory been located in "a fairly ordinary industrial park," as WRAP's CEO suggested. It is widely acknowledged that the only way to ensure that workers feel comfortable speaking candidly about the labor conditions they face is when workers are interviewed offsite. Yet WRAP's investigators interviewed workers onsite, and as such, were unable to ensure that factory managers – and by extension, governmental authorities – were unaware of which workers were interviewed. Furthermore, WRAP did not take any action to establish that the interviewed workers had not been subjected, at some time prior to being interviewed, to pressure from management and/or governmental authorities to speak falsely to the investigators.

d. Badger's Other Connections to the Collegiate Market and the Risk of Exposure to Goods from Hetian Taida

As noted in the introduction to this report, Badger Sport's relationship to the university logo apparel business is multi-faceted. Badger's admission that it sourced university logo goods from Hetian Taida, under the Badger label, raises the question of whether goods from Hetian Taida also entered the collegiate supply chain via Badger's other roles: as clothing supplied to many small university licensees by Badger; as clothing sourced by Teamwork Athletic, a company owned by Badger, for its own label; and/or as clothing supplied by Teamwork to other licensees. The WRC's review of university disclosure data provided reason for concern: licensees supplied by Badger all list Badger's Statesville, North Carolina headquarters as the factory producing the clothing, even though Badger produces no clothing in Statesville. This erroneous disclosure leaves open the question of where the goods in question were actually sewn. The WRC has engaged in communications with Badger⁸⁰ in an effort to resolve this question.

With respect to Teamwork Athletic, which also operates under the name RB III Associates, it does not appear that any goods from Hetian Taida entered the university supply chain via its role as licensee or supplier. Teamwork operates a wholly-owned apparel production facility in San Marcos, California. Badger states that all university clothing sold under the Teamwork label, or supplied by Teamwork to other licensees, is produced at the San Marcos facility, at a factory Teamwork owns in Mexico, or from a blanks supplier in California, Mission Imprintables. The San Marcos and Mexico facilities appear to be properly disclosed by Teamwork and the licensees it supplies. Mission Imprintables sources goods from overseas, and the overseas factories should, but do not, appear in disclosure data; instead, the records list only Mission Imprintables in the U.S. After inquiring with Mission Imprintables, Badger relayed to the WRC that the clothing in question is procured by Mission Imprintables from several factories owned by Gildan, the Canadian t-shirt company. This accounts for the sources of all of Teamwork related goods. While the WRC cannot independently verify Badger's representations concerning Teamwork, we have no evidence that contradicts them.

With respect to licensees supplied by Badger, it remains unclear whether any of these received goods from Hetian Taida. As noted above, all of these licensees improperly list Badger's Statesville, North Carolina headquarters as the source of the goods, rather than the actual factory where the goods are made. The WRC asked Badger to identify the actual factories used, which Badger was not able to immediately do. The WRC then asked Badger to prioritize making a determination as to whether Hetian Taida was the source of any of this apparel. Badger reports that it can confirm, with respect to the following licensees supplied by Badger, that goods were not sourced from Hetian Taida (a determination Badger reports making based on the categories of products supplied): Best Promotional Products & Apparel, Club Colors Buyer LLC, Den Wholesaler, LogoBrander, Natale Sporting Goods, South by Sea, Star Quality Products, Team Minard Productions, and Toomey Inc. We cannot independently confirm, but have no basis to contradict, Badger's representations with respect to these licensees.

With respect to the following licensees, Badger has indicated that further research is necessary before it can provide a definitive answer: American Process Lettering Inc (dba AMPRO), C.A.

⁸⁰ This information was provided to the WRC through email correspondences on May 11, 16, and 20, 2019 and through related phone conversations with Badger executives.

Burghardt & Sons (dba Burghardt Sporting Goods), The Graphic Edge, Holy Shirt!, Kampus Klothes, Kelley & Abide Co. Inc., LeeZar Services (dba LeeZar Sporting Goods), Les & Bobs Sports & Apparel, Lettermen Sports, and Pro Active Sports.

As of now, the possibility therefore remains that goods from Hetian Taida were supplied to one or more of these other university licensees. If this proves to be the case, the WRC will notify the affected universities.

VI. Remedial Actions Necessary to Address Badger's Non-compliance with University Standards

The proper remedy in a case of forced labor is aid and compensation for the affected workers. This is not achievable with respect to the workers subjected to forced labor at Hetian Taida. Even if the affected workers could be identified, there is no means available to compel the Chinese government to release them. If they are no longer detained, and if compensation could be delivered to them, there is a substantial risk that the authorities would confiscate the compensation and retaliate against the workers and/or their families.

While there is no means available to aid the workers individually affected, Badger can take action that will benefit members of the Uyghur community, including workers who have been subjected to forced labor, in general. It can do so by making a meaningful financial contribution to a human rights organization or organizations working to assist or protect the rights of the Uyghur population of Xinjiang.

The WRC recommended that Badger contribute \$300,000 – in as many as three equal increments over 24 months – to one or more appropriate organizations, to be identified by leading independent experts on violations of human rights in China. The recommended amount is sufficient to meaningfully expand the resources available to a group or groups engaged in practical efforts to document abuses, aid refugees, advocate for international, diplomatic pressure on the Chinese government, or otherwise defend the rights of the Uyghur minority in Xinjiang. The WRC also recommend that Badger take the following steps:

- Cease sourcing university logo apparel from Bada Sport and all of its subsidiaries, so long as Bada Sport maintains its Hetian Taida operation in Xinjiang province; operating in Xinjiang is inappropriate until the human rights crisis ends, particularly in the case of a company already implicated in forced labor.
- Provide accurate disclosure of factories used to make university logo goods, including correcting past disclosure to add the Hetian Taida facilities for the period during which they were used for this purpose.
- Commit to full cooperation with future efforts by designated university monitoring agents, including the WRC, to verify compliance with university labor standards at factories producing collegiate goods for Badger Sport, including provision of all requested documents or, where applicable, the use of best efforts to cause the factory under investigation to provide such documents.

Badger has agreed to implement each of these recommendations. This does not constitute adequate remediation from a worker rights perspective, because it does not involve direct assistance and/or compensation to the affected workers. However, under university labor standards, licensees can only be asked to take such corrective action as it is feasible for them to take. By agreeing to do so in this case, Badger has addressed the violations of university standards identified by the WRC, per the requirements of its licensing agreements.

The WRC is in communication with independent human rights experts who will designate the recipients of the funds Badger has agreed to contribute. We will advise universities of the organizations designated and report confirmation of the initial disbursement of funds.