

# Shein's IPO is stuck in limbo

Article



**The news:** [Shein's IPO](#) is stuck in limbo as the UK's Financial Conduct Authority (FCA) probes the fast-fashion retailer's supply chain and legal risks, per Reuters.

Chinese regulators also haven't okayed the filing yet, although sources told Reuters that their approval would likely follow the FCA's decision.

**How we got here:** [Shein's labor practices](#) have been under scrutiny for some time.



- The company has come under fire for overworking and underpaying workers in its factories, and internal investigations have uncovered instances of child labor in its supply chain.
- Regulators are also concerned about its potential ties to forced labor in the Xinjiang region, where much of Chinese cotton is sourced.

Advocacy group Stop Uyghur Genocide is challenging its IPO, alleging that Shein uses Xinjiang cotton; the UK's Independent Anti-Slavery Commissioner has also raised concerns over the listing due to allegations about the treatment of workers at its suppliers.

**In other news:** In what's most likely a move to appease regulators, Shein this week created two independent advisory boards to help with its sustainability and corporate responsibility initiatives.

- The new External EST Advisory Board will inform the retailer's ESG practices, policies, and initiatives in areas like supply chain governance, circularity, and decarbonization.
- The Regional Strategic and Corporate Responsibility Committees will advise Shein on how to "contribute positively to the country's economic and social fabric" in the markets where it operates.

It remains to be seen whether these two boards will have a meaningful impact on Shein's environmental or labor practices—and whether regulators will see them as a serious commitment to cleaning up its supply chain.

**Our take:** While the FCA previously signaled its openness to moving forward with Shein's IPO regardless of concerns about its supply chain, reversing course is a sign that the political winds that blew the retailer's [US listing](#) off course could be making their way across the pond. Still, the size of the listing could be enough to sway regulators in Shein's favor.

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