

SUPPLY CHAIN SCREENING

Forced Labour at Battery and Electric Bus Manufacturers in China

An online document analysis

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1. FORCED LABOUR RISKS IN CHINA

President Xi Jinping announced in 2015 that absolute poverty would be gone by the end of 2020.¹ He made this goal one of his signature policies requiring particular attention throughout Party and Government Organisations. Xi's poverty alleviation program officially aims at eradicating absolute poverty in ethnic minority areas through vocational training and promoting employment of surplus labour.

While getting rid of poverty through higher income work is a commendable objective, implementation and real outcomes of poverty alleviation programs in China frequently violate basic human rights of targeted citizens. Coercive recruitment into wage labour, forced transfers to factories, abuse of vulnerability, and horrible working conditions have emerged as a major issue for labour intensive inputs in China's supply chains. Chinese corporations' benefit from poverty alleviation because related programs supply workers and financial support in sectors plagued by labour shortage and rising wages. As a result, programs cannot be negotiated or moderated when targeted citizens do not wish to be included or when brands do not want to be associated with state-imposed labour transfers.

Various reports, newspaper articles, and scholarly publications have documented how poverty alleviation programs in China facilitate forced labour of Uyghurs and other Turkic ethnic groups in Xinjiang Uyghur Autonomous Region (XUAR). Farmers and herdsman are not only pushed into wage labour but are also part of a comprehensive policy framework for achieving "ethnic unity". They are subjected to vocational training, which consists of "military drill, Chinese language education, ethnic unity instructions, and patriotic education."² Individuals 'graduating' from re-education centres are further transferred to factories. In June 2022, the New York Times published an investigative article which showed that XUAR is a high-risk region for the battery supply chain. The article mentions Xinjiang Nonferrous and its subsidiaries who have partnered with the Chinese authorities to take in hundreds of Uyghur workers in recent years. Forced labour, the article suggests, may be so widespread that "global battery industry could face its own disruptions given Xinjiang's deep ties to the raw materials needed for next-generation technology."³

The US Department of Homeland Security publishes a list of entities whose products and services are banned from US markets. Among the organisations mentioned is the Xinjiang Production

1 "Xi pledges stronger support to rid all Chinese of poverty by 2020 - China", China Daily, https://www.chinadaily.com.cn/china/2015-10/16/content_22204202.htm (accessed Sep. 11, 2022).

2 A. Zenz, "Thoroughly Reforming them Toward a Healthy Heart Attitude - China's Political Re-Education Campaign in Xinjiang", Accessed: Aug. 23, 2022. [Online]. Available: https://www.academia.edu/36638456/_Thoroughly_Reforming_them_Toward_a_Healthy_Heart_Attitude_Chinas_Political_Re_Education_Campaign_in_Xinjiang.

3 A. Swanson and C. Buckley, "Red flags for forced labor found in China's car battery supply chain", The Japan Times, Jun. 21, 2022. <https://www.japantimes.co.jp/news/2022/06/21/asia-pacific/forced-labor-china-car-battery/> (accessed Oct. 10, 2022).

and Construction Crops (XPCC), a state-run, paramilitary corporate conglomerate, which is a.o. involved in business activities connected to battery production. The XPCC functions as a regional government, a paramilitary organization, and as a large-scale corporate enterprise. It runs prisons, media outlets, schools in Xinjiang. A recent report from Sheffield Hallam University investigates the role of the XPCC and concludes that “the XPCC is involved in a pervasive program of egregious rights violations that effect the most marginalized people in the Uyghur Region. The region, its people, and their identities are seen as critical security threats to China’s cultural integrity, the stability of the state’s borders, and the absolute authority of the CCP. In the last five years in particular, the XPCC has played a critical role in suppressing Uyghur life, culture, and identity through the following means: extrajudicial internment and imprisonment, land expropriation, forcible migration of people, repressive, pre-emptive policing, social engineering, religious persecution, forced labor.”⁴

The risk area related to battery production in China stretches beyond Xinjiang’s borders. Recent reports suggest that the Chinese Government is extending its militarized forced labour regime into Tibet Autonomous Region.⁵ In early 2022, China’s leaders gathered in Beijing for a conference on “pairing-up support for the Tibet Autonomous Region.”⁶ The resulting pairing programs will facilitate the transfer of farmers and herdsmen to factories within the Autonomous Region or to other Provinces. Tibet Autonomous Region and bordering Tibetan Autonomous Prefectures in Qinghai have become core sourcing areas for critical raw material such as Lithium.⁷ Local governments have accelerated the pace of seizing land for mining and raw material processing. As a result, more and more farmers and herdsmen face land evictions and become ‘surplus labour’, which turns them into targets for labour transfers.

Adrian Zenz, a leading scholar in this field of forced labour in Xinjiang and Tibet, cites official Chinese Government documents stating that the aim to eradicate poverty is commensurate with “military command” and requires that every administrative level imposes pressure on each successive lower level in order to “consolidate poverty alleviation responsibilities and increase the effectiveness of accountability.”⁸ The same system of delegated responsibilities is applied in other ethnic autonomous regions, prefectures, and counties. Local cadres working in jurisdictions that are included in the “battle against poverty” face high pressure to fulfil quotas that determine the number of farmers to be transferred into wage labour each year. Academic articles indicate that cadres’ have strong incentives for using extreme means.⁹ For example, a case study from a village in Shanxi Province illustrates how local government officials sold agricultural land that impoverished farmers cultivated so that they would be forced to accept resettlement and work in

4 ‘Until Nothing is Left | Sheffield Hallam University’. <https://www.shu.ac.uk/helena-kennedy-centre-international-justice/research-and-projects/all-projects/until-nothing-is-left> (accessed Aug. 22, 2022).

5 K. L. | Bloomberg, ‘China brings Xinjiang-style mass labour system to Tibet, says report’, Sep. 22, 2020. https://www.business-standard.com/article/international/china-brings-xinjiang-style-mass-labor-system-to-tibet-says-report-120092200966_1.html (accessed Oct. 10, 2022).

6 ‘In name of “ethnic unity,” China carries out forced labour in Tibet: Reports’, ANI News. <https://www.aninews.in/news/world/asia/in-name-of-ethnic-unity-china-carries-out-forced-labour-in-tibet-reports20220819175902/> (accessed Aug. 23, 2022).

7 ‘Lithium in Tibet - Tibet’s Geography’, Free Tibet. <https://freetibet.org/freedom-for-tibet/land-and-environment/lithium-in-tibet/> (accessed Aug. 22, 2022).

8 A. Zenz, ‘Beyond the Camps: Beijing’s Long-Term Scheme of Coercive Labor, Poverty Alleviation and Social Control in Xinjiang | Journal of Political Risk’. <https://www.jpolorisk.com/beyond-the-camps-beijings-long-term-scheme-of-coercive-labor-poverty-alleviation-and-social-control-in-xinjiang/> (accessed Oct. 10, 2022).

9 Q. Zeng, ‘Managed Campaign and Bureaucratic Institutions in China: Evidence from the Targeted Poverty Alleviation Program’, *Journal of Contemporary China*, vol. 29, no. 123, pp. 400–415, May 2020, doi: 10.1080/10670564.2019.1645489.

a factory.¹⁰ Another study showed how villagers in Gansu Province were coerced into resettlement and wage labour when the local government threatened to cut them off from basic state support. To ensure that the resettled farmers would not return, the local government revoked their local household registration and sold their land.¹¹

On a general note, resettlement with the aim to assume work in a dedicated factory is not voluntary for registered poor. A Government report from a county in Henan Province exemplifies how forced labour comes about. The document stipulates that “from the perspective of concrete practice, it is difficult for some poor people to eliminate their lazy habits. As a result, the government must rely on *ideological education* to encourage poor households to work in poverty alleviation workshops and increase their income.”¹² Thus, while Uyghurs and Tibetans face the highest level of political repression other non-Han ethnic groups still may be forced into vocational training and labour transfer programs that are based on abuse of vulnerability, military drill, and ideological schooling.

Figure 1 depicts the area where political repression is highest and surveillance excessive. It consists of Xinjiang Uyghur Autonomous Region, Tibet Autonomous Region, and Tibetan and Mongol Autonomous Prefectures in southwest Qinghai that are rich of Lithium. Forced labour through poverty alleviation programs target autonomous regions, prefectures, and counties throughout China. These areas are marked with dark colours in figure 1. The largest suppliers of registered poor for labour transfers are Yunnan, Guizhou, Guangxi, Ningxia, Inner Mongolia, Liaoning, and Hainan.

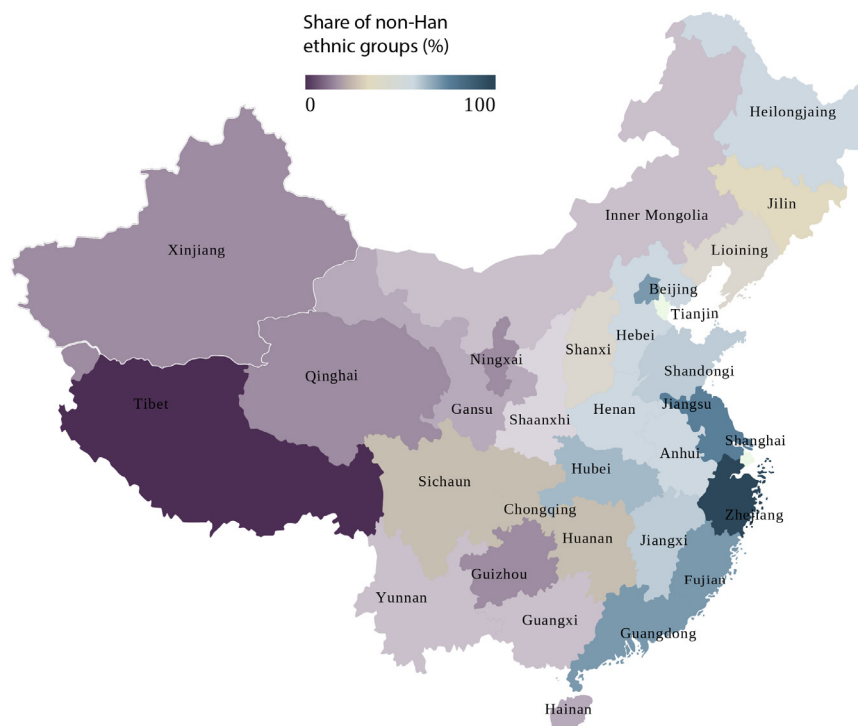


Figure 1: Regional distribution of non-Han ethnic minorities in China

10 K. Gomersall, 'Imposition to agonism: Voluntary poverty alleviation resettlement in rural China', *Political Geography*, vol. 82, p. 102250, Oct. 2020, doi: 10.1016/j.polgeo.2020.102250.

11 Y. Xiaocuo, 'Recruiting Loyal Stabilisers: On the Banality of Carceral Colonialism in Xinjiang', *Made in China Journal*, Oct. 25, 2019. <https://madeinchinajournal.com/2019/10/25/recruiting-loyal-stabilisers-on-the-banality-of-carceral-colonialism-in-xinjiang/> (accessed Oct. 10, 2022).

12 C. Boullenois, 'Poverty Alleviation in China: The Rise of State-Sponsored Corporate Paternalism', *China Perspectives*, vol. 2020, no. 3, Art. no. 3, Sep. 2020, doi: 10.4000/chinaperspectives.10456.

2. ILO FORCED LABOUR INDICATORS IN THE CASE OF CHINA

ILO Convention No. 29 defines forced labour as “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**.” In order to provide guidance on identifying forced labour situations, the ILO lists eleven indicators:¹³

<ul style="list-style-type: none"> • Abuse of vulnerability • Deception • Restriction of movement • Isolation • Physical and sexual violence • Intimidation and threats 	<ul style="list-style-type: none"> • Retention of identity documents • Withholding of wages • Debt bondage • Abusive working and living conditions • Excessive overtime
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Sometimes the presence of one indicator is sufficient to conclude that a labour relationship is not voluntary while in other cases several indicators in combination are necessary. The ILO provides an e-learning tool¹⁴ and a handbook¹⁵ to support the identification of forced labour and promote appropriate action.

Forced labour risks in China are diverse. We, therefore, systematised forms of forced labour (Figure 2). In the context of export manufacturing in China, the menace of penalty can be divided into **state-tolerated and state-sanctioned** forms. State-tolerated forms refer to corporate management practices that abuse power asymmetries between employers and workers, such as wage deductions or wage arrears as a punishment for not committing to overtime or unpaid extra working hours. Another common instance of state-tolerated forced labour are administrative barriers and financial penalties for workers who want to resign. We refer to these practices as state-tolerated forced labour because it is the private sector who initiates and implements them while state authorities support business interests with regulatory leeway and /or weak law enforcement. State-tolerated forced labour applies mainly to migrant workers and vocational school students. Since this form

¹³ SAP-FL, ‘ILO indicators of Forced Labour’, Oct. 01, 2012. http://www.ilo.org/global/topics/forced-labour/publications/WCMS_203832/lang-en/index.htm (accessed Sep. 11, 2022).

¹⁴ ‘Online course: Preventing and addressing forced labour and trafficking in persons in East and South-East Asia’, Mar. 22, 2016. http://www.ilo.org/asia/events/WCMS_462316/lang-en/index.htm (accessed Sep. 11, 2022).

¹⁵ ‘Tools and resources for business on forced labour’, Aug. 21, 2019. http://www.ilo.org/empent/areas/business-helpdesk/tools-resources/WCMS_144883/lang-en/index.htm (accessed Sep. 11, 2022).

of forced labour is widespread and often formalised in enterprise regulations, victims are often not aware of that they have been subjected to forced labour.

State-Sanctioned Forced Labour		State-Tolerated Forced Labour
Origin: State Actors		Origin: Private Sector
Targets: Registered Poor, Non-Han Ethnic Groups		Targets: Migrant Workers, Vocational School Students
Economic Coercion	Existential Threats	Management Penalties (Wage Deduction, Wage Arrears, Black Listing)

Figure 2: Systematisation of the Chinese Forced Labour Regime

State-sanctioned forms of forced labour relate to practices that are state-organised or state-endorsed. The two most common forms under this category are industrial poverty alleviation programs, and vocational training agreements between schools and the private sector. State-sanctioned forced labour targets specific groups, in particular registered poor households, and non-Han ethnic groups. These categories can overlap with groups subjected to state-tolerated forced labour. State-sanctioned forms can be further sub-divided into two modes of enforcement: economic coercion and existential threats. Economic coercion is used to leave targeted individuals with little choice but to accept state-sanctioned employment or vocational training. The menace of penalty in this context refers to measures such as cutting off poor farmers from social guarantees or withdrawing land use rights if they are unwilling to accept state-sanctioned wage labour. Existential threats refer to the deployment of detention, imprisonment, torture, or other forms of physical and psychological violence.

In this report we look at state-sanctioned forms of forced labour. The remainder of this chapter outlines the two main frameworks for economic coercion: poverty alleviation and vocational education. In section “1.3 fight against terrorism and extremism” we explain how these frameworks are embedded into existential threats in the context of politically repressed ethnic groups in particular Turkic and Tibetan ethnicities.

3. FORCED LABOUR DUE DILIGENCE

We systematise the scale and severity related to the menace of penalty in a four-grade risk classification:

- **Moderately high risk:** All Chinese citizens registered as poor and all vocational school students participating in mandatory internships face a risk of being assigned to jobs against their will or being prevented from resigning in accordance with labor legislation.
- **Medium high risk:** The risk of abusing vulnerability of economically marginalised citizens and students increases when they belong to ethnic minorities due social stigmatisation and prejudices.
- **High risk:** Politically repressed minorities are frequently the target of poverty alleviation programs and vocational training because these measures are considered essential for implementing political control and re-education. The combination of economic marginalization, social stigmatisation and deprivation of political rights results in a high risk of forced labour.
- **Very high risk:** Uyghurs and other Turkic minorities in Xinjiang as well as Tibetans are subject to systematic political repression and coercive means. Indicators of vulnerability are the same as those under “high risk”. Due to the scale and scope of coercive poverty alleviation measures and vocational training, the risk of becoming victim to forced labour practices increases to “very high”.

The responsibility to prevent and end forced labour involves not only Government authorities and legislative bodies, but also multinational enterprises and other firms sourcing from countries where regulations to protect workers from forced labour are lacking or are not enforced. In this context, the UN Guiding Principles (UNGPs) on Business and Human Rights require from enterprises to conduct regular Human Rights Due Diligence (HRDD), which refers to the process through which businesses can identify, prevent, mitigate and account for how they address their actual and potential adverse human rights impacts. This general framework is supplemented with specific documents such as the ILO’s 2014 Protocol to the Forced Labour Convention calling on Member States to ‘develop a national policy and plan of action for the effective and sustained suppression of forced or compulsory labour in consultation with employers’ and workers’ organizations. The UN 2030 Agenda for Sustainable Development leveraged this call in 2015 as it demands under target 8.7 ‘accelerated action to eradicate forced labour, modern slavery, human trafficking and child labour’.

Section 13 of the United Nations Guiding Principles on Business and Human Rights stipulates that business enterprises shall:

- Avoid **causing or contributing** to adverse human rights impacts through their own activities and address such impacts when they occur.
- Seek to prevent or mitigate adverse human rights impacts that are directly **linked** to their operations, products, or services by their business relationships, even if they have not contributed to those impacts.

Enterprises causing or contributing to forced labour can face legal charges, while being linked to forced labour through a business relationship, currently, has no legal implications. However, failure to identify forced labour risks can lead to sanctions.¹⁶ As intended and progressively so, states are putting legislation in place to implement the UNGPs national level system of justice. In France, for example, large corporations can be held legally accountable according to the 2017 Corporate Duty of Vigilance Law.¹⁷ In the UK, corporations have hitherto only risked reputational damage as the Home Office is prepared to name and shame businesses that are not compliant with the 2015 UK Modern Slavery Act (MSA).¹⁸ However, with the upcoming overhaul of the MSA with the Modern Slavery Bill the legislation is turning far stricter, and transgression of the regulations will lead to sanctions.

The distinction between causing or contributing on the one hand and being linked to adverse human rights impacts on the other is relevant for public buying decisions given that the former constitute a criminal offense while the latter is a breach of contract. Art. 57 (4a) in combination with Art. 18(2) and Annex X of the Directive 2014/24/EU of the European Parliament and the Council on Public Procurement requires that public buyers exclude tenders from enterprises that are causing or contributing to forced labour.¹⁹

When corporations **cause/contribute** to forced labour, public buyers need to assess whether the brand manufacturer can be excluded from the tendering process. If a brand manufacturer is found to be linked to forced labour, commentaries to the UN Guiding Principles and the OECD Guidelines for Multinational Enterprises specify that appropriate action will depend on the degree of leverage that the company has over its business relationship:²⁰

- If the company has leverage to mitigate the adverse impact, it should exercise it, as would be required in the event that the company had contributed to the impact
- If the company lacks leverage, it should try to increase it
- If the company finds increasing its leverage impossible, it should consider terminating the relationship

In this report, we divide corporations that cause/contribute through their own actions and those that are linked through business relationships along the lines of ownership:

- When corporations wholly or partly own the factories or production sites where we find forced labour, the corporations actively **cause/contribute** to the presence and occurrence of forced labour. Furthermore, corporations cause/contribute to forced labour when they collaborate with equity or joint-venture partners that are involved in the Chinese state-sanctioned forced labour regime.
- When corporations buy products and services or otherwise link their operations to factories or production sites where we find forced labour, the corporations are **linked** to forced labour through their business relationships.

¹⁶ Directive 2014/24/EU of the European Parliament and of the Council of 26 February 2014 on public procurement and repealing Directive 2004/18/EC Text with EEA relevance, vol. 094. 2014. Accessed: Sep. 11, 2022. [Online]. Available: <http://data.europa.eu/eli/dir/2014/24/oj/en>

¹⁷ 'Towards a mandatory EU system of due diligence for supply chains | Think Tank | European Parliament'. [https://www.europarl.europa.eu/thinktank/en/document/EPRS_BRI\(2020\)659299](https://www.europarl.europa.eu/thinktank/en/document/EPRS_BRI(2020)659299) (accessed Sep. 11, 2022).

¹⁸ 'Demystifying the Modern Slavery Act 2015 for corporate lawyers', Practical Law. [http://uk.practicallaw.thomsonreuters.com/w-025-6078?transitionType=Default&contextData=\(sc.Default\)&firstPage=true](http://uk.practicallaw.thomsonreuters.com/w-025-6078?transitionType=Default&contextData=(sc.Default)&firstPage=true) (accessed Sep. 11, 2022).

¹⁹ Directive 2014/24/EU of the European Parliament and of the Council of 26 February 2014 on public procurement and repealing Directive 2004/18/EC Text with EEA relevance, vol. 094. 2014. Accessed: Sep. 11, 2022. [Online]. Available: <http://data.europa.eu/eli/dir/2014/24/oj/eng>

²⁰ N. Bueno and C. Bright, 'Implementing Human Rights Due Diligence Through Corporate Civil Liability', *International & Comparative Law Quarterly*, vol. 69, no. 4, pp. 789–818, Oct. 2020, doi: 10.1017/S0020589320000305.

4. RESEARCH DESIGN

4.1. Scope of this research

This report explores forced labour risks at seven battery manufacturing companies; BYD, CATL, Durapower, LG Chem, Panasonic, Samsung, and SK Innovation. Besides battery production we explored upstream links to raw material sources and processing as well as downstream links to electric bus production sites. In this context we included even Yutong, which is a major Chinese electric bus manufacturer yet without an integrated battery production. The purpose of this investigation is to identify and compare forced labour risks associated with the above-named manufacturers.

4.2. Data

Insights for the analysis in this section come exclusively from publicly available online sources. No information was retrieved through onsite visits, interviews, or soliciting individuals or organisations.

We collected documents from WeChat, and conducted a general search through China's largest search engine Baidu. For each query, we went through the 100 most relevant hits, i.e., pages 1 – 10 in search results. We used company names in combination with functional keywords such as “transfer” or “poverty alleviation” as well as in combination with regional keywords such as “Xinjiang” or specific jurisdictions that are known for participating in labour transfers. We limited our search to hits after 2015, i.e. the time after President Xi Jinping began to deploy labour transfers as a means for poverty alleviation and political control.

Besides Chinese language sources we refer to legal documents, academic articles, CSO reports, and English language newspaper articles in order to provide context, assess implication, and broaden the research field on human rights violations in the Democratic Republic of Congo.

4.3. Method

In a first step, we searched for companies registered in China and that are *wholly or partially owned* by BYD, CATL, Durapower, LG Chemical, Samsung, Panasonic, SK Innovation or Yutong. For the analysis we selected all companies that were related to battery production and followed up on joint-venture partners or shareholders. When there were no relevant joint-venture partners or shareholders, we traced supplier relationships instead. In these cases, we searched for publicly available supplier lists or press releases that would inform about relevant suppliers downstream and upstream.

After identifying relevant sites to investigate, we searched for (Chinese language) government documents, reports, and news articles online. WeChat (a major social media platform in China), government websites, and online news outlets are the main platforms for publicly communicating information on poverty alleviation and labour transfer schemes as well as national unity policies (which are often cited as the main framework for justifying political repression of targeted ethnic groups).

The analysis for this report was not automated, i.e., we read all information, and decided on its relevance based on our subject matter expertise and additional context research. We evaluated government documents, articles, and reports connecting suppliers with labour transfers, worker mobilisation through poverty alleviation programs or vocational training.

5. FINDINGS

5.1. Overview

The documents presented in this section shine light on the circumstances and conditions surrounding state-imposed forced labour in China within the context of the investigated seven battery brand manufacturers and in addition one major electric bus manufacturer without integrated battery production. We find that:

- BYD performs own business operations in Tibet and in a Tibetan Autonomous Prefecture, where the risk of political repression and state-imposed forced labour is very high.
- BYD, CATL, and Durapower may be linked to state-imposed forced labour in Xinjiang via their joint-venture partners or shareholders, which perform own business activities in cooperation with Xinjiang-based mining and processing enterprises.
- Samsung, LG Chem, and Panasonic may be linked to state-imposed forced labour in Xinjiang through products, operations or services from suppliers.
- BYD, LG Chem, and Panasonic may be contributing to state-imposed forced labour as they participated in labour transfer programs in Western and Central China.
- At Yutong, forced labour risks are mainly linked to a supplier contract with CATL providing batteries for all of the companies electric buses at least until 2032.

We identified a total of 28 labour transfers involving three of the investigated manufacturers. Note these manufacturers have various products and production lines that are not related to battery or e buses. There is not enough information to determine where workers are employed. Information about labour transfers, therefore, represent risk indicators for forced labour at these manufacturers in general but not for battery or e bus production specifically.

BYD

- Feb 2020: Poor/ethnic from Shaanxi (Xingping) to Xi'an
- March 2020: Poor/ethnic from Gansu (Qingning) to Xi'an
- March 2020: Poor from Hunan (Shaoyang) to Changsha
- March 2020: Hui from Yunnan (Taoyuan) to Shenzhen
- March 2020: Mongols from Duerbert Mongol Auto./Heilongjiang to Shenzhen
- May 2020: Li-people from Hainan (Ledong Li Auto.) to Shenzhen
- May 2020: Li-people from Hainan (Baoting Li Auto.) to Shenzhen
- May 2020: Li-people from Hainan (Baisha Li Auto.) to Shenzhen

- May 2020: Miao from Hainan (Miao Auto.) to Shenzhen
- May 2020: Poor from Hainan (Dongfang) to Shenzhen
- May 2020: Poor from Hainan (Qionghai City) to Shenzhen
- June 2020: Utsuls from Hainan (Sanya) to Shenzhen and/or Shanghai
- June 2020: Poor from Hainan (Lingao) to Shenzhen
- June 2020: Poor from Hainan (Wenchang City) to Shenzhen
- Feb 2021: Hui from Yunnan (Ludian) to Shenzhen
- Feb 2022: Hui from Yunnan (Zhaotong) to Shanghai

Panasonic

- 2018: Poor from Yunnan (Dalian) to Pudong, Shanghai
- 2019: Poor from Yunnan (Dalian) to Pudong, Shanghai
- 2020: Poor from Yunnan (Dalian) to Pudong, Shanghai
- 2017: Poor/ethnic from Guizhou (Meitan County, Yanhe County) to Panasonic (no information about destination)
- 2018: Poor/ethnic from Guizhou (Meitan County, Yanhe County) to Panasonic (no information about destination)
- 2019: Poor/ethnic from Guizhou (Meitan County, Yanhe County) to Panasonic (no information about destination)
- 2020: Poor/ethnic from Guizhou (Meitan County, Yanhe County) to Panasonic (no information about destination)
- 2017: Vocational students from Yunnan (Sinan county, Yingnan county) to Panasonic (no information about destination)
- 2018: Vocational students from Yunnan (Sinan county, Yingnan county) to Panasonic (no information about destination)
- 2019: Vocational students from Yunnan (Sinan county, Yingnan county) to Panasonic (no information about destination)
- 2020: Vocational students from Yunnan (Sinan county, Yingnan county) to Panasonic (no information about destination)

LG New Energy

- Jan 2022: Poor/ethnic from Guizhou (Qianxinan Buyei and Miao Autonomous Prefecture) to LG New Energy in Nanjing

5.2. BYD

5.2.1. Uyghur forced labour

Risk category: Very high

Leverage: Linked

In 2016, BYD's joint venture partner Qinghai Salt Lake Industry signed a strategic collaboration framework with Xinjiang Investment Development Co. Ltd. (Xintou). Xintou owns the exploitation rights for 11 mines in Hami, Xinjiang. Xintou supplies coal to Salte Lake Industry and collaborates on battery related products such as salt chemicals and magnesium metal.²¹ Given that energy is a crucial component for both Lithium mining and processing, coal mines represent an important supply chain link for battery production.²² According to the US State Department's Xinjiang Supply Chain Business Advisory there is evidence of forced prison labour in the mining of coal, uranium, and asbestos. Prisoners are forced to work under threat of penalties, such as solitary confinement. Working conditions are harsh with long hours, poor food quality, and little to no pay.²³

The risk of forced prison labour is strongly reflected in a document on Hebi Energy, another Xinjiang-based strategic collaboration partner of Salt Lake Industry since 2019.²⁴ Hebi Energy runs a large-scale coal mine in the Gobi Desert. An online article mentions regular ideological education to "detect religious extremist activity and promote national unity". The document further states "employees who are emotionally unstable have regular "heart-to-heart" talks. A total of 17 people had "personal talks to eliminate unstable factors." According to the document, the coal mine receives armed assistance from the Local Government, "everywhere there are cameras, shields, hooks, and guns as well as other anti-riot weapons in important places." The coal mine has invested more than RMB 1 million in "anti-riot" equipment and was awarded the titles "Advanced Unit for Stability Maintenance and Comprehensive Management" in Aksu Region, as well as "Advanced Collective" and "Friendly Cooperation Unit" in Baicheng County.²⁵ Hebi Energy is also linked to Durapower (see section 5.4.1).

21 "青海盐湖工业股份有限公司关于与新疆投资发展(集团)有限责任公司签署战略合作框架协议的公告", https://www.sohu.com/a/120235706_115433 (accessed Aug. 11, 2022).

22 H. E. Melin and C. E. Storage, "Analysis of the climate impact of lithium-ion batteries and how to measure it", *Circular Energy Storage*, pp. 1-17, 2019.

23 "Xinjiang Supply Chain Business Advisory", United States Department of State. <https://www.state.gov/xinjiang-supply-chain-business-advisory/> (accessed Aug. 23, 2022)

24 【公司要闻】青海盐湖工业股份有限公司客人到新疆公司走访", Weixin Official Accounts Platform, https://mp.weixin.qq.com/s?src=11×tamp=1660291605&ver=3977&signature=-IslqRC3KiLX8oj2yTzuW972D-M5spS8PdAPOBehcAF*BoQGoY7z9zqLgKHl4WC-FRNZpfDYOeWQATfnoprDAYG-nnucUY437KeBH2jaR6fXmLWOOMw9DF0kR6rIaTC&new=1 (accessed Aug. 12, 2022).

25 宋忠庆王飞, "【二次创业争先锋】众维煤业 为平安矿区筑起铜墙铁壁", Weixin Official Accounts Platform, https://mp.weixin.qq.com/s?src=11×tamp=1660289548&ver=3977&signature=-IslqRC3KiLX8oj2yTzuW972D-M5spS8PdAPOBehcAHk9fdFsoubuplzcJESkbEeNvNqCAU4BhIiQ1*irSF1VWbJPmb4TulKuLj9Kpe4qxhbX0QHPhh-hHPg45RanXT9&new=1 (accessed Aug. 12, 2022).

5.2.2. Poverty alleviation

Risk category: Very high

Leverage: Causing/contributing

BYD owns 49 % of Qinghai Salt Lake BYD Resource Development Co. Ltd. while 49.5% are held by state-owned Qinghai Salt Lake Industry Co Ltd. The risk of forced labour at this joint-venture is very high, not only because the company operates in a high-risk region but also because of the joint-venture partner's political role and function. Qinghai Salt Lake Industry Co Ltd.'s mines and trades Lithium. It is located in Golmud City, Haixi Mongol and Tibetan Autonomous Prefecture, Qinghai Province.²⁶ As a state-owned company Salte Lake Industry collaborates closely with local CCP organizations. For example, the company sends staff to impoverished Tibetan autonomous villages to implement poverty alleviation tasks.²⁷ As a key enterprise in Salt Lake District, the company is involved in industrial poverty alleviation measures and shares responsibilities with party organisations to meet poverty alleviation quotas.²⁸

BYD holds an 18%-share of Tibet Shigatse Zabuye Lithium High-Tech Co. Ltd., which is involved in mining and sales of lithium ore, boron ore, sodium chloride and potassium chloride. Brine harvesting of Lithium from lakes and hard rock mining, both carry environmental and social risks as toxic substances have contaminated air, soil, and water of Tibetan communities.²⁹

5.2.3. Labour transfers (to Shanghai and Shenzhen)

Risk category: Very high

Leverage: Causing/contributing

We found information on labour transfers to two locations where BYD runs battery manufacturing plants – Shenzhen and Shanghai. However, BYD operates a broad range of business operations from surgical masks to car manufacturing at these locations. Hence the forced labour risks we identified are location rather than product specific.

BYD receives workers from various districts in Sanya (Hainan).³⁰ Documents use a terminology such as ‘point-to-point transfers’ and ‘nanny-style services’ that have been used euphemistically to describe isolated, forced transfers of Uyghur farmers and herdsmen to various destinations

26 盐湖股份, “贫红卫赴比亚迪股份有限公司、华为技术有限公司、中兴通讯参观调研;贫红卫参加第十二届启迪创新论坛;股份公司第16次中心组扩大学习”, Weixin Official Accounts Platform, https://mp.weixin.qq.com/s?src=11×tamp=1660246548&ver=3976&signature=HZlYBNi56WIWcYUgo*vOneb9o3LGQXQyfm7r2aZ-HUGXtlRQq5JPCYk-0z6ontl-I4jUQAdd2nY8GFzivcC4qYAZCX3b*d-49S4E0fy8hTQnUsT3e6nRari2dPYruPBy&new=1 (accessed Aug. 11, 2022).

27 “从车间到田间的事业 - 中国藏族网通”, <https://www.tibet3.com/news/zangqu/qh/2021-11-05/243761.html> (accessed Aug. 12, 2022).

28 网易, “盐湖区召开企业扶贫工作推进会”, Apr. 18, 2020. <https://www.163.com/dy/article/FAHDJA4G055095C2.html> (accessed Aug. 12, 2022).

29 “Lithium in Tibet - Tibet's Geography”, Free Tibet. <https://freetibet.org/freedom-for-tibet/land-and-environment/lithium-in-tibet/> (accessed Aug. 22, 2022).

30 “为农民增收办实事, 三亚这样做”, Weixin Official Accounts Platform, https://mp.weixin.qq.com/s?src=11×tamp=1660382187&ver=3980&signature=yxv8OzlmTQrwpvVgAc2QhUOvn2GGg*8okshj4-SDXUibfjnqyZs4NdXsKa4NzLqRf1ZckQGtLVCpUuUOSC3oDHTS-M68cdmA*6IGD07PKgLaVRs2YIXNx-VJf5fUlk&new=1 (accessed Aug. 13, 2022).

in China.³¹ Sanya is home to the Utsuls, a Muslim minority which faces increased political repression.^{32 33}

A report states that poor workers from Ledong Li Autonomous County in Hainan undergo ideological training (conducted by CCP cadres) “to change their mindset” as well as military training (conducted by Chinese army instructors) before they are transported “point-to-point” to BYD in Shenzhen.³⁴

Labour transfers from Baoting Li and Miao Autonomous County in Hainan indicate that local authorities mobilise poor workers after requests from BYD for workers. The terminology such as “point-to-point fashion”, and “one-stop services” are indicative for forced labour. A worker expresses his gratitude in a statement that seem not to be his own words “The County gave us this job and even provides free transportation to Shenzhen – Thank you CCP! I’ll go there to work hard, honour my family, and increase our income.”³⁵



Figure 4: Labour transfer of Li-people from Hainan Ledong in Hainan to Shenzhen

Dongfang in Hainan sends workers to BYD in Shenzhen after the company had screened the City Government’s offer and selected suitable candidates. Poor workers were transported in buses and each group was accompanied by two staff. Also here mobilization, degree of organisation, and terminology used indicate risks of forced labour.³⁶

31 “Xinjiang’s System of Militarized Vocational Training Comes to Tibet”, Jamestown, <https://jamestown.org/program/jamestown-early-warning-brief-xinjiangs-system-of-militarized-vocational-training-comes-to-tibet/> (accessed Aug. 13, 2022).

32 M. Introvigne, “Now They Come for the Utsuls: Sinicizing Another Muslim Minority”, Sep. 29, 2020. <https://bitterwinter.org/now-they-come-for-the-utsuls-sinicizing-another-muslim-minority/> (accessed Aug. 13, 2022).

33 ‘China persecutes Muslim minority Utsuls, erodes their religious identity’, OpIndia, Feb. 17, 2021. <https://www.opindia.com/2021/02/china-persecutes-muslim-minority-utsuls-erodes-his-religious-identity/> (accessed Aug. 13, 2022).

34 “乐东县开展“点对点”组织贫困劳动力赴深圳比亚迪股份有限公司务工行动”, Weixin Official Accounts Platform. https://mp.weixin.qq.com/s?src=11×tamp=1660381305&ver=3979&signature=Y*fpz3mhu82vtc4-p0UYmxqVhCHVjqr6pDAqyqFrzkwKo7EZq60a0rB3SG7ITmnhXEmZgy2tyG3tyV14058h8cEbvsSGc8sB7kBVhxYcd78zFgK8MkerOLhtL-xnRtI&new=1 (accessed Aug. 13, 2022).

35 “保亭:“点对点”输送20名贫困劳动力赴深圳比亚迪务工”, Weixin Official Accounts Platform. https://mp.weixin.qq.com/s?src=11×tamp=1660389191&ver=3980&signature=6xhKosNoMqKkoTQM0PsQoDzQtpLNPdx5PKYO84xc2ROEmyVvEod-TtPkv6KAgA Pf1iX25QFb3qfs3dPNyZvH1R58lCbDyIX4sMrlF4NKXNgMbsGFCfZCbTv320IsC1*C&new=1 (accessed Aug. 13, 2022).

36 东方市融媒体中心, “5.18 我要发!东方“点对点”专车输送112名贫困劳动力赴比亚迪务工”, Weixin Official Accounts Platform. https://mp.weixin.qq.com/s?src=11×tamp=1660389191&ver=3980&signature=sCEE9Rq-X9jv*A95rzTo-ubSwgEryyeHXb8JK-NFuiTMtLlVf8dAbcl14sqSq2-ghQwBvHqMPuaVs1BrIjV*eQcQM91f1aIzzppl7m1loMGXyYDLGesnvHqzXnrqn8A&new=1 (accessed Aug. 13, 2022).



Figure 5: Labour transfer of registered poor from Qionghai City in Hainan to Shenzhen



Figure 6: Labour transfer of Li-people from Baoting in Hainan to Shenzhen



Figure 7: Labour transfer of registered poor from Dongfang in Hainan to Shenzhen

BYD in Shenzhen received a large number of Hui minority workers through labour transfers from Taoyuan Hui Ethnic Town, Ludian County, Yunnan Province.^{37 38} Another batch of Hui “surplus labour” from Zhaotong City, Yunnan province was sent to BYD in Shanghai.³⁹ Hui people are the second Muslim ethnic minority after the Uyghurs that faced repression and internment.

Labour transfers to BYD are comprehensive. Besides the above mentioned locations we found information on labour transfers from Qionghai City in Hainan to BYD in Shenzhen⁴⁰, Lingao County, Hainan Province⁴¹, Wenchang City, Hainan Province⁴², Baisha Li Autonomous County, Hainan Province⁴³. Moreover, workers were transported “point-to-point” from Duerbert Mongol Autonomous County, Heilongjiang Province to BYD in Shenzhen.⁴⁴



Figure 8: Labour transfer of ethninc Hui from Ludian county in Yunan to Shenzhen

37 ”长邵合力:点对点招工 助力企业复工”, Weixin Official Accounts Platform. <https://mp.weixin.qq.com/s?src=11×tamp=1660420576&ver=3980&signature=oM0IM-RZeffiOwf1jvCCmnDe23dHVMebAogQX9PyXGZEeNLKMyoilrSDebZr4NINA8cRiwa70KTW2fuIjVPK-ubRuVzVc3WJDnc4BrRE3limYWFddahtwbHv84AaAtr&new=1> (accessed Aug. 13, 2022).

38 桃源乡党政综合办, “鲁甸县2021年农村劳动力转移就业“百日行动”暨“春风行动”巡回招聘会走进桃源乡”, Weixin Official Accounts Platform. <https://mp.weixin.qq.com/s?src=11×tamp=1660421175&ver=3980&signature=kUvJg7vZyKUzqbknFIRkgwse0IlekWWjo pB7r7rmJcbQ008sC7UKdU4EZ2XRk9gMTKe4oi106AZtLLVOIANlczcFuOWgEaYSYfWphdyXTqqK9ZeEv-E6JG8dZ7DIZYk&new=1> (accessed Aug. 13, 2022).

39 “贴心服务让务工旅程更温馨——昭通市2022年农村劳动力转移就业“百日行动”侧记”, Weixin Official Accounts Platform. https://mp.weixin.qq.com/s?src=11×tamp=1660421175&ver=3980&signature=xqEvg-AwL5qOPiud1faKqCi7xPJwC-ZmHt4NNNHx0vbSmtWYAMkr9AWoh89wxm5eCNoJ81S2aWEeFt510Ich-fou-SUGSiVJ*NiPclgy2X1SLFzB8RlXubhb-ILmzxw&new=1 (accessed Aug. 13, 2022).

40 “点对点”服务保障 让贫困劳动力端稳就业“饭碗”, Weixin Official Accounts Platform. https://mp.weixin.qq.com/s?src=11×tamp=1660389191&ver=3980&signature=U5egYppktiekvJjCjCvB217Z9KoBH-hVuLSM5oj1PSZ7**KrkNhfjoDp4V5ThTiiDh9EpaU5PeCrWbe6-eD07Dq*IfA*ayeyHMnT2z*sKpoQlqgemO-POSmJctzyWd4&new=1 (accessed Aug. 13, 2022).

41 “海南临高开展“点对点”输送贫困劳动力赴深圳比亚迪公司务工行动”, Weixin Official Accounts Platform. https://mp.weixin.qq.com/s?src=11×tamp=1660419041&ver=3980&signature=1*PIpQOsGlp4BIn33-otkSAPotqPBLizJMdYjELxGXSB1rrMLY-YpQVgwTi8tHFBZg7bX5fS2kiuG0g9a67oOQ7zGEoxwYUM2O7qeg2nZfx8ECuD4MJFRb9YHWr3UJ**&new=1 (accessed Aug. 13, 2022).

42 “文昌市开展“点对点”集中输送务工人员——组织农村贫困劳动力赴深圳比亚迪股份有限公司务工”, Weixin Official Accounts Platform. <https://mp.weixin.qq.com/s?src=11×tamp=1660419041&ver=3980&signature=P212S4D3s7dNAJxhe0WG-xhqzfhD-yF2beSgWW9b-zc81x3Gs5zV90NgfLL24QA2H2Oq3q1nrWomnkcOrlFli0a8wmNZhfLAXqFnnkkfjWShRqSdDbnztKY5JzaPvHxM&new=1> (accessed Aug. 13, 2022).

43 “给力!白沙专车“点对点”输送110名农民工赴深圳比亚迪务工”, Weixin Official Accounts Platform. https://mp.weixin.qq.com/s?src=11×tamp=1660419041&ver=3980&signature=wLzRifA*kLw*7*ika8k7TxH84099YsuUIY7LB-9*LOspYh*3F8yURxG0Geg-kTZS36CMJrUzxrqnGVkS9r82WKDnL6FRpeTPK9q61j*5gXHk85Y*2PocP*x*byC2XPgn&new=1 (accessed Aug. 13, 2022).

44 “我县第二批“点对点”输送务工人员启程赴威海”, Weixin Official Accounts Platform. <https://mp.weixin.qq.com/s?src=11×tamp=1660419041&ver=3980&signature=7E7Tc3WM4kDFVNmNSi1pacgvpcUeEYFhFop02ckdSAD7CxOQjYI-5ZtRnrByGdS1bFhQrA5fRX9IE d1waFzYlweSiEMJPHzshJSF31bXulmBRZFweQByuFllxm3F-g7f&new=1> (accessed Aug. 13, 2022).



Figure 9: Labour transfer of ethninc Hui from Ludian county in Yunan to Shenzhen



Figure 10: Labour transfer of ethninc Hui from Zhaotong City in Yunan to Shanghai

5.2.4. Labour transfers (to Xi’an and Changsha)

Risk category: Very high

Leverage: Causing/contributing

Labour transfers as those described in the above section target other BYD production sites as well. Xi’an and Changsha, for example host plants for BYD bus manufacturing. Online posts indicate that these locations received workers through poverty alleviation programs. “In particular, we find labour transfers from Xingping County, Shaanxi Province⁴⁵ and from Qingning County, Gansu Province to BYD in Xi’an⁴⁶.

45 今天 兴平42人点对点赴西安比亚迪 中兴 邮政公司复工”, Weixin Official Accounts Platform. <https://mp.weixin.qq.com/s?src=11×tamp=1660419041&ver=3980&signature=-G-6xyZCUWH65x16Y7DwLEUPnQRzoR7PzcGJSGlpzvS-EV5p8uM0FuRDhug2HVBEdUFCrH1Ixi3HR61cWKxT4Pbnq85cCH4ANE0j9hPmOU549ZWNndjBO8wyKStqdpv&new=1> (accessed Aug. 13, 2022).

46 【复工复产】一对一帮扶, 点对点输出--静宁县抓实抓细复工返岗工作”, Weixin Official Accounts Platform. https://mp.weixin.qq.com/s?src=11×tamp=1660419041&ver=3980&signature=i6-akXMgAdWYbD3uCIukOtxTxHm*szojd-Xy9cDEUMISof1toiZtFCrP6PrPcYa

In Shaoyang County, Hunan Province government cadres went to villages for “point-to-point recruitment”⁴⁷, which essentially meant that workers were taken on the spot and sent to BYD in Changsha.



Figure 11: Labour transfer registered poor from Xingping County in Shaanxi to Xi'an



Figure 12: Labour transfer registered poor from Shaoyang County in Hunan to Changsha

MlHDhmv6pJ0l3q2feoK2cuXhnDuBgJjQltRMsdQLldS7*m0wJI9FO8OsM0zAmelm&new=1 (accessed Aug. 13, 2022).

47 “长郡合力:点对点招工 助力企业复工”, Weixin Official Accounts Platform. <https://mp.weixin.qq.com/s?src=11×tamp=1660420576&ver=3980&signature=oM0IMRZeffiOwf1jvCCmnDe23dHVMebAogQX9PyXGZEeNLKMyoilrSDebZr4NlNA8cRiwa70KTW2fuIjVPK-ubRuVZwVC3WJDnc4BrRE3limYWFdahtwbHv84AaAtr&new=1> (accessed Aug. 13, 2022).

5.3. CATL

5.3.1. Uyghur forced labour

Risk category: Very high

Leverage: Causing/contributing

CATL has a complicated shareholding structure and invests in many other corporations. Crossholdings and complex organizational structures make it difficult to assess the impact and role of such relationships. For example, we find that one of the top-10 shareholders of CATL is an asset management company based in Tibet. The company is solely owned by Yuan Honglin who is also a legal representative of China Molybdenum. The latter operates i.a. a molybdenum mine in Hami Prefecture, Xinjiang.⁴⁸ Molybdenum in turn is an essential component for the battery manufacturing sector. Investor relations between CATL and China Molybdenum reflect joint operations. We find information showing that the two corporations collaborate in nickel and lithium processing.⁴⁹ Therefore, ownership structures in combination with joint operations raise concerns that CATL contributes to forced labour.

CATL Lithium Power Co. Ltd. is a joint venture of CATL New Energy Technology Co. Ltd. and China Development Bank (CDB) Development Fund Co. Ltd. The latter is a shareholder of Xinjiang Guoheng Investment Development Group. 72% of this company is owned by Xinjiang Production and Construction Corps (XPCC). The Business and Human Rights Resource Centre raises concerns about transparency at CDB as the bank ignored all information requests during the past decade.⁵⁰ CDB as a joint-venture partner will make it more difficult to request information and engage in an open dialogue.

5.3.2. Forced labour in the Democratic Republic of Congo

Risk category: Very high

Leverage: Causing/contributing

According to a press release CATL and China Molybdenum (a.k.a. China Moly) jointly run a cobalt mine in the Democratic Republic of Congo. A Congolese court ruling in favour of a worker who got injured suggests that the site in question is Kisanfu mine.⁵¹ CATL seems also to receive raw materials from Tenke Fungurume mine, which is owned (80%) by China Moly.⁵² An investigation of the Guardian indicates that Congolese workers at this site are exposed to a system of abuse,

48 "China - molybdenum and tungsten - CMOC Group Limited", CMOC. <https://en.cmoc.com/> (accessed Nov. 11, 2022).

49 G. T. Review and J. Atkins, "Chinese banks stay silent on human rights allegations", Global Trade Review (GTR), Aug. 11, 2021. <https://www.gtreview.com/news/asia/chinese-banks-stay-silent-on-human-rights-allegations/> (accessed Aug. 22, 2022).

50 Ibid.

51 "DR Congo court issues rare decision in favour of injured worker at cobalt mine", Raid. <https://www.raid-uk.org/blog/dr-congo-court-issues-rare-decision-favour-injured-worker-cobalt-mine> (accessed Sep. 09, 2022).

52 "Exploitation of workers in DR Congo taints electric vehicles", Raid. <https://www.raid-uk.org/blog/cobalt-workers-exploitation> (accessed Sep. 09, 2022).

precarious employment and paltry wages.⁵³ According to a statement from the US Department of Labor, China Molybdenum has blocked safety inspectors from entering its mines and called on Congolese troops to expel artisanal miners, which has resulted in fatalities.⁵⁴

5.4. Durapower

5.4.1. Uyghur forced labour

Risk category: Very high

Leverage: Linked

Durapower is battery manufacturer headquartered in Singapore. Banpu Next, a Thai Energy Conglomerate, holds 47% of Durapower.⁵⁵ Banpu China is also a joint-venture partner of Henan Energy (see section V.2.2). The latter runs coal mines in Xinjiang and is deeply involved in China's Uyghur forced labour regime. Given that there is an ownership relationship between Banpu and Durapower and Banpu's products are complementary to Durapower, we categorise Durapower as causing/contributing to forced labour.

5.5. Samsung

5.5.1. Uyghur forced labour

Risk category: Very high

Leverage: Linked

Previous reports suggested that Samsung benefited from Uyghur forced labour through contractual relationships with Universal Electronics Inc., which received workers from Xinjiang through state-imposed labour transfers.⁵⁶ To assess whether forced labour risks remain even after comprehensive media coverage, political pressure, and Samsung's subsequent action, we screened two Chinese-owned suppliers to Samsung: AAC Technologies, and BOE Technology Group. Note that Samsung provides names of suppliers that are responsible for 80% of the company's electronics sourcing AND agreed to be publicly listed.⁵⁷ Our screening did not generate any results for AAC Technologies.

53 P. Pattison, "Like slave and master": DRC miners toil for 30p an hour to fuel electric cars", The Guardian, Nov. 08, 2021. Accessed: Sep. 09, 2022. [Online]. Available: <https://www.theguardian.com/global-development/2021/nov/08/cobalt-drc-miners-toil-for-30p-an-hour-to-fuel-electric-cars>

54 "Child Labor and Human Rights Violations in the Mining Industry of the Democratic Republic of Congo", (Jul. 14, 2022). Accessed: Sep. 11, 2022. [Online Video]. Available: <https://www.youtube.com/watch?v=38EAPDfDeKQ>

55 Banpu Annual Report 2021 "Transformation: Accelerating Greener & Smarter Growth" https://www.banpu.com/wp-content/uploads/2022/03/Banpu_One-Report-2021_EN_29_Mar-22_Updated.pdf (accessed June 13, 2023)

56 N. Liu, "Microsoft, Sony and Samsung Linked to Forced Labor in China", CBR, Oct. 11, 2021. <https://www.cbr.com/microsoft-sony-samsung-forced-labor-china/> (accessed Aug. 24, 2022).

57 "Supplier List", Samsung Electronics America. <https://www.samsung.com/us/aboutsamsung/sustainability/supply-chain/supplier-list/> (accessed Aug. 24, 2022).

For the case of BOE, we found information on a comprehensive collaboration with the Xinjiang Production and Construction Corps. A document from 2017 cites BOE chairman Wang Dongsheng stating “Our company will give full play to its own advantages and potentials and make use of the Xinjiang Corps location, resource, and policy advantages to create a win-win for both parties, and drive more enterprises and talents to come to the Xinjiang Corps”.⁵⁸ We do not find documents detailing how this relationship developed during the past five years. Given that BOE is a supplier to many global brands the lack of documents may be owed to a ‘digital clean-up’ in an attempt to avoid international critique. It is unlikely that BOE’s commitment did not materialize because a high-level conference sponsored by the two parties would not take place without a clear plan negotiated beforehand and political endorsement in Beijing and Urumqi. Furthermore, BOE Technology Group is owned by Beijing Electronics Holding Co., Ltd. (BEHC), which is a state-owned high-tech group under the Beijing Municipal State-Owned Assets Supervision and Administration Commission.⁵⁹ Thus, BOE is tied to CCP loyalty and political demands through ownership structures similar to those of BYD and CATL.

5.5.2. Poverty alleviation

Risk category: Very high

Leverage: Causing/contributing

Samsung is involved in several poverty alleviation projects in China. These projects aim at developing local industries in particular agricultural production and processing as well as tourism.⁶⁰ ⁶¹ We find no information that Samsung receives labour transfers or invests in poverty alleviation workshops related to its business operations.

5.6. Panasonic

5.6.1. Uyghur forced labour

Risk category: Very high

Leverage: Linked

Similar to Samsung, forced labour risks at Panasonic are mainly related to sourcing relationships. The two brands rely on the same Chinese-owned suppliers namely AAC and BOE. In addition, Panasonic sources from ZTE, a large-scale, Chinese state-owned IT communication brand. ZTE complicates the picture because the company engages with industrial poverty alleviation on

58 “厉害了!业界大咖齐聚新疆石河子建言新疆兵团如何创新发展”, Weixin Official Accounts Platform. https://mp.weixin.qq.com/s?src=11×tamp=1660723740&ver=3987&signature=zU7WlVlMX4G7mJmpvXCprBjzROTJWjqjgzgoVDe1CJdxySRsZjqlTlB4b1Ev8feh8D3LUxlGbAKFGEaMdkZ7OKOD5rd1ZnUiqU4pKikR5jzW*zogIe7Y0Hhr5Yk7AQMy&new=1 (accessed Aug. 17, 2022).

59 “北电科林”, <http://www.bdkcn.cn/en/index.php/multi/244.html> (accessed Aug. 17, 2022).

60 网易, “履行社会责任, 中国三星致力于做中国人民喜爱的企业”, Apr. 07, 2022. <https://www.163.com/dy/article/H4BI7TGQ0531IAJC.html> (accessed Nov. 13, 2022).

61 “视社会责任为己任, 中国三星积极投身公益事业_腾讯新闻”, <https://new.qq.com/omn/20220506/20220506A027BR00.html> (accessed Nov. 13, 2022).

a deeper, politically integrated level. For example, ZTE is a key enterprise pairing with poor villages. Together with CCP cadres the company shares responsibilities to implement poverty alleviation policies and assigned targets. According to a report, cadres have to live and work with registered poor people in the village to find solutions for their situation. The cadres' success is a crucial criterion for their annual performance assessment and hence their career prospects.⁶² Thus, there are strong incentives to force poor households to accept employment at designated ZTE factories. Moreover, ZTE collaborates with Xinjiang Shihezi Vocational and Technical College, a school that also trains soldiers for the Xinjiang Production and Construction Corps. For admission, ethnic minority students have to submit a political clearance certificate issued by the local police department.⁶³ In addition ZTE collaborates with a vocational school in Aksu prefecture, Xinjiang Province.⁶⁴ These agreements suggests that ZTE is deeply involved in the Xinjiang labour regime and, by consequence, might contribute to severe human rights violations.

5.6.2. Poverty alleviation

Risk category: Very high

Leverage: Causing/contributing

Panasonic is mentioned in the 2020 China Blue Book on Industrial Poverty Alleviation.⁶⁵ The report commends Panasonic's participation in a West-East pairing program. It is stated that the company receives about 80 registered poor persons from Dali in Yunnan Zhuang Autonomous Region through labour transfers each year.⁶⁶

Panasonic cooperates with vocational schools in ethnic autonomous Provinces. Panasonic receives both students and graduates. There are many reported cases of student exploitation in the electronics sector, because vocational students have no choice but accept internships organised by their schools. Interns have served as cheap labour with little regard to educational objectives and specific labour rights protection of minors and students. Students with a non-Han ethnic background are even more vulnerable to exploitation and forced labour.⁶⁷

62 "中兴落实“一户双扶”举措精准扶贫求实效--盐都日报”, <http://ydrb.yunpaper.cn/Article/index/aid/815439.html> (accessed Aug. 19, 2022).

63 “新疆石河子职业技术学院(石河子技师培训学院)2019年五年一贯制大专、中职招生简章”, Weixin Official Accounts Platform. https://mp.weixin.qq.com/s?src=11×tamp=1660832682&ver=3990&signature=2pY0pjwfWXNdbJua7bl7e6buV-i0HSaG7h5nGweukolM7I*tOUoNrb2HfXBa-0eRl04vRzlkjaTz*aOKD9K1190WqMngWT0MQoInhE1R05RxdV3cZR1R2XzvnFGKLrf&new=1 (accessed Aug. 19, 2022).

64 “刚发布!新疆招聘教师114人!各学科都有岗位!大专及以上学历可报名!月薪+五险一金!3月21日报名截止!快转给身边需要的人”, Weixin Official Accounts Platform. https://mp.weixin.qq.com/s?src=11×tamp=1660940083&ver=3992&signature=4MbXEeqYTF5O-4yhDipg8RPsU9XII*r11ki3-pskNUSyyLCS27cIg5sKJzp*FqU1iY--aVFbXa2QpTZE*ckb6F9puKF5OaJZs9KvDsK*Q5L-wsvfJmGQa8CVu6j6HG4&new=1 (accessed Aug. 19, 2022).

65 “国务院扶贫办、中国社科院发布《企业扶贫蓝皮书(2020)》,松下入选企业扶贫优秀案例”, <https://panasonic.cn/about/news/all/news20200921/> (accessed Nov. 13, 2022).

66 “深化结对帮扶工作|云南大理州党政代表团调研松下微波炉!员工”, https://www.sohu.com/a/www.sohu.com/a/404821418_788473 (accessed Nov. 13, 2022).

67 “国务院扶贫办、中国社科院发布《企业扶贫蓝皮书(2020)》,松下入选企业扶贫优秀案例”. <https://panasonic.cn/about/news/all/news20200921/> (accessed Nov. 13, 2022).

5.7. LG Chem

5.7.1. Uyghur forced labour

Risk category: Very high

Leverage: Linked

LG New Energy signed a joint venture agreement with China Huayou Cobalt Industry. In this context Huayou “guarantees the stable supply of core metals”.⁶⁸ Huayou, in turn, has multiple links to the Uyghur forced labour regime. A press release from May 2023 states that Huayou and Xinjiang Nonferrous Metals are working on a partnership.⁶⁹ An article from November 2022 reports that the CEO’s of Huayou and Xinjiang Zhongtai lead a delegation to visit Xiangyu Group in Xiamen. The joint appearance of the two CEO suggests that the companies collaborate.⁷⁰ Previous investigations on Xinjiang Nonferrous Metals and Xinjiang Zhongtai show that the companies are participating in the Uyghur forced labour regime.^{71 72} A document from January 2018 states that Yao Xinmin, member of the Standing Committee and Deputy Commander of the Party Committee of the Xinjiang Production and Construction Corps, Secretary of the Party Committee and Political Commissar of the First Division of Alar City led a delegation visiting Huayou. The purpose was to discuss “in-depth cooperation, and achieve win-win results”.⁷³

5.7.2. Labour transfer

Risk category: Very high

Leverage: Causing/contributing

LG Chem participates in West-East labour transfer programs. Anlong County in Qianxinan Buyei and Miao Autonomous Prefecture, Guizhou province lists LG Chem (Leyou New Energy) in Jiangsu as one possible destination.⁷⁴

68 L. C. Reporter, “Huayou Cobalt’s subsidiary invests in LG Chem’s cathode material plant”, May 31, 2022. <https://www.ajudaily.com/view/20220531093409788> (accessed Aug. 18, 2022).

69 “华友钴业与新疆有色集团进行交流其他稀有金属-有色金属新闻-中国有色网-中国有色金属报主办”, <https://www.cnmn.com.cn/ShowNews1.aspx?id=444394> (accessed Jun. 11, 2023)

70 “浙江华友钴业、新疆中泰集团领导到访象屿集团_合作”, https://www.sohu.com/a/www.sohu.com/a/501670742_121118711 (accessed Jun. 11, 2023).

71 “Foreign-Owned Joint Ventures in Xinjiang Tied to Entities Engaged in Forced Labor”, <https://brief.kharon.com/updates/foreign-owned-joint-ventures-in-xinjiang-tied-to-entities-engaged-in-forced-labor> (accessed Jun. 11, 2023).

72 A. Swanson and C. Buckley, “Red flags for forced labor found in China’s car battery supply chain”, The Japan Times, Jun. 21, 2022. <https://www.japantimes.co.jp/news/2022/06/21/asia-pacific/forced-labor-china-car-battery/> (accessed Jun. 11, 2023).

73 华友钴业, “【关注】新疆生产建设兵团第一师阿拉尔市考察团到访衢州华友”, Weixin Official Accounts Platform. https://mp.weixin.qq.com/s?src=11×tampt=1660804827&ver=3989&signature=568w48ATvkgI41kZXJAcpuZrsj8tnCs*OPFm4lHQiCNQgKs7Kf9LLma7pwuxV8sqHqzk5AauJvS31kAe8z149-nI4j*BJcncIw7Fc*JwW4*dAGAhBAGl6LK44R1h*jAV&new=1 (accessed Aug. 18, 2022).

74 “安龙县2022年就业帮扶,真情相助“春节”专场招聘会”, Weixin Official Accounts Platform. https://mp.weixin.qq.com/s?src=11×tampt=1660768107&ver=3988&signature=tSFy*5yRlh8en5A9ezpCv1XklghRQ7DBixcsYbxesxDKglMpNXqOg6bBgy*7MqM-k0JZPB0uRUCZrqqfMPxBJQKT5ScHnv1rtPlgio*BXD2wco-JPwwiL*xAHPryFm1&new=1 (accessed Aug. 18, 2022).

5.7.3. Forced labour in the Democratic Republic of Congo

Risk category: Very high

Leverage: Causing/contributing

Due to its partnership with Huayou, LG Chem is contributing to forced labour in the Democratic Republic of Congo. Huayou is the sole owner of Congo Dongfang, a company that has relied on child labour according to Amnesty International who investigated the company in 2016.⁷⁵ An article in *The New Yorker* from 31. May 2021 states: “At some sites, the treatment of Congolese by their Chinese bosses is reminiscent of the colonial period. In a video shared with me by Mutindi, of Good Shepherd, a Congolese guard with a Kalashnikov slung across his back beats a man who is lying, semi-naked, in mud, his arms bound. Behind the camera, a man otherwise speaking Mandarin starts yelling “Piga!”—the Kiswahili word for “beat.” In the background are seven of the trucks that Congo Dongfang uses to transport cobalt ore...”⁷⁶ Huayou’s use of child labour became subject to a court case in the US, where 14 families of former child laborers sued Apple, Google, Dell, Microsoft and Tesla.⁷⁷ In 2022, Senator Marco Rubio from Florida criticized Volkswagen for signing a joint-venture agreement with Huayou Cobalt.⁷⁸

5.8. SK Innovation

5.8.1. Poverty alleviation

Risk category: Very high

Leverage: Causing/contributing

SK Innovation is a Korean battery manufacturer with production facilities in China. Among the none-Chinese brands studied in this section, SK Innovation is the least transparent as there is no information about their supply chain available. In China, SK Innovation seems to assume social responsibility mainly through charity projects.^{79 80 81} In this context, the company claims to contribute to the policy of revitalizing the country side by employing a large number of skilled

75 “Democratic Republic of Congo: “This is what we die for”: Human rights abuses in the Democratic Republic of the Congo power the global trade in cobalt”, Amnesty International. <https://www.amnesty.org/en/documents/afr62/3183/2016/en/> (accessed Aug. 18, 2022).

76 “DRC: Workers protest the working conditions in Congo Dongfang mine”, Business & Human Rights Resource Centre. <https://www.business-humanrights.org/en/latest-news/drc-workers-protest-the-working-conditions-in-congo-dongfang-mine/> (accessed Aug. 18, 2022).

77 “Democratic Republic of Congo: “This is what we die for”: Human rights abuses in the Democratic Republic of the Congo power the global trade in cobalt”, Amnesty International. <https://www.amnesty.org/en/documents/afr62/3183/2016/en/> (accessed Aug. 18, 2022).

78 “Rubio questions Volkswagen’s ties to metal suppliers in China over human rights”, MINING.COM. <https://www.mining.com/web/rubio-questions-volkswagens-ties-to-metal-suppliers-in-china-over-human-rights/> (accessed Aug. 18, 2022).

79 崇阳团县委, “中国光华科技基金会领导一行来崇调研 “百所高校幸福行动”, Weixin Official Accounts Platform, https://mp.weixin.qq.com/s?src=11×tamp=1661071680&ver=3995&signature=DcoTnJTqP9NcCQtFq9fDceuXKSZ2AwBd5CXsRkc6k05xdAFQgFIU7AyXzGRcE9Twt3*7bgY9Gkj52dTlbiRndyNFGeHhJFH2TYSqx0U5nvWBETqgfbk6nvGTcsoY6SjF&new=1 (accessed Aug. 21, 2022).

80 【慈幼聚焦】爱思开海力士半导体(重庆)有限公司向我市困难家庭患儿捐赠善款”, Weixin Official Accounts Platform. https://mp.weixin.qq.com/s?src=11×tamp=1661071568&ver=3995&signature=su2CDtL0zixMXqNLfq*WqUB45TEOKZM1Pc0Oy4BXGSlzhPZbE0rYxMYm58ojP-avrA-w*gi0H2-Uw66VAoqVUbJOGtaJcabs8XigLSZFTCA5Y YuB09m-iWvM*5p4W9Vz&new=1 (accessed Aug. 21, 2022).

81 “【青年之声·临高】团县委携手中国光华科技基金会对我县进行扶贫项目调研”, Weixin Official Accounts Platform. https://mp.weixin.qq.com/s?src=11×tamp=1661071568&ver=3995&signature=OKwfWb2raff3ptnvDYGgJ7UvAl77qqakcQbCRdh*9AsVBBknyU6LHllbGiG-etvYPoShV8Vg6J70iuUr4CUAt-TM1tabtHdfkO8gTYfd*MnSHZXSyMiUyvQMrg1-Egkh&new=1 (accessed Aug. 21, 2022).

labourers.⁸² There is no information if this statement is related to state-organised labour transfers or poverty alleviation programs.

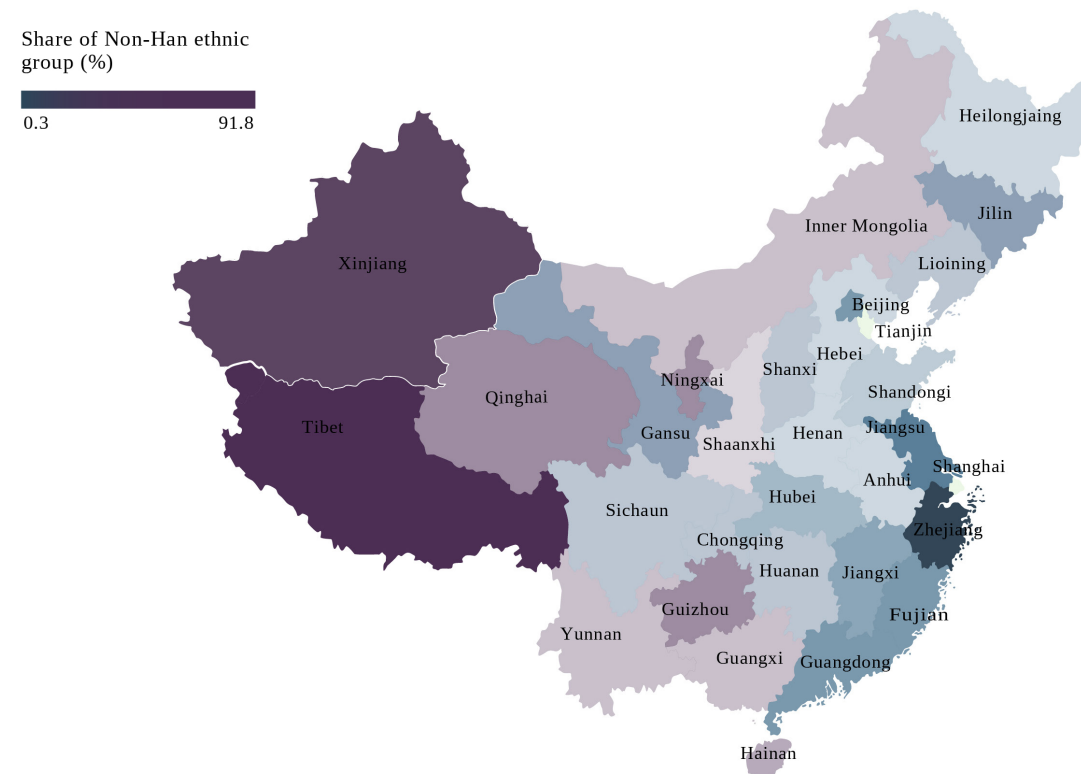
5.9. Yutong

5.9.1. Uyghur forced labour, and forced labour in the Democratic Republic of Congo

Risk category: Very high

Leverage: Linked

Yutong is a major Chinese bus manufacturer with a large electric bus production site in Zhengzhou, Henan Province. In contrast to BYD, Yutong does not develop or produce batteries. More than 90 percent of Yutong e-vehicles run with CATL batteries.⁸³ The supplier agreement between Yutong and CATL was renewed and expanded in August 2022 and will be valid until 2032.⁸⁴ As a result, downstream forced labour risks enter Yutong’s supply chain through CATL; a company that we analysed in section 5.4.



82 责任云研究院, “SK中国: 幸福经营, 创造更大的社会价值 | 在华外企责任投资研究报告”, Weixin Official Accounts Platform. <https://mp.weixin.qq.com/s?src=11×tamp=1661070431&ver=3995&signature=H3g9OFXlci8g30xHnTdvL5D5nUhDiTeJLWQ-bkLFFJXOcP8Yh7yJcB49PWvNvWW1V6mGfr1pJvq7vLu-QhOSpAlamVCYx2LixB2YdZ7no-6uf36F8ky3zuj54W0ehdJa&new=1> (accessed Aug. 21, 2022).

83 “Major Chinese Bus Maker Yutong Soars by Limit After Parent, CATL Ink 10-Year Battery Tech Deal”, <https://www.yicai.com/news/china-yutong-bus-soars-after-parent-firm-renews-commercial-vehicle-battery-deal-with-catl> (accessed Sep. 15, 2022).

84 “CATL & Yutong extend battery partnership until 2032”, [electrive.com](https://www.electrive.com/2022/08/11/catl-yutong-extend-battery-partnership-until-2032/), Aug. 11, 2022. <https://www.electrive.com/2022/08/11/catl-yutong-extend-battery-partnership-until-2032/> (accessed Sep. 15, 2022).

6. CONCLUSIONS

Formally, the Chinese State is committed to eradicate forced labour. On 12 August 2022 China ratified the ILO's "Forced Labour Convention" No. 29 and "Abolition of Forced Labour Convention" No. 105. This implies that China agreed to prohibit the use of forced labour in all its forms and make forced labour practices punishable as a penal offence. Convention No. 105 calls for the immediate abolition of compulsory labour as a means of political coercion or education or punishment for the expression of political views, mobilizing and using labour forces for purposes of economic development, labour discipline, punishment for participation in strikes; and racial, social, national or religious discrimination. This State commitment is not reconcilable with coercive forms of poverty alleviation employment. And there are no signs that the ratification had an effect on the situation in Xinjiang or other parts of China. On the contrary, the recently promulgated Chinese Counter-Espionage Law potentially renders all investigations and information collection a criminal offense.⁸⁵

At the same time, legislation in the European Union and the United States are stepping up requirements for human rights due diligence. The EU "Proposal for a ban on goods made using forced labour"⁸⁶ and the "Directive on corporate sustainability due diligence"⁸⁷ urge corporations to do more and be more effective in preventing forced labour risks. And in the US, the "Uyghur forced labour prevention act" establishes a rebuttable presumption that all goods originating entirely or partly from Xinjiang are banned from entering the US market.⁸⁸ The 2023 updated "OECD Guidelines for Multinational Enterprises on Responsible Business Conduct" call on enterprises to contribute to "the elimination of all forms of forced or compulsory labour and take immediate and effective measures towards the elimination of forced or compulsory labour as a matter of urgency." The line between repression and responsibility will become increasingly difficult to navigate.

Identifying state-sanctioned forced labour in China is difficult as informants and investigators may be subjected to threats, repression, or persecution. Our research relies on information that local governments, newspapers, and companies publish online. The retrieved data has to be interpreted against the backdrop of what we know about forced labour practices from leaked documents and witnesses. Due to a lack of access and the severity of the violations, corporations cannot base decisions on social audits but must act in accordance with risks assessments. Also, corporations need to be aware that state-sanctioned forced labour goes beyond Xinjiang and involves non-Han ethnic groups and registered poor in Western and Central China. Our research shows that three manufacturers have received workers from registered poor households from seven provinces (Shaanxi, Gansu, Heilongjiang, Hunan, Yunnan, Guizhou, and Hainan) through 28 labour transfers

85 "China's new anti-spy law is just the beginning", POLITICO, May 24, 2023. <https://www.politico.eu/article/chinas-new-anti-spy-law-is-just-the-beginning/> (accessed Jun. 12, 2023).

86 "Proposal for a ban on goods made using forced labour" | Think Tank | European Parliament'. [https://www.europarl.europa.eu/thinktank/en/document/EPRS_BRI\(2023\)739356](https://www.europarl.europa.eu/thinktank/en/document/EPRS_BRI(2023)739356) (accessed Jun. 12, 2023).

87 "Proposal for a directive of the european parliament and of the council", Corporate Sustainability Due Diligence and amending Directive (EU) 2019/1937. 2022. Accessed: Jun. 12, 2023. [Online]. Available: <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A52022PC0071>

88 "Uyghur Forced Labor Prevention Act | U.S. Customs and Border Protection". <https://www.cbp.gov/trade/forced-labor/UFLPA> (accessed Jun. 12, 2023).

during the past five years. Similar to poverty alleviation workshops and poverty alleviation employment in state-owned companies, these transfer schemes entail a very high risk of forced labour which goes beyond Xinjiang. A second channel for state-sanctioned forced labour are state-owned corporations which have the responsibility to engage in industrial poverty alleviation. Research in this report suggests that battery and electric bus manufacturers’ reliance on minerals and energy involves the state-owned sector and, as a result, constitutes a major entry point for severe human rights violations. Figure 12 summarises our findings geographically:

- High-level risk areas Xinjiang, Tibet, and Southwestern Qinghai are associated with forced labour in resource extraction and manufacturing. Five out of seven brands are associated with business activities in high-level risk areas.
- Labour transfers originate from Central, South, and Northeast China. These regions host the majority of ethnic autonomous regions, prefectures, and counties in China.
- Two out of seven brands seem to participate in labour transfer programs. BYD makes extensive use of state-sanctioned labour transfers. LG Chem has at least considered to participate.
- Two manufacturers maintain joint-ventures with Chinese mining corporations which are associated with forced labour allegations in the Democratic Republic of Congo.

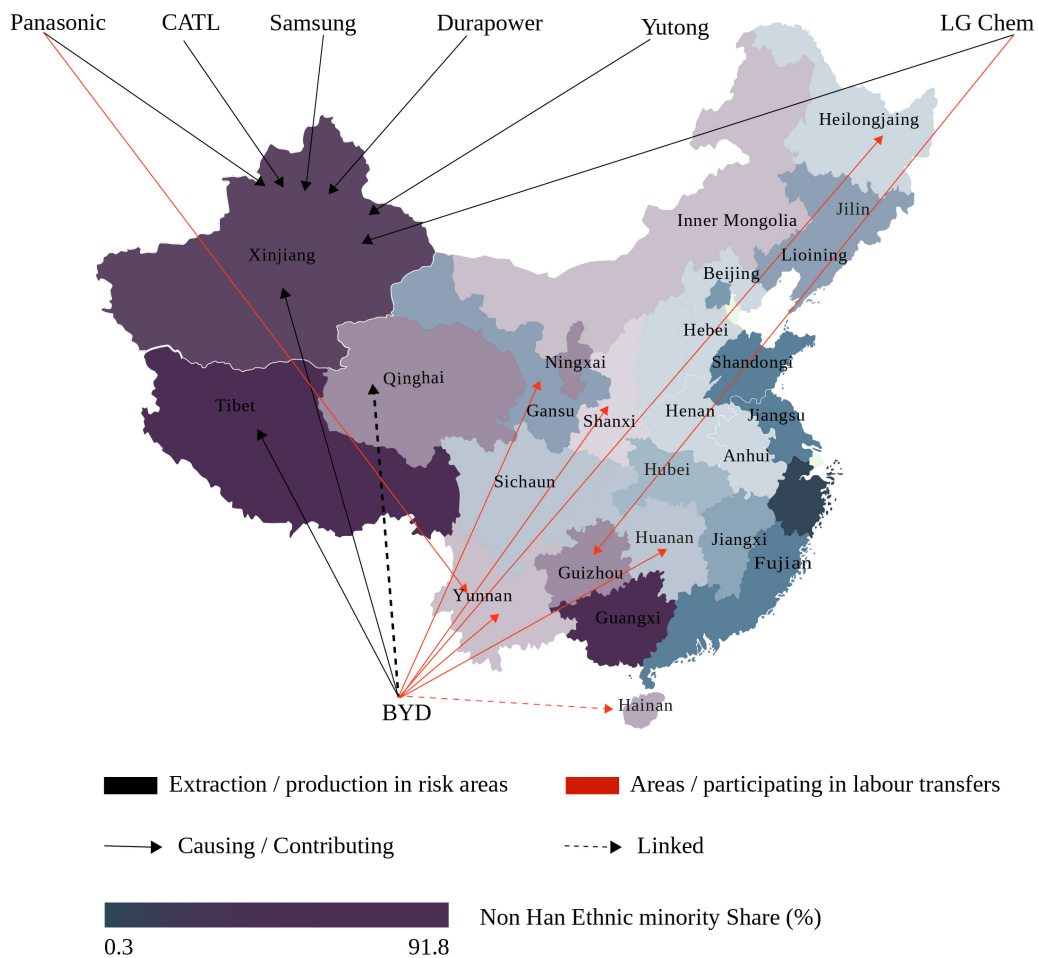


Figure 12: Geographic overview of findings

To mitigate human rights risks, companies should avoid ties with suppliers or business partners that meet any of the following criteria:

- Operating in the primary or secondary sector located in Xinjiang, Tibet, and Tibetan autonomous prefectures in Sichuan and Qinghai.
- Receiving workers through state-organised labour transfers.
- Participating in state-sanctioned employment programs for registered poor households.
- Receiving vocational students from registered poor households through poverty alleviation programs.

The UNGPs divide responsibilities along the line between causing and contributing on the one hand and being linked on the other. Thus, at a minimum, corporations with production facilities in China must not get involved in any of the above activities. Furthermore, they must give up partial ownership in companies engaged in any of the above activities. The bulk of state-sanctioned forced labour, however, most likely will enter global supply chains through domestic factories at lower tiers. The risk of being linked to forced labour is high due to the enormous scale of state-sanctioned worker mobilization. A report from 2020 states that seven provinces (Guangxi, Sichuan, Guizhou, Yunnan, Gansu, Ningxia, and Xinjiang) sent out 18.8 million impoverished labourers to work.⁸⁹ Since poverty alleviation cadres have to fulfill quotas, many of these workers will have experienced political persuasion, pressure or threats before they agreed to leave their homes temporarily for work in factories elsewhere or get resettled permanently. For the time being, the only sensible way for companies to respond is to commit to zero tolerance, identify risks, and cut ties to implicated suppliers.

⁸⁹ 网易, '国务院扶贫办:外出务工、扶贫车间和扶贫龙头企业复工等情况(附数据)', Mar. 25, 2020. <https://www.163.com/dy/article/F8I50EEC0519D9DS.html> (accessed Jun. 13, 2023).

