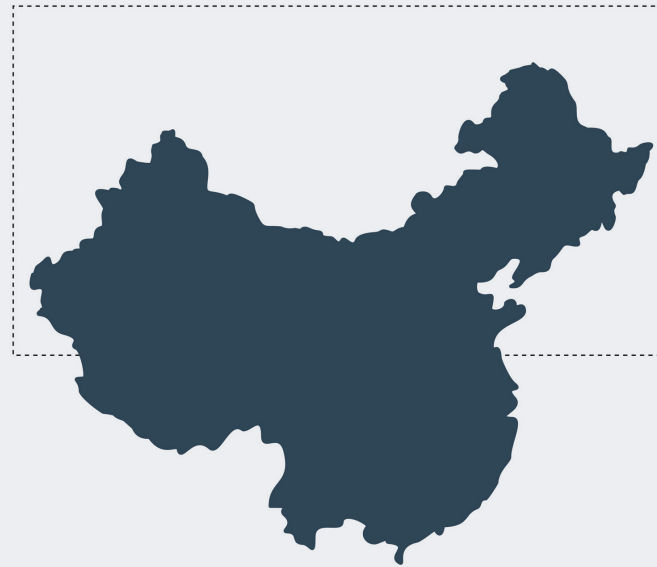


# Human and Labour Rights Violations at BYD, CATL and EVE Energy: A comparison

A human rights due diligence analysis based on online  
documents and social media posts

February 2024



Globalworks Lund AB

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This report was commissioned by VIMAB BESS. Globalworks Lund AB conducted the research and authored the report.

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Layout: Pilo Marimon

Publisher: Helena Magnusson

Published: February 2024

ISBN: 978-91-989284-0-2



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# 1. INTRODUCTION

In this short report we compare findings from two reports, “Human rights risks behind electric buses in Swedish public transportation”<sup>1</sup> and “Human and labour rights violations at EVE Energy in China”<sup>2</sup>, on three battery manufacturers in China: BYD, CATL, and EVE.<sup>3</sup> This comparison highlights shared human rights risks and identifies industry-wide risk patterns. The comparison was commissioned by VIMAB BESS. Globalworks Lund AB conducted the research and authored the report.

The comparison follows the structure of the full reports, which were divided into two parts analysing the risk of state-imposed forced labour on the one hand and risks of labour rights violations at battery factories on the other. Table 1 and 2 provide summaries of the main findings for each of the three brands. For detailed information we refer to the full reports.

The United Nations Guiding Principles on Business and Human Rights (UNGPs) advocate a risk-based assessment of human rights issues where brands should prioritise the most salient problems. Salience means “issues that stand out because they are at risk of the most severe negative impact through the company’s activities or business relationships.”<sup>4</sup> A negative human rights impact is salient under one or more of the following characteristics: its scale (gravity of the impact), scope (number of individuals affected), or irremediability (ease of undoing consequences).<sup>5</sup> The UNGPs do not provide a single standard for evaluating or grading risks, as these may vary across businesses, sectors, regions, and countries. We developed distinct risk grading criteria for state-imposed forced labour and human and labour rights risks (for detailed information see the full reports). Table 1 and 2 report on the resulting risk grades.

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1 Brehm, Stefan and Helena Magnusson. “Human rights risks behind electric buses in Swedish public transportation.” ETI Sweden. (2023). Available at <https://etisverige.se/aktuellt/forced-labour-and-human-rights-risks-behind-electric-buses-in-swedish-public-transport/>.

2 Brehm, Stefan and Helena Magnusson. “Human rights violations at EVE Energy in China – A human rights due diligence analysis based on online documents and social media posts.” Globalworks Lund AB. (2024). Available at [www.globalworks.se/projects/hrdd-eve-2024](http://www.globalworks.se/projects/hrdd-eve-2024)

3 The report on “Human rights risks behind electric buses in Swedish public transportation” was commissioned by ETI Sweden (Ethical Trading Initiative Sweden) together with the public transport authorities Storstockholms Lokaltrafik (SL), Västtrafik, Skånetrafiken, and Luleå Lokaltrafik. The report on “Human rights violations at EVE Energy in China” was independently commissioned by Öresundskraft and VIMAB BESS.

4 [https://www.ohchr.org/documents/publications/faq\\_principlesbusinesshr.pdf](https://www.ohchr.org/documents/publications/faq_principlesbusinesshr.pdf)

5 <https://www.ungpreporting.org/glossary/severe-human-rights-impact/>

Section 13 of the UNGPs 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.<sup>6</sup>

Tables 1 and 2 report on the distinction between “causing/contributing” and “directly linked” under the category “leverage”. The full reports provide detailed explanations how the two leverage types are defined.

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<sup>6</sup> [https://www.ohchr.org/documents/publications/faq\\_principlesbusinesshr.pdf](https://www.ohchr.org/documents/publications/faq_principlesbusinesshr.pdf)

## 2. STATE-IMPOSED FORCED LABOUR RISKS

State-imposed forced labour relates to state-organised or state-endorsed practices. State-imposed forced labour is frequently enabled by industrial poverty alleviation programs and vocational training agreements. Such policies and programs target mainly designated areas in central and western China. We distinguish three different risk zones:

- Zone I (Xinjiang)
- Zone II (Tibetan areas including autonomous prefectures in Qinghai)
- Zone III (other Western and Central provinces and autonomous regions)

Within these zones, we evaluate three different risk types:

- existential threats
- economic coercion
- forced resettlement

The highest risk of the most severe forced labour practices applies to business organisations in Xinjiang. Tibetan areas are subject to the same severe forms of forced labour but, as far as we know, on a lower scale. In other Western and Central provinces and autonomous regions, state-imposed forced labour relies on economic coercion and forced resettlement. Existential threats are not systematically deployed.

The analysis of state-imposed forced labour relies on government documents, newspaper articles, and business reports. Relevant documents were interpreted against the backdrop of academic research in the field of state-imposed forced labour in China in particular writings on the Uyghur forced labour regime in Xinjiang and labour transfers in the context of state-organised poverty alleviation programs.

<b>Table 1: State-imposed forced labour risks</b>			
	<b>BYD</b>	<b>CATL</b>	<b>EVE</b>
<b>Operations in risk zone I (Xinjiang)</b>	<p><b>Issue:</b> BYD is linked to state sanctioned forced labour risks in Xinjiang by two degrees of separation. BYD's joint venture partner Qinghai Salt Lake Industry maintains multiple relationships based on equity and collaboration agreements with mining corporations in Xinjiang.</p> <p><b>Leverage:</b> Linked</p> <p><b>Salience:</b> Very high</p>	<p><b>Issue:</b> CATL maintains relationships through equity and operations with China Molybdenum. The latter owns and operates mines in Hami Prefecture, Xinjiang Uyghur Autonomous Region</p> <p><b>Leverage:</b> Causing/contributing</p> <p><b>Salience:</b> Very high</p>	<p><b>Issue:</b> EVE is linked to state sanctioned forced labour risks in Xinjiang by two degrees of separation. EVE's joint venture partners Huayou Cobalt, Zijin Lithium, and Linyang Energy maintain multiple relationships based on equity and collaboration agreements with mining corporations, and local governments in Xinjiang.</p> <p><b>Leverage:</b> Linked</p> <p><b>Salience:</b> Very high</p>
<b>Operations in risk zone II (Tibetan areas)</b>	<p><b>Issue:</b> BYD participates in a joint venture engaged in Lithium mining and processing in Haixi Mongol and Tibetan Autonomous Region, Qinghai Province. BYD's operations and shareholding structure are also related to Lithium mining and processing in Tibet Autonomous Region.</p> <p><b>Leverage:</b> Causing/contributing</p> <p><b>Salience:</b> Very high</p>	No information	<p><b>Issue:</b> EVE participates in multiple joint ventures engaged in Lithium mining and processing in Haixi Mongol and Tibetan Autonomous Region, Qinghai Province.</p> <p><b>Leverage:</b> Causing/contributing</p> <p><b>Salience:</b> Very high</p>

<b>Table 1: State-imposed forced labour risks</b>			
	<b>BYD</b>	<b>CATL</b>	<b>EVE</b>
<b>Participation in labour transfers (zone III and other provinces)</b>	<p><b>Issue:</b> Government reports and articles suggest that BYD receives workers through labour transfer programs.</p> <p><b>Receiving sites:</b> Information relates to production sites in Shenzhen (Guangdong Province) and Shanghai.</p> <p><b>Sending areas:</b> Rural areas in Hainan, Shaanxi, Gansu, Yunnan.</p> <p><b>Scale:</b> Several thousands.</p> <p><b>Leverage:</b> Causing/contributing</p> <p><b>Salience:</b> Very high</p>	No information	<p><b>Issue:</b> Government reports and articles suggest that EVE receives workers through labour transfer programs.</p> <p><b>Receiving sites:</b> Information relates to one production site in Duodao District, Jingmen City, Hubei Province.</p> <p><b>Sending areas:</b> Rural areas within the province (Hubei) and from outside (Shaanxi).</p> <p><b>Scale:</b> Several hundreds to several thousands.</p> <p><b>Leverage:</b> Causing/contributing</p> <p><b>Salience:</b> Very high</p>

In Table 1, the comparison shows that state-imposed forced labour risks at EVE and BYD are similar. Both companies receive workers through state-organised labour transfers of poor farmers and herdsmen. However, the scale of these transfers appears larger at BYD than at EVE. BYD and EVE both operate in Tibetan areas and therefore share the risk of contributing to state-imposed forced labour. We also find that EVE, BYD, and CATL are linked to the Uygur forced labour regime through ownership structures and strategic partnerships.



### 3. HUMAN AND LABOUR RIGHTS VIOLATIONS

In Table 2, we compare our findings on human and labour rights risks at the production facilities of BYD, CATL, and EVE in China. The findings are structured following Better Work's Global Compliance Assessment Tool (CAT).<sup>7</sup> The CAT covers core international labour standards on child labour, discrimination, forced labour, and freedom of association. In addition, it entails principles on compensation, contracts and workplace relations, occupational safety and health, and working time.

The data for the analysis come from various social media platforms where workers, student interns, and other rights holders voice grievances, share their experiences and offer advice.

Table 2 compares BYD, CATL, and EVE on labour issues voiced by rightsholders on social media. We find that the three brands:

- adopt age-discriminatory recruitment policies
- exploit asymmetric power relations through internship contracts
- treat workers' resignations not as a legal right but a matter of management discretion
- pay base wages for frontline workers that are only a fraction of a living wage
- rely on workers to perform excessive overtime
- use rules for wage calculations that violate Chinese labour legislation
- nurture toxic organisational cultures through despotic management, and military drill

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<sup>7</sup> "Better Work's Global Compliance Assessment Tool (CAT)," Better Work. Accessed: Dec. 19, 2023. [Online]. Available: <https://betterwork.org/reports-and-publications/better-works-global-compliance-assessment-tool/>

<b>Table 2: Human and labour rights violations</b>			
	<b>BYD</b>	<b>CATL</b>	<b>EVE</b>
<b>Discriminatory recruitment criteria</b>	<p><b>Issue:</b> Job advertisements for BYD workers use age as a discriminatory criterion. Some advertisements exclude Uyghurs, Tibetans, Yi, and Hui (or state that a small number of Hui can be admitted) from recruitment. Other discriminatory requirements are no tattoos or cigarette scars.</p> <p><b>Leverage:</b> Causing/contributing</p> <p><b>Salience:</b> Moderate or medium</p>	<p><b>Issue:</b> Job advertisements include age limits in a discriminatory way. Some advertisements require Han Chinese and exclude Uyghurs, Tibetans, Yi, and Hui from recruitment. Other discriminatory requirements are no tattoos or cigarette scars.</p> <p><b>Leverage:</b> Causing/contributing</p> <p><b>Salience:</b> Moderate or medium</p>	<p><b>Issue:</b> Job advertisements suggest that EVE uses age as a recruitment criterion in a discriminatory way.</p> <p><b>Leverage:</b> Causing/contributing</p> <p><b>Salience:</b> Moderate or medium</p>
<b>Wage discrimination</b>	No information	No information	<p><b>Issue:</b> Students recruited on-campus in collaboration with schools receive lower overtime pay compared to students that were admitted through open recruitment.</p> <p><b>Leverage:</b> Causing/contributing</p> <p><b>Salience:</b> Moderate or medium</p>

**Table 2: Human and labour rights violations**

	<b>BYD</b>	<b>CATL</b>	<b>EVE</b>
<b>Abuse of vulnerability</b>	<p><b>Issue:</b> Students must sign three-party agreements with the school and a prospect employer. When students regret to have accepted the offer, they have to pay a fine of RMB 3000 - 5000. This is not illegal but due to the high costs (about two months base wage) the fine can be interpreted as a ‘menace of penalty’ under the ILO forced labour definition.</p> <p><b>Leverage:</b> Causing/contributing</p> <p><b>Salience:</b> Medium</p>	<p><b>Issue:</b> Students must sign three-party agreements with the school and a prospect employer. When students regret to have accepted the offer, they have to pay a fine of RMB 5000. This is not illegal but due to the high costs (about two months base wage) the fine can be interpreted as a ‘menace of penalty’ under the ILO forced labour definition.</p> <p><b>Leverage:</b> Causing/contributing</p> <p><b>Salience:</b> Medium</p>	<p><b>Issue:</b> Students must sign three-party agreements with their school and EVE. When students regret to have accepted the offer, they have to pay a fine of RMB 5000. This is not illegal but due to the high costs (about two months base wage and at the upper legal limit) the fine can be interpreted as a ‘menace of penalty’ under the ILO forced labour definition.</p> <p><b>Leverage:</b> Causing/contributing</p> <p><b>Salience:</b> Medium</p>
<b>Obstacles to resign</b>	<p><b>Issue:</b> Workers need to get approval from several superiors before they can resign. When workers are denied formal resignation, they often leave without permission. BYD will punish them with wage arrears or deductions and will permanently or temporarily blacklist them. If they are admitted for re-employment workers may have to accept wage deductions from their first salary.</p> <p><b>Leverage:</b> Causing/contributing</p> <p><b>Salience:</b> Medium or high</p>	<p><b>Issue:</b> Workers need to get approval from several superiors before they can resign. When workers are denied formal resignation, they often leave without permission. CATL will punish them with wage arrears or deductions and will permanently or temporarily blacklist them. If they are admitted for re-employment workers may have to accept wage deductions from their first salary.</p> <p><b>Leverage:</b> Causing/contributing</p> <p><b>Salience:</b> Medium or high</p>	<p><b>Issue:</b> Workers need to get approval from several superiors before they can resign. When workers are denied formal resignation, they often leave without permission. EVE will punish them with wage arrears or deductions and will permanently or temporarily blacklist them.</p> <p><b>Leverage:</b> Causing/contributing</p> <p><b>Salience:</b> Medium or high</p>

<b>Table 2: Human and labour rights violations</b>			
	<b>BYD</b>	<b>CATL</b>	<b>EVE</b>
<b>Low base wages</b>	<p><b>Issue:</b> Depending on location, a frontline worker at BYD earns RMB 2000 for full-time employment and regular working hours. The base wage is close to the legal minimum wage and about 30 – 70% of a living wage (depending on benchmark). Regular wages violate workers’ right to a living wage.</p> <p><b>Leverage:</b> Causing/contributing</p> <p><b>Salience:</b> High or very high</p>	<p><b>Issue:</b> Depending on location, a frontline worker at CATL earns RMB 2300 for full-time employment and regular working hours. The base wage about RMB 400 above the legal minimum wage and about 35 – 75% of a living wage (depending on benchmark). Regular wages violate workers’ right to a living wage.</p> <p><b>Leverage:</b> Causing/contributing</p> <p><b>Salience:</b> High or very high</p>	<p><b>Issue:</b> Depending on location, a frontline worker at EVE earns RMB 1700 – 2000 for full-time employment and regular working hours. The base wage is close to the legal minimum wage and about 30 – 70% of a living wage (depending on benchmark). Regular wages violate workers’ right to a living wage. Low base wages at EVE extend into legal minimum social insurance contributions, which perpetuate workers’ precarious situation.</p> <p><b>Leverage:</b> Causing/contributing</p> <p><b>Salience:</b> High or very high</p>
<b>Deception</b>	<p><b>Issue:</b> Prior to employment, workers receive information about pay and working conditions from dubious labour agents or workers who recruit new employees in exchange for bonus payments. The information they receive is frequently exaggerated and deceptive.</p> <p><b>Leverage:</b> Causing/contributing (recruiting employees), linked (dubious labour agents)</p> <p><b>Salience:</b> Medium</p>	<p><b>Issue:</b> Prior to employment, workers receive information about pay and working conditions from dubious labour agents or workers who recruit new employees in exchange for bonus payments. The information they receive is frequently exaggerated and deceptive.</p> <p><b>Leverage:</b> Causing/contributing (recruiting employees), linked (dubious labour agents)</p> <p><b>Salience:</b> Medium</p>	<p><b>Issue:</b> Prior to employment, workers receive information from dubious labour agents about rapid wage progression (from RMB 4500 to 8000 within one year), which appears to be deceptive. Students complain that company recruitment teams misinformed them about pay (overtime pay).</p> <p><b>Leverage:</b> Causing/contributing (recruitment teams), linked (dubious labour agents)</p> <p><b>Salience:</b> Medium</p>

<b>Table 2: Human and labour rights violations</b>			
	<b>BYD</b>	<b>CATL</b>	<b>EVE</b>
<b>Inhumane management</b>	<p><b>Issue:</b> Workers write about leaders who scold at them and humiliate them. Leaders have the discretion to impose arbitrary fines (wage deductions). Meetings are held outside regular working hours.</p> <p><b>Leverage:</b> Causing/contributing</p> <p><b>Salience:</b> High or very high</p>	<p><b>Issue:</b> Workers write about leaders who scold at them and humiliate them. There are arbitrary fines, meetings are held outside regular working hours, and there are random inspections of workers.</p> <p><b>Leverage:</b> Causing/contributing</p> <p><b>Salience:</b> High or very high</p>	<p><b>Issue:</b> Workers and students write about militarised factory management and training. Employees are submitted to harsh discipline. Leaders have the discretion to deploy despotic management practices. Meetings are held outside regular working hours.</p> <p><b>Leverage:</b> Causing/contributing</p> <p><b>Salience:</b> High or very high</p>
<b>Excessive working hours</b>	<p><b>Issue:</b> Some worker groups (F-level workers) do not earn overtime fees. This violates Chinese labour law. There is no information whether this group is compensated with lumpsum payments.</p> <p>Many workers perform excessive overtime hours (about 120 hours), which is far beyond the legal maximum of 36 hours per month.</p> <p><b>Leverage:</b> Causing/contributing</p> <p><b>Salience:</b> Very high</p>	<p><b>Issue:</b> For some worker groups (level 7-10) overtime pay does not comply with Chinese labour legislation. They receive lumpsums when they reach an overtime hour threshold. There are upper and lower limits for receiving overtime pay.</p> <p>Many workers perform excessive overtime hours (about 120 hours), which is far beyond the legal maximum of 36 hours per month.</p> <p><b>Leverage:</b> Causing/contributing</p> <p><b>Salience:</b> Very high</p>	<p><b>Issue:</b> For some worker groups overtime pay does not comply with Chinese labour legislation. Instead, they receive lumpsums when they reach an overtime hour threshold. There are upper and lower limits for receiving overtime pay.</p> <p>Many workers perform excessive overtime hours (between 100-180), which is far beyond the legal maximum of 36 hours per month.</p> <p><b>Leverage:</b> Causing/contributing</p> <p><b>Salience:</b> Very high</p>

BYD, CATL, and EVE share many risks. Yet shared risks are the result of rules and practices that show variation. For example, internal overtime regulations and the employee groups subjected to these rules seem to differ between companies. The data used for the analysis is not suitable to discern scale-differences, i.e., the spread of malpractices may vary between brands, factories, and departments.

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## 4. CONCLUSION

The commentary on section 29 of the UNGPs encourages business organisations to “analysing trends and patterns in complaints” to “identify systemic problems and adapt their practices accordingly.”<sup>8</sup> The here presented comparison provides useful insights to accomplish this task.

BYD and EVE feature almost identical patterns with respect to state-imposed forced labour risks. Both companies have business operations in the same Tibetan areas, are involved in labour transfers originating from Zone III areas, and maintain relationships with business organisations in Xinjiang. CATL shares with BYD and EVE links to Xinjiang but has no business operations in high-risk regions and there is no information pointing towards the company’s involvement in labour transfers. Hence the emerging risk patterns display strong overlaps and substantial variation at the same time.

In terms of human and labour rights risks, BYD, CATL, and EVE show remarkably similar risk patterns. However, there are variations in terms of how practices are enforced. In addition, there may be scale differences that are difficult to discern with the data that we collected. Nevertheless, the reports underlying this comparison provide detailed information on rules and practices undergirding human rights violations. Through these insights, it is possible to recognize the interdependence of adverse impacts and advance human rights due diligence by considering all aspects of rule change.

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<sup>8</sup> [https://www.ohchr.org/sites/default/files/documents/publications/guidingprinciplesbusinesshr\\_en.pdf](https://www.ohchr.org/sites/default/files/documents/publications/guidingprinciplesbusinesshr_en.pdf)



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