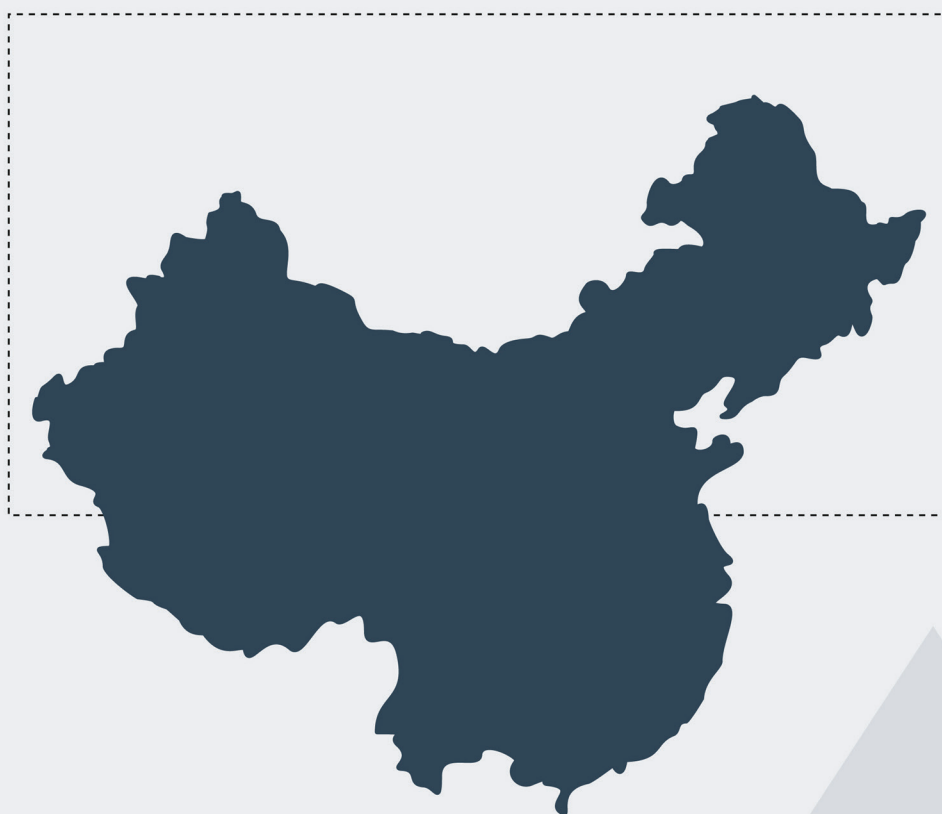


# SUPPLY CHAIN SCREENING

## Human and Labour Rights Violations at EVE Energy in China

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

February 2024



Globalworks Lund AB  
[www.globalworks.se](http://www.globalworks.se)

This report was commissioned by VIMAB BESS and Öresundskraft. The two organisations ordered the report independent of each other. Therefore, the costs were shared between them. Globalworks Lund AB conducted the research and authored the report.

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## SUMMARY

This human rights due diligence report on EVE Energy was commissioned independently by VIMAB BESS, and Öresundskraft. The analysis relied on online available public information. Globalworks Lund AB conducted the research and authored the report.

The first part evaluates risks of state-imposed forced labour based on government documents, newspaper articles, and business reports. We also use academic articles and policy papers to place our findings in a broader context.

We find that EVE contributes to state-imposed forced labour and land evictions because of upstream operations in Tibetan areas. Through equity ownership, joint operations, and collaborations, EVE's products are also linked to oppression of ethnic Turkic groups in Xinjiang. Further, collaboration agreements with local governments suggest that EVE is benefitting from poverty alleviation schemes that channel ethnic minorities and registered poor farmers into wage labour. Such labour transfer programs partially rely on economic coercion as a mobilisation strategy.

In the second part, we assess the risk salience of labour and human rights violations at EVE's manufacturing sites in China. The analysis is informed by social media posts from workers and students, job advertisements, and living wage benchmarks. The analysis shows that workers at lower ranks are forced to make ends meet through performing excessive overtime hours. Workers with higher paygrades must submit to wage schemes that curb overtime pay and render excessive overtime hours inevitable. Student interns must sign vaguely formulated contracts that infringe on rights and interests. Another issue raising concern are dehumanising management practices having a negative impact on mental and physical health.

# INTRODUCTION

This report provides information for stakeholders observing Human Rights Due Diligence (HRDD) when procuring products from EVE Energy. Aligned with the UN Guiding Principles for Business and Human Rights (UNGPs), this report takes a forward-looking approach with an emphasis on preventing grievances and violations. The empirical material presented provides indicators of risks and the salience of risks.

## A. Purpose

The purpose of this report is to identify and evaluate labour and human rights risks at EVE Energy, its subsidiaries, joint ventures, and wider supply chain. We collected publicly available information from government WeChat accounts, online news outlets, blog posts, and employees' posts and comments on various Chinese social media platforms. We analysed this data with our platform social@risk™, a framework for qualitative content analysis and quantitative trend analysis of social media data (see [www.globalworks.se](http://www.globalworks.se) for further information). Compared to audit or survey data, the analysis does not require approval from factory managers and avoids any direct influence on workers' views or agenda setting.

## B. Data

The data sample for EVE comes from diverse sources, with different formats, and from heterogeneous user groups. As a result, our empirical data lends itself for qualitative analysis. We have also conducted trend analyses.

We use two reference systems for the data; footnotes and numbers in brackets [1] [2] [3]. Footnotes refer to public reports, articles, and government documents. Numbers in brackets (code numbers) refer to posts from (former) employees, students, and other rightsholders. Each post informing a claim in this report receives a code number. Depending on the format of the source, a code number may relate to a single post or to a discussion thread with many different voices.

We do not include references to code numbers in this report in order to prevent tracing of individual social media users. All posts, however, are safely stored for documentation. To ensure data security, the key linking code numbers in this report with the raw data is kept separate from.

### C. Method

By reviewing the entire empirical material, we identified grievances and complaints, as well as other material issues based on our knowledge of Chinese labour and industrial relations. These issues were then analysed against the backdrop of international standards and frameworks on human and labour rights.

### D. Structure

We organised our findings into two parts. The first part deals with state-imposed forced labour and the second part analyses human and labour rights violations at EVE factories. We discuss these topics separately because information sources and the applied analytical approach is different. In the case of state-imposed forced labour, we rely on government reports, policy documents, and propaganda articles. These texts need to be appreciated within the context of academic research on forced labour, coercive poverty alleviation, and oppression of ethnic groups in China. A risk assessment in this context evaluates the likelihood that state-imposed human rights violations are part of EVEs supply chain.

The second part of this study is based on employees' and student interns' experiences and grievances as they discuss them in social media. The analysis seeks to identify rights violating practices and, in addition, report about issues that may lead to rights violations. We organise our findings along the Better Work Global Compliance Assessment Tool (CAT). Identified issues relate to:

- CAT2: Discrimination
- CAT3: Forced labour
- CAT5: Compensation
- CAT6: Contracts and human resources
- CAT8: Working time

# 1. STATE-IMPOSED FORCED LABOUR

President Xi Jinping announced in 2015 that absolute poverty would be gone by the end of 2020.<sup>1</sup> 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.

It is commendable to strive to eradicate poverty through higher-income work, but the implementation and actual results of poverty alleviation programs in China often violate the human rights of the people targeted for these programs.<sup>2</sup> Chinese corporations benefit from poverty alleviation because related programs supply workers and financial support in sectors characterised by labour shortage and rising wages. Because poverty alleviation is mainly a political rather than social objective, programs cannot be negotiated or moderated when targeted citizens do not wish to be included.

## 1.1 Systematization of forced labour in 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**.” To provide guidance on identifying forced labour situations, the ILO lists eleven indicators:

- Abuse of vulnerability
- Deception
- Restriction of movement
- Isolation
- Physical and sexual violence
- Intimidation and threats
- Retention of identity documents
- Withholding of wages
- Debt bondage
- Abusive working and living conditions
- Excessive overtime

1 'Xi pledges stronger support to rid all Chinese of poverty by 2020 - China - Chinadaily.com.cn'. Accessed: Sep. 11, 2022. [Online]. Available: [https://www.chinadaily.com.cn/china/2015-10/16/content\\_22204202.htm](https://www.chinadaily.com.cn/china/2015-10/16/content_22204202.htm)

2 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.

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 tool<sup>3</sup> and a handbook<sup>4</sup> to support the identification of forced labour and promote appropriate action.

Forced labour risks in China are diverse. Therefore, we systematised forms of forced labour in Figure 1. In the context of industrial production, the “menace of penalty” can be divided into **state-tolerated** and **state-imposed** 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 of forced labour is widespread and often formalised in enterprise regulations, victims tend not to be aware that they have been subjected to forced labour.

State-imposed 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-imposed 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-imposed 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-imposed 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-imposed wage labour. Existential threats refer to the deployment of detention, imprisonment, torture, or other forms of physical and psychological violence. In the following section we look at state-imposed forms of forced labour.

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3 ‘Online course: Preventing and addressing forced labour and trafficking in persons in East and South-East Asia’. Accessed: Mar. 13, 2023. [Online]. Available: [http://www.ilo.org/asia/events/WCMS\\_462316/lang--en/index.htm](http://www.ilo.org/asia/events/WCMS_462316/lang--en/index.htm)

4 ‘Tools and resources for business on forced labour’. Accessed: Mar. 13, 2023. [Online]. Available: [http://www.ilo.org/empent/areas/business-helpdesk/tools-resources/WCMS\\_144883/lang--en/index.htm](http://www.ilo.org/empent/areas/business-helpdesk/tools-resources/WCMS_144883/lang--en/index.htm)





**Figure 1:** Globalworks Systematisation of the Chinese Forced Labour Regime

## 1.2 Globalworks 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 labour 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 marginalisation, 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 coercion. 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. The document calls 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.

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

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

To evaluate EVE's risk exposure to state-imposed forced labour and forced evictions, we constructed a simplified map of the corporation's production network. Simplified means here that we only report on nodes (companies and authorities) that appear to be relevant for the risk assessment. Furthermore, we do not account for precise equity structures. For example, we do not differentiate between Tibet EVE Holding and Huizhou EVE Energy, because the particularities of shareholding structures have no bearing on the duty and responsibility of the enterprise to observe human rights due diligence. The resulting production network highlights how EVE is linked to state-imposed human rights risks. We differentiate relationships based on the degree of separation. Human rights risks related to EVE's own business operations including joint ventures imply direct responsibility and are categorized as causing or contributing. State-imposed human rights violations enter EVE's products also indirectly. In our analysis we account for human rights risks at one - three degrees of separation. These risks are attributed to the UNGP category "linked to negative human rights impact." EVE's duty to mitigate human rights risks and to provide remedy includes both categories; causing/contributing and being linked.

### 1.3 State-imposed forced labour and resettlement in context

The Chinese government is systematically transferring ethnic minorities, especially Uyghurs, from livelihoods of farming and herding into industrial wage labour as a long-term strategy for assimilation. Respective measures are articulated in a poverty alleviation plan since the 2000s, and implementation has accelerated and intensified after 2016. The plan demands that villagers are transferred to factories after pre-employment training. Uyghurs can be relocated within Xinjiang to ‘satellite factories,’ seasonal farm work, or industrial factories. Transfers may also go to industries outside Xinjiang. The plan also involves training and emphasizes standardized behaviour. Transferred laborers reside in dormitories under a ‘semi-military style management’ and participate in after-work training.

The Xinjiang Aid campaign encourages companies from eastern China to set up factories in Xinjiang, employing Uyghur labour. A State Council’s White Paper implies limited choice for Uyghurs to reject the government’s initiatives since refusal is interpreted as extremist behaviour.<sup>5</sup> Most recent research shows that the number of Uyghurs placed in internment camps declines while more Uyghurs are funnelled into state-organised industrial wage labour.<sup>6</sup> This shift increases the risk that state-imposed forced labour enters global supply chains. This concern is reflected in recent trade statistics showing that Xinjiang’s foreign exports surged by 49 percent in the first three quarters of 2023, driven by a 50 percent increase in exported labour-intensive products.<sup>7</sup>

The coercive means deployed in Xinjiang have been transferred to other Provinces in China. In particular, Tibet and Tibetan Autonomous regions in Qinghai have become additional targets of China’s state-repressive labour regime. In June 2021, President Xi Jinping visited the Salt Lake area in Qinghai and praised the Province as a model for national unity. He also told local officials to uphold the party’s policies governing Tibetan areas.<sup>8</sup> A report written by Adrian Zenz and published by Jamestown Foundation cites major government documents detailing the policies Xi is referring to.<sup>9</sup> The study finds that management of Tibetan areas is based on systematic, centralized, and large-scale training and transfer of “rural surplus laborers.” Herders and farmers undergo “military-style” vocational training, which supposedly “strengthens [the Tibetans’] weak work discipline” and reforms their “backward thinking.” Repressive means are used to render farmers “[being] unwilling to move” into willing participants. According to government documents, this is a process that requires “diluting the negative influence of religion”.

In recent years forced evictions in Tibet and Tibetan areas in Qinghai are on the rise to make room for the mining sector. During a US Congressional Hearing in 2021, the International Campaign for

5 J. Svec, ‘Labour transfers as a means of ‘civilizing’and forcibly assimilating ethnic minorities in western China’, *Central Asian Survey*, vol. 41, no. 3, pp. 385–401, 2022.

6 A. Zenz, ‘The conceptual evolution of poverty alleviation through labour transfer in the Xinjiang Uyghur Autonomous Region’, *Central Asian Survey*, pp. 1–25, 2023.

7 O. C. Adrian Zenz, ‘Forced Uyghur labor undergirds Xinjiang’s export boom’, *The Hill*. Accessed: Nov. 17, 2023. [Online]. Available: <https://thehill.com/opinion/international/4300097-forced-uyghur-labor-undergirds-xinjiangs-export-boom/>

8 ‘Xi tells officials to look to Qinghai as model for Tibet and Xinjiang’, *South China Morning Post*. Accessed: Nov. 17, 2023. [Online]. Available: <https://www.scmp.com/news/china/politics/article/3136701/chinese-president-xi-jinping-tells-officials-look-qinghai-model>

9 ‘Xinjiang’s System of Militarized Vocational Training Comes to Tibet’, *Jamestown*. Accessed: Nov. 17, 2023. [Online]. Available: <https://jamestown.org/program/jamestown-early-warning-brief-xinjiangs-system-of-militarized-vocational-training-comes-to-tibet/>

Tibet stated that “at least 1.8 million Tibetan nomads have been resettled in sedentary houses under PRC policies in a two-pronged plan to erode Tibetan identity while cashing in on pit mining, logging, damming and other forms of environmental degradation”.<sup>10</sup> Scholars have been documenting the devastating impact of these interventions on the lives and livelihoods of local, non-Han ethnic groups. The author Scott Ezell visited Tibet in 2019. In *The Diplomat* he describes how villagers have been relocated to a “resettlement zone where thousands of displaced Tibetans were concentrated in a ghetto of barracks-like buildings, hundreds of feet long and divided into apartments”.<sup>11</sup> These resettlement zones, he goes on, deprive Tibetans of any possibility to make a living. Consequently, forced evictions will lead to more forced labour as idle, resettled farmers and herdsmen inevitably will become “surplus laborers” and as such target of employment poverty alleviation schemes.



**Figure 2:** Nomad resettlement in Haixi Mongol and Tibetan Autonomous Prefecture (the region where EVE mines and processes Lithium)<sup>12</sup>

Besides Xinjiang and Tibet, other provinces with a comparatively large share of non-Han ethnic groups deploy industrial poverty alleviation schemes that may entail compulsory vocational/ideological training, labour transfers, and permanent resettlement. Even though less coercive on an aggregate level, the risk of forced labour for all non-Han ethnic groups as well as registered poor households have increased significantly over the past years. The reason for this is a quota system governing poverty alleviation.

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. During the early years, local cadres relied on predominantly voluntary recruitment. In later periods, however, quotas increasingly needed to be filled with those who were unwilling. Academic research

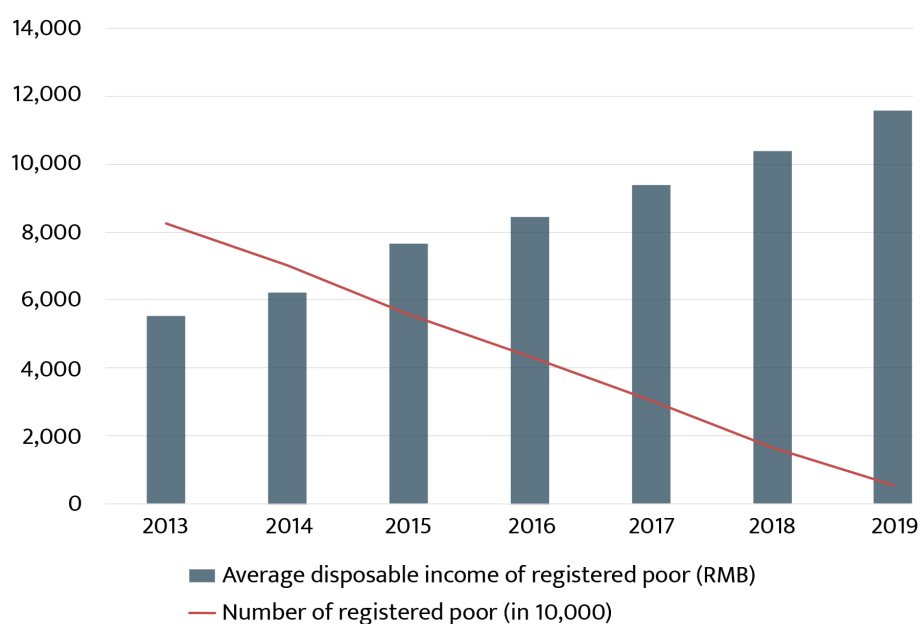
10 International Campaign for Tibet, ‘Written testimony by the International Campaign for Tibet for the Congressional Executive Commission on China Hearing China’s Environmental Challenges and U.S. Responses - China’s Plunder of the Tibetan Plateau: Tool of Oppression’, 2021.

11 ‘Nomads, Mountains, and Militarization in the Tibetan Plateau’. Accessed: Nov. 18, 2023. [Online]. Available: <https://thediplomat.com/2023/01/nomads-mountains-and-militarization-in-the-tibetan-plateau/>

12 I. C. for Tibet, ‘Xi Jinping visit to Qinghai reveals strategic importance of Tibet’s water, minerals; highlights CCP’s advanced plans’, International Campaign for Tibet. Accessed: Nov. 18, 2023. [Online]. Available: <https://savetibet.org/xi-jinping-visit-to-qinghai-reveals-strategic-importance-of-tibets-water-minerals-highlights-ccps-advanced-plans/>

shows that cadres are highly motivated to use extreme measures such as revoking land use rights, basic state support, and household registration.<sup>13 14 15</sup>

Official statistics on poverty reduction and disposable income of registered poor show a linear trend that is in line with political targets and quotas (Figure 3). This development strongly indicates that there is little margin for poor households to decide if, when, or how to participate in poverty alleviation programs. Adrian Zenz concludes from extensive studies on China’s poverty alleviation that “a system where the transition between securitization and poverty alleviation is seamless, there is no telling where coercion stops and where genuinely voluntary local agency begins”.<sup>9</sup>



**Figure 3:** Official statistics on poverty alleviation progress (Source: China National Bureau of Statistics)

Based on the above outlined context of state-sanctioned human rights violations in 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, and forced resettlement.

13 Y. Xiaocuo, ‘Recruiting Loyal Stabilisers: On the Banality of Carceral Colonialism in Xinjiang’, *Made in China Journal*. Accessed: Oct. 10, 2022. [Online]. Available: <https://madeinchinajournal.com/2019/10/25/recruiting-loyal-stabilisers-on-the-banality-of-carceral-colonialism-in-xinjiang/>

14 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.

15 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.

The UN Guiding Principles on Business Human Rights (UNGPs) advocate a risk-based assessment of human rights issues where brands should prioritise the most salient problems. In the context of state-imposed forced labour we evaluate the salience of existential threats and forced resettlements as very high because these measures inflict irremediable physical and psychological harm. Economic coercion can cause to the same adverse impact but the effect may be less forceful and prolonged. Salience, therefore, is graded as high.

	<b>Existential threats</b> (Salience: very high)	<b>Economic coercion</b> (Salience: high)	<b>Forced resettlement</b> (Salience: very high)
<b>Zone I</b> Xinjiang	Linked	Linked	Linked
<b>Zone II</b> Tibetan areas	Causing/contributing	Causing/contributing	Causing/contributing
<b>Zone III</b> Other ethnic autonomous regions	-	Causing/contributing	Causing/contributing

**Figure 4:** Globalworks Risk Matrix for EVE's production network in China

In Figure 4, we systematise the insights from sections 1.1 and 1.2 in a matrix:

- Leverage (linked to and causing/contributing)
- Risk zones (Xinjiang, Tibetan areas, and other ethnic autonomous regions)
- Coercive measures (existential threats, economic coercion, forced resettlement)
- Salience (high and very high)

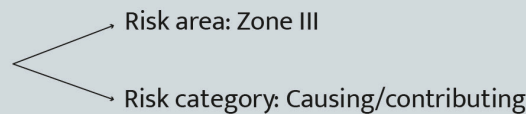
We then summarise the empirical material present in the following section within the context of this matrix. Figure 4 indicates that EVE is linked to existential threats, economic coercion, and forced resettlements in Xinjiang. In Tibetan areas EVE is contributing to the same types of serious human rights violations. EVE is also contributing to economic coercion and forced resettlement in other autonomous regions in western and central China. The salience of the human rights risks EVE is linked or contributing to is very high or high.

## 1.4 Participation in state-imposed employment poverty alleviation

### Summary of risks

Major risks: Forced labour and resettlement through economic coercion

Salience: High or very high



EVE Energy has production facilities in Jingmen Duodao district. The company benefits from a cooperation agreement with the district’s human resources authorities providing a worker supply guarantee. Jingmen Duodao Human authorities mobilise workers, organise resettlements of the poor to factory sites, arrange labour transfers from villages within Hubei Province as well from other Provinces such as Shaanxi<sup>16</sup>. They offer subsidies to companies, poor workers, and people recruiting poor workers into factories<sup>17 18</sup>. The Jingmen Daily reported in November 2023, that Duodao District turned 32.000 farmers into industrial workers during the past years. EVE is mentioned as part of the District’s industrial base absorbing former peasants and registered poor households.<sup>19</sup> An announcement of a job fair dedicated to “employment poverty alleviation” mentions EVE as one of the major corporations recruiting onsite.<sup>20</sup> Another report states that EVE recruited more than 3000 employees with the help of local government in 2022.<sup>21</sup>

16 ‘荆门市掇刀区人社局赴陕西开展跨区域劳务协作’, 知乎专栏. Accessed: Nov. 15, 2023. [Online]. Available: <https://zhuanlan.zhihu.com/p/598706300>

17 ‘荆门高新区·掇刀区支持贫困劳动力就业创业十项政策’, Weixin Official Accounts Platform. Accessed: Nov. 15, 2023. [Online]. Available: [https://mp.weixin.qq.com/s?src=11&timestamp=1700036614&ver=4897&signature=o7kdQaNISFtOFsqjr5OglyqVQDOtTc3xFWAg4od4X79SglC5HYKEbhWSDz6R6NWD9DrZ\\*S5FAWh645qakGpVoP\\*kf-9NMzC3deF6zqqidluVzKlcqJ5XJNB5Mkc1mULs&new=1](https://mp.weixin.qq.com/s?src=11&timestamp=1700036614&ver=4897&signature=o7kdQaNISFtOFsqjr5OglyqVQDOtTc3xFWAg4od4X79SglC5HYKEbhWSDz6R6NWD9DrZ*S5FAWh645qakGpVoP*kf-9NMzC3deF6zqqidluVzKlcqJ5XJNB5Mkc1mULs&new=1)

18 ‘关于拟发放2023年第二季度掇刀区农村贫困 劳动力公益性岗位托底安置补贴的公示’, Weixin Official Accounts Platform. Accessed: Nov. 15, 2023. [Online]. Available: [https://mp.weixin.qq.com/s?src=11&timestamp=1700033803&ver=4897&signature=o7kdQaNISFtOFsqjr5OglyqVQDOtTc3xFWAg4od4X79M3pM2ocxWkfUh-ImyZuqeFpgehZxEdOn6nsu9DPss8Ge6w-ZaFsEq41Scj21Y1mlh7aHulz52YKEP\\*HG0rszBh&new=1](https://mp.weixin.qq.com/s?src=11&timestamp=1700033803&ver=4897&signature=o7kdQaNISFtOFsqjr5OglyqVQDOtTc3xFWAg4od4X79M3pM2ocxWkfUh-ImyZuqeFpgehZxEdOn6nsu9DPss8Ge6w-ZaFsEq41Scj21Y1mlh7aHulz52YKEP*HG0rszBh&new=1)

19 人民资讯, ‘乡村振兴的“梦工厂”’. Accessed: Nov. 09, 2023. [Online]. Available: [https://k.sina.cn/article\\_7517400647\\_1c0126e4705904if5n.html?from=news](https://k.sina.cn/article_7517400647_1c0126e4705904if5n.html?from=news)

20 ‘【我市首场大型“纳凉... - @荆门新闻网的微博 - 微博’. Accessed: Nov. 09, 2023. [Online]. Available: [https://weibo.com/2907506874/LCY9An0ZV?from=page\\_1005052907506874\\_profile&wvr=6&mod=weibotime](https://weibo.com/2907506874/LCY9An0ZV?from=page_1005052907506874_profile&wvr=6&mod=weibotime)

21 ‘2022年荆门市掇刀区人社局为亿纬动力电池招聘近万人’, 知乎专栏. Accessed: Nov. 09, 2023. [Online]. Available: <https://zhuanlan.zhihu.com/p/606426825>

## 1.5 Operations in Qinghai

### Summary of risks

Major risks: Forced labour and resettlement through existential threats and economic coercion

Salience: Very high

- Risk area: Zone II
- Risk category: Causing/contributing

In September 2021, EVE founded Jinkunlun Lithium together with Dachaidan Dahua Chemical Co., Ltd. The company invested RMB 1.8 billion in Lithium carbonate and Lithium hydroxide production in Qinghai Province.<sup>22</sup> Dahua Chemical and EVE also own together Qinghai Chaidamu Xinghua Lithium Co. Ltd. which engages in trade with Lithium products.<sup>23</sup> Another joint venture within this network is Jinhai Lithium owned by EVE and Jinkunlun Lithium.<sup>23</sup> Furthermore, EVE holds 29% equity of Dahua Chemical.<sup>24</sup> EVE’s lithium mining and processing network operates in Haixi Mongol and Tibetan Autonomous Prefecture where there is a high risk for state-imposed repression of non-Han ethnic minorities.

EVE’s licenses for lithium exploitation and processing in Qinghai rest on close ties with the party state. To calibrate mutual expectations and obligations, EVE engages in meetings with leading cadres and government officials. In January 2022, for example, the Party Secretary of Haixi Mongol and Tibetan Autonomous Region met with the Chairman of Tibet EVE Holdings to discuss the “comprehensive development and utilization of salt lake resources and in-depth cooperation in the development of the lithium industry”.<sup>25</sup>

22 ‘亿纬锂能与金昆仑成立合资公司投建18亿元碳酸锂和氢氧化锂项目-北极星电力新闻网’. Accessed: Nov. 12, 2023. [Online]. Available: <https://m.bjx.com.cn/mnews/20210903/1174716.shtml>

23 ‘亿纬锂能牵手千亿巨头,再谋锂资源’, 知乎专栏. Accessed: Oct. 31, 2023. [Online]. Available: <https://zhuanlan.zhihu.com/p/584824307>

24 网易, ““电池荒”下,亿纬锂能把采矿业务伸向了青海大柴旦盐湖’. Accessed: Oct. 31, 2023. [Online]. Available: <https://www.163.com/dy/article/GF7EVQS80512D03F.html>

25 ‘王定邦会见西藏亿纬控股有限公司董事长骆锦红一行’, Weixin Official Accounts Platform. Accessed: Nov. 11, 2023. [Online]. Available: [https://mp.weixin.qq.com/s?src=11&timestamp=1699529287&ver=4886&signature=ROjOQrqW9lbbd8ZKewPCUHjBySnSroC87-LjMttUaxBEpK\\*9lteHVWw65vmBPX\\*JKkkYTxyUYgZCXNs6EebxDbxiG2j\\*v5fANYWRyshKlt\\*gYb7wLM8kZ0eycv2cb-mMA&new=1](https://mp.weixin.qq.com/s?src=11&timestamp=1699529287&ver=4886&signature=ROjOQrqW9lbbd8ZKewPCUHjBySnSroC87-LjMttUaxBEpK*9lteHVWw65vmBPX*JKkkYTxyUYgZCXNs6EebxDbxiG2j*v5fANYWRyshKlt*gYb7wLM8kZ0eycv2cb-mMA&new=1)



## 1.6 Supply chain links to Xinjiang

### Summary of risks

Major risks: Forced labour and resettlement through existential threats and economic coercion

Salience: Very high

Risk area: Zone I

Risk category: Linked

EVE, Ruifu Lithium, and Zijin Lithium own jointly Hubei Haoyang Lithium. Zijin Lithium, in turn, is a wholly owned subsidiary of Zijin Mining.<sup>23</sup> The latter is deeply vested in the Xinjiang mining sector and maintains close relations with government authorities and the military. Zijin Mining signed a “Strategic Cooperation Framework Agreement between the People’s Government of the Xinjiang Uygur Autonomous Region and Zijin Mining Group” in 2009.<sup>26</sup> The company runs zinc mines and its wholly owned subsidiary Xinjiang Zijin Nonferrous Metals performs zinc smelting in Kezhou, Southern Xinjiang<sup>27</sup>. High-level representatives stated in a conference, organised by the Xinjiang Government and its military arm the Xinjiang Production and Construction Corporation, that Zijin Mining will “assist in the construction of a modern industrial system with Xinjiang characteristics and contribute Zijin’s strength to ensuring the security of strategic mineral supply”.<sup>28</sup> Zijin mining routinely participates in poverty alleviation programs in Xinjiang which have been identified as a major entry point of Uyghur forced labour<sup>29</sup>. The company employed at least 2000 registered poor in Xinjiang during the past years.<sup>30</sup>

EVE has signed a joint venture agreement with Linyang Energy in 2021. The two parties will invest Rmb 3 billion to build an energy storage battery project. This joint venture links EVE to human rights violations in Xinjiang. In May 2023, a delegation from Xinjiang Ruoqiang County led by the jurisdiction’s party secretary visited Linyang Energy. During the visit, Ruoqiang officials committed to

26 ‘紫金矿业与新疆维吾尔自治区政府举行战略合作框架协议签字仪式-紫金新闻-紫金矿业’. Accessed: Nov. 14, 2023. [Online]. Available: <https://www.zjky.cn/news/zjnews-detail-92891.htm>

27 ‘【招聘快讯】新疆紫金有色金属有限公司\_年总\_乌恰县\_上市公司’. Accessed: Nov. 14, 2023. [Online]. Available: [https://www.sohu.com/a/584257000\\_121124021/www.sohu.com/a/584257000\\_121124021](https://www.sohu.com/a/584257000_121124021/www.sohu.com/a/584257000_121124021)

28 李野平, ‘新疆紫金锌业在2023民营企业助推南疆发展大会作典型发言’, Weixin Official Accounts Platform. Accessed: Nov. 16, 2023. [Online]. Available: <https://mp.weixin.qq.com/s?src=11&timestamp=1700129379&ver=4900&signature=TnL0oZiLGI-FtNKH9s-O9y5ILtzG-ter0csoOTywZ6BSdr7zpQzcJVZvhhy3sKmXh13Xw1YeA1pYpZjNViEUxwnpi-FobQulXcMmRPTVVbzOyMkEvbsvFsKG8trJawjNb&new=1>

29 A. Zenz, ‘Beyond the camps: Beijing’s long-term scheme of coercive labor, poverty alleviation and social control in Xinjiang’, *Journal of Political Risk*, vol. 7, no. 12, pp. 1–23, 2019.

30 工人时报, ‘倾情帮扶结硕果 携手共奔小康路——记全国脱贫攻坚先进集体、新疆紫金锌业有限公司’, Weixin Official Accounts Platform. Accessed: Nov. 14, 2023. [Online]. Available: [https://mp.weixin.qq.com/s?src=11&timestamp=1699968053&ver=4896&signature=3zAb2LdkOFIwVw\\*K4dUDYylnBvFWZbnb2jPqRUrey52uWuUVwaEFpkYlpyqpEp6gpT5F8YvQbs1-otypeiGXLhLly-TNreJomsNjwmgWqJIm1euQAUBqjXhHHeA\\*1ofFn&new=1](https://mp.weixin.qq.com/s?src=11&timestamp=1699968053&ver=4896&signature=3zAb2LdkOFIwVw*K4dUDYylnBvFWZbnb2jPqRUrey52uWuUVwaEFpkYlpyqpEp6gpT5F8YvQbs1-otypeiGXLhLly-TNreJomsNjwmgWqJIm1euQAUBqjXhHHeA*1ofFn&new=1)

“further optimize the business environment, wholeheartedly provide service guarantees, fully support project construction, and strive to reach an early cooperation agreement that generates complementary advantages and mutual benefit between the government and the company”.<sup>31</sup>

EVE signed a strategic cooperation agreement with Sichuan Xinlixiang, a subsidiary of Sichuan Road and Bridge Group.<sup>32</sup> The latter is connected to Shudao Group through equity cross-holdings.<sup>33</sup> Shudao Group maintains a collaboration agreement with Changji City in Xinjiang. All parties involved in this network collaborate on new energy materials and equipment.

In 2021 EVE subscribed to RMB 1.8 billion of non-public trades shares of Huayou Cobalt. The equity partnership and industry collaboration with Huayou Cobalt is a central node linking EVE’s production network with state-imposed human rights violations in Xinjiang Uyghur Autonomous Region.

- In May 2023, Huayou Cobalt and Xinjiang Nonferrous Metals Group held high-level talks during which the need and willingness to collaborate was clearly articulated.<sup>34</sup> The latter is a state-owned corporation, which controls a large network of mines in Xinjiang. The report “Driving Force” of Sheffield Hallam University documents Nonferrous Metals Group’s participation in repressive government programs and labour transfers targeting ethnic Turkic groups in Xinjiang.<sup>35</sup>
- In November 2021 Huayou Cobalt, Xiangyu Group, and Xinjiang Zhongtai Group held a tripartite meeting. The report states that Huayou Cobalt and Xiangyu Group maintain a collaborative relationship in various fields of business and functions. It is stated that Xiangyu Group and Zhongtai Group have been close collaborators for many years.<sup>36</sup> Xiangyu and Zhongtai both are vested in the oppressive industrial poverty alleviation regime in Xinjiang. Zhongtai’s involvement is well documented in the report “Built on Repression” from Sheffield Hallam University. The report finds that Zhongtai Group has transferred more than 5,000 citizens deemed to be surplus laborers, and runs ideological and vocational training schools that have trained thousands of rural farmers to become compliant factory laborers.<sup>37</sup> There is comparatively little information about Xiangyu. Yet a news report states that the company provides industrial aid to

31 ‘新疆若羌县委书记黄新平等领导一行莅临林洋能源参观考察’, Weixin Official Accounts Platform. Accessed: Nov. 13, 2023. [Online]. Available: [https://mp.weixin.qq.com/s?src=11&timestamp=1699896302&ver=4894&signature=RE RAGZ29HaHmFl1aWyPivt-eG-olSChncfVHDHFMejAwBpehaWdZV\\*sG9EWv74Yq3qvaDdY68jtHQOkgv6npE1tHk-v9e36\\*nLlhWhg4Ve\\*7sIe0XFmcMP4AjQkxv8Mp\\*&new=1](https://mp.weixin.qq.com/s?src=11&timestamp=1699896302&ver=4894&signature=RE RAGZ29HaHmFl1aWyPivt-eG-olSChncfVHDHFMejAwBpehaWdZV*sG9EWv74Yq3qvaDdY68jtHQOkgv6npE1tHk-v9e36*nLlhWhg4Ve*7sIe0XFmcMP4AjQkxv8Mp*&new=1)

32 办公室, ‘新锂想公司与西藏亿纬控股签署战略合作框架协议’, Weixin Official Accounts Platform. Accessed: Nov. 11, 2023. [Online]. Available: [https://mp.weixin.qq.com/s?src=11&timestamp=1699529971&ver=4886&signature=9YDR9FUhSRg5Y4Ew\\*anz YjmQMSMbL-hcMNxQwG-9RBT9QA3MtIYSfovIIZILQz2XC9N9um\\*Ma1Cn85HyQg\\*C9-6BOqJ0EU-9gmB0GEbnNsE4TVHL7Baz rW9yjtPnCwfa&new=1](https://mp.weixin.qq.com/s?src=11&timestamp=1699529971&ver=4886&signature=9YDR9FUhSRg5Y4Ew*anz YjmQMSMbL-hcMNxQwG-9RBT9QA3MtIYSfovIIZILQz2XC9N9um*Ma1Cn85HyQg*C9-6BOqJ0EU-9gmB0GEbnNsE4TVHL7Baz rW9yjtPnCwfa&new=1)

33 ‘四川路桥建设集团股份有限公司 - 企查查’. Accessed: Nov. 16, 2023. [Online]. Available: <https://www.qcc.com/firm/9cf2732de4c313c5d6d2f43a78847176.html>

34 王丽萍, ‘华友钴业与新疆有色集团座谈交流’, Weixin Official Accounts Platform. Accessed: Nov. 14, 2023. [Online]. Available: [https://mp.weixin.qq.com/s?src=11&timestamp=1699946413&ver=4895&signature=zGv-25OvgmAq6R96D9wHpCwDLAf\\*1YL4\\*B-NoDVcngYODwyQhwXcZPbE-SiXmqDyuHdgqt0fGN2t4qmlbJ1yYOo0M-zRU3gPS52dcTc0CX0HWJ4MoAw3iXOA3qXdCAN2h&new=1](https://mp.weixin.qq.com/s?src=11&timestamp=1699946413&ver=4895&signature=zGv-25OvgmAq6R96D9wHpCwDLAf*1YL4*B-NoDVcngYODwyQhwXcZPbE-SiXmqDyuHdgqt0fGN2t4qmlbJ1yYOo0M-zRU3gPS52dcTc0CX0HWJ4MoAw3iXOA3qXdCAN2h&new=1)

35 ‘Xinjiang Nonferrous Metal Industry Co.’, Automotive Supply Chains and Forced Labor in the Uyghur Region. Accessed: Nov. 16, 2023. [Online]. Available: <https://www.shufordlabour.org>




36 ‘浙江华友钴业、新疆中泰集团领导到访象屿集团\_合作’. Accessed: Jun. 11, 2023. [Online]. Available: [https://www.sohu.com/a/www.sohu.com/a/501670742\\_121118711](https://www.sohu.com/a/www.sohu.com/a/501670742_121118711)

37 ‘Built on Repression | Sheffield Hallam University’. Accessed: Nov. 16, 2023. [Online]. Available: <https://www.shu.ac.uk/helena-kennedy-centre-international-justice/research-and-projects/all-projects/built-on-repression>

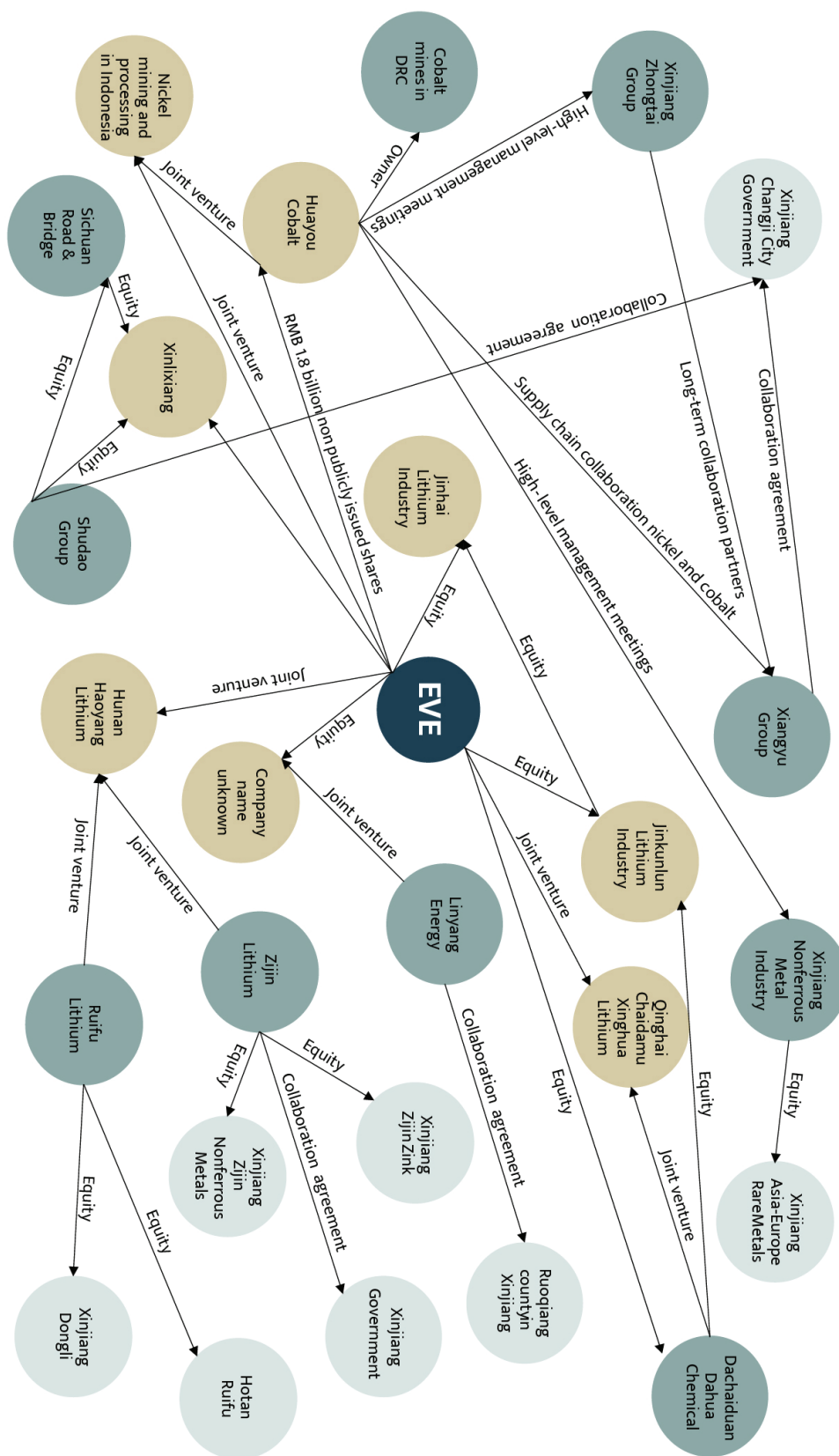
Changji City relying on “support from all government levels in Xinjiang”.<sup>38</sup> Industrial aid probably refers to industrial poverty alleviation which regularly entails employment and ideological training as means to discipline Uyghur farmers and herdsmen.

## 1.7 Simplified Production Network

We have conducted a simplified mapping of EVE’s production network reflecting state-imposed forced labour risks. The overview can be seen in Figure 5. Companies/operations are categorized with different colours according to their relationship with EVE. Yellow colour represents a direct relation (causing/contributing). The other colours represent indirect relations (linked). The darker shade stands for one degree of separation and lighter shade for two degrees of separation.

-  Direct relation (causing/contributing)
-  One degree of separation (linked)
-  One degree of separation (linked)

38 ‘产业援疆一周年 | 唐登杰省长见证象屿集团与昌吉市合作项目签约’, Weixin Official Accounts Platform. Accessed: Nov. 14, 2023. [Online]. Available: [https://mp.weixin.qq.com/s?src=11&timestamp=1699947129&ver=4895&signature=-xxcpvsIq-JXfhMzCCFoWb2CaNGFY2wAvqi-keE\\*Lr2i9DBGWIrGTi3JqZFec98-2DzQy1zxwhkymyQBgk6DXy3fNSp6ZT-yYAKz5y0eLSBSAeZ0skaxWivLSoWoEa2M&new=1](https://mp.weixin.qq.com/s?src=11&timestamp=1699947129&ver=4895&signature=-xxcpvsIq-JXfhMzCCFoWb2CaNGFY2wAvqi-keE*Lr2i9DBGWIrGTi3JqZFec98-2DzQy1zxwhkymyQBgk6DXy3fNSp6ZT-yYAKz5y0eLSBSAeZ0skaxWivLSoWoEa2M&new=1)



**Figure 5:** Globalworks mapping of EVE's simplified production network reflecting state-imposed forced labour risks

## 1.8 Operations beyond China

EVE and Huayou Cobalt are joint venture partners in a Nickel mining and smelting project in Wada Bay Industrial Park on Halmahera Island, Indonesia. Nickel mining at Wada Bay has raised concerns among human rights and environmental civil society organisations as Nickel projects violate indigenous peoples' rights and leave a trail of cultural and environmental destruction, and pollution.<sup>20 21 22</sup>

EVE's equity ownership of Huayou Cobalt constitutes also a link to risks of child labour in artisanal mining<sup>39</sup> and forced evictions in the Democratic Republic of Congo.<sup>40</sup>

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39 T. Lantos, 'Hearing on Child Labor and Human Rights Violations in the Mining Industry of the Democratic Republic of Congo', 2022.

40 'Congolese town to "disappear" to give way for cobalt mines', The East African. Accessed: Nov. 18, 2023. [Online]. Available: <https://www.theeastafrican.co.ke/tea/news/east-africa/congolese-town-to-give-way-for-cobalt-mines-4025692>

## 2. HUMAN AND LABOUR RIGHTS VIOLATIONS

This part presents our analysis of labour and human rights risks at EVE’s production facilities in China. Findings are structured along the Better Work’s Global Compliance Assessment Tool (CAT). The data come from various social media platforms where interns, students, and workers voice grievances, share their experiences or offer advice. To protect social media users’ identity and privacy, we do not reveal specific platforms, forums, groups or threads. However, sources are coded and the referenced empirical data has been archived.

### 2.1 Risk evaluation

The UN Guiding Principles on Business Human Rights (UNGPs) advocate a risk-based assessment of human rights issues where brands should prioritise the most salient problems. Salience implies “issues that stand out because they are at risk of the most severe negative impact through the company’s activities or business relationships.” 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). The UNGPs do not provide a single standard for evaluating or grading risks, as these may vary across businesses, sectors, regions, and countries. We defined assessment criteria for the following risk assessments as listed in Table 1.

Any human rights violation that is grave in nature and/or causes consequences that are difficult to mitigate should have priority, irrespective of the number of people affected. Therefore, we determine salience first with the highest grade in scale and/or irremediability. If scope constitutes the highest risk grade of an issue, we calculate the average of all grades based on the following weights: low=1, moderate=2, medium=3, high=4, and very high=5.

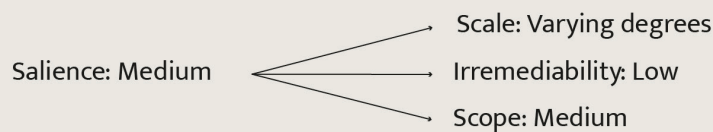
**Table 1:** Globalworks Risk Grading Criteria

<b>Salience</b>	<b>Scale</b>	<b>Scope</b>	<b>Irremediability</b>
<b>Low</b>	Negative impact limiting economic rights on a single occasion, for a short period	Single cases	Monetary compensation for economic loss is appropriate and sufficient
<b>Moderate</b>	Negative impact limiting economic, plus social and cultural, and/or political rights on a single occasion for a short period	Few cases without a systematic pattern	Monetary compensation for economic loss and other damages appropriate and sufficient
<b>Medium</b>	Negative impact limiting economic plus social and cultural, and/or political rights repeatedly, for a short period	Few cases suggest a systematic pattern	Monetary compensation for economic loss and other damages is appropriate but not sufficient. Assessment of legal liability under civil law and personnel consequences required
<b>High</b>	Negative impact limiting economic plus social and cultural, and/or political rights frequently	Sufficient cases to establish and confirm a systematic pattern	Monetary compensation for economic loss and other damages is appropriate but not sufficient. External review in light of civil and criminal law is mandatory. Personnel consequences are required
<b>Very high</b>	Negative impact limiting economic plus social and cultural, and/or political rights permanently	Sufficient cases to establish and confirm a systematic, widespread pattern	Monetary compensation and external legal action are mandatory but not sufficient to mitigate the harm done

## 2.2 CAT 2: Discrimination

### Summary of risks

Major risks: Rights violations are applied systematically to (vulnerable) worker groups, recruitment is based on discriminatory criteria



### A. Age discrimination

EVE's job advertisements frequently include age as a selection criterion. This is permitted in Chinese labour legislation but does not align with international standards. While certain positions may not be suitable for very young or older employees, the job descriptions that we looked at did not suggest such an exemption. For example, an advertisement posted in October 2022 announces about 400 new positions. The age limit for general workers is 20-40, for inspectors 20-30, warehouse keepers 20-35, equipment technicians and electricians 25-35, kitchen workers 35-45.<sup>41</sup> The age criteria appear to be random rather than functional. This impression is corroborated when we look at job advertisements for the same position (equipment technician with 1-3 years of experience) at another location. Here, age is not mentioned as a qualification criterion.<sup>42</sup> Another example for age discrimination is the announcement of a job as data annotation specialist. The position requires only a junior high school degree, and the work is not physically demanding. Thus, this should be a suitable position for all ages. However, the advertisement states an age limit of 18-38.<sup>43</sup>

41 '亿纬动力大量招工, 速来报名', Weixin Official Accounts Platform. Accessed: Nov. 20, 2023. [Online]. Available: [https://mp.weixin.qq.com/s?src=11&timestamp=1700426146&ver=4906&signature=XIUAD95IvDlr1MzKpZWJ\\*Psv0NcT9JzO-8Jyq8tN77rkCfG1GCse3nKhuRyLZKEaT1uw7-c2XE2lEp1jWTNDRHke9QkMbOxvhje1LtRb\\*4Wb6eqEJkMT-NxXep1HAGHL&new=1](https://mp.weixin.qq.com/s?src=11&timestamp=1700426146&ver=4906&signature=XIUAD95IvDlr1MzKpZWJ*Psv0NcT9JzO-8Jyq8tN77rkCfG1GCse3nKhuRyLZKEaT1uw7-c2XE2lEp1jWTNDRHke9QkMbOxvhje1LtRb*4Wb6eqEJkMT-NxXep1HAGHL&new=1)

42 '「设备技师招聘」\_惠州亿纬动力招聘-BOSS直聘'. Accessed: Nov. 20, 2023. [Online]. Available: [https://www.zhipin.com/job\\_detail/46acf754bd1827a11n1y2N-1EltY.html?lid=aDqee6yDWdA.search.10&securityId=eWyuZeCnoUJM4-K1SNHPMpA4bhHQCjGJk-sKP\\_izkNcK48iKDZ5p8voFga\\_V5A-YZ0vJ2ZWjith4NGQ8L9cONj6S\\_3hBTrE1XeLrhKJYJ3rszvbLglyy&sessionId=](https://www.zhipin.com/job_detail/46acf754bd1827a11n1y2N-1EltY.html?lid=aDqee6yDWdA.search.10&securityId=eWyuZeCnoUJM4-K1SNHPMpA4bhHQCjGJk-sKP_izkNcK48iKDZ5p8voFga_V5A-YZ0vJ2ZWjith4NGQ8L9cONj6S_3hBTrE1XeLrhKJYJ3rszvbLglyy&sessionId=)

43 '「数据标注专员招聘」\_亿纬科技招聘-BOSS直聘'. Accessed: Nov. 20, 2023. [Online]. Available: [https://www.zhipin.com/job\\_detail/685b947045bc889f1XJy29W\\_F1BT.html?lid=aDhIbaIjTyw.search.2&securityId=kB8Nej\\_dwcBcY-j1aU6oT9Z\\_Jz4Pgw7slqEn9HiKgny4phuoTISWqiJieW0yepUBiSZbdMw7f5PlZ72vU9zcf\\_d1Dps2l9moXhG6yNQ83KBrK5u7\\_XE&sessionId=](https://www.zhipin.com/job_detail/685b947045bc889f1XJy29W_F1BT.html?lid=aDhIbaIjTyw.search.2&securityId=kB8Nej_dwcBcY-j1aU6oT9Z_Jz4Pgw7slqEn9HiKgny4phuoTISWqiJieW0yepUBiSZbdMw7f5PlZ72vU9zcf_d1Dps2l9moXhG6yNQ83KBrK5u7_XE&sessionId=)



## B. Wage discrimination

We find extensive discussions about EVEs overtime pay scheme for employees with higher degrees (at least bachelor's). The scheme foresees fixed compensation amounts for intervals of performed overtime hours. The scheme is explained in section 2.5 “working time” because it appears to be in direct violation of the overtime calculation method prescribed in Chinese labour legislation. But the scheme builds on a discriminatory approach as it proposes two overtime pay tables with different pay levels. Students learned during recruitment that the lower-level scheme would be adjusted to the higher level. In practice, however, the two levels were more rigid, with the lower base applying to students who were recruited on-campus through three-party agreements (see section 2.2. A “recruitment”) and other recruits (in China this is called social recruitment) [1]. Employees write that the two groups are also treated differently in terms of wage progression. Social recruitment entails wage increases during the first three months while school recruitment does not offer wage progression [2]. Since the two groups are only different in terms of the recruitment channel but undergo the same training and perform the same work tasks, there is a high risk that the scheme violates the principle of equal pay for equal work.

## 2.3 CAT 3: Forced Labour

### Summary of risks

Major risks: Administrative obstacles to resign, penalties for resignation, non-wage payment for the last month

Saliency: High

- Scale: Medium - high
- Irremediability: Moderate
- Scope: Very high

## A. Recruitment

Many EVE employees are directly recruited from colleges and universities through three-party agreements. This channel regularly begins with an internship and may lead to a labour contract. A three-party agreement involves the student, the company, and the school, and implies a strong commitment. A

breach of contract comes with the obligation for compensation. For students the costs are considerable. With respect to battery manufacturers, students mention penalties of RMB 3000 – 5000 [3] [4] [5]. The penalty at EVE seems to be RMB 5000.<sup>44</sup> According to legal practice, this is the upper limit if the employee is not bound to a confidentiality clause, which is not applicable for newly recruited staff.<sup>45</sup> Even though Chinese legislation permits to include penalties in three-party agreements, they also can be interpreted as a form of state-tolerated forced labour because a recruit who regrets his/her decision to commit may be forced to work under “the menace of penalty”.

Three party agreements promote the schools’ and employers’ interests. The “menace of penalty”, therefore, is not limited to a monetary fine but may also entail pressure from teachers and threats to deny or delay graduation. Chinese regulations differentiate between three types of internships: work in parallel to studies, periods of practical learning, and internships close to graduation.<sup>46</sup> Three party-agreements relate mainly to the latter two types. When internships are part of the curriculum, students often have no choice but to accept places offered or endorsed by the school. Students who want to breach a three-party contract, thus, may not only face a financial penalty but also the threat of not being allowed to graduate.<sup>47</sup> The comments on three-party agreements at EVE that we reviewed for this report relate mainly to internships close to graduation. Due to high youth unemployment, particularly among graduate students, these agreements have become increasingly politicized and determine state financial support. Schools aggressively promote three-party agreements and even use fake contracts because the student employment rate has become an important measure to demonstrate organizational performance.<sup>48</sup> Employers promote the agreements because they receive subsidies for taking in and training new graduates [1]. Students warn that the EVE accepts many college students because of the financial incentives (tax deductions), uses them as cheap labour, and gets rid of them when financial subsidies expire [6]. A student writes that of 600 students recruited only 200 remained after one year [1].

## B. Trend analysis

Three-party agreements are common at other major battery manufacturers as well. We pooled data from different battery brands, which allows us to discern dynamic risk patterns. Figure 6 depicts the relative frequency of posts mentioning three-party agreement as a share of all posts referring to labour issues. The topic has been a concern for students throughout the past decade. Mentions frequently peak during summer and autumn. This pattern reflects annual recruitment cycles. Three-party agreements gained comparatively little attention during the Covid-19 lockdown in China. Yet the recent trend towards

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44 ‘Offer怎么选择? - 知乎’, accessed 23 November 2023, <https://www.zhihu.com/question/430471865>.

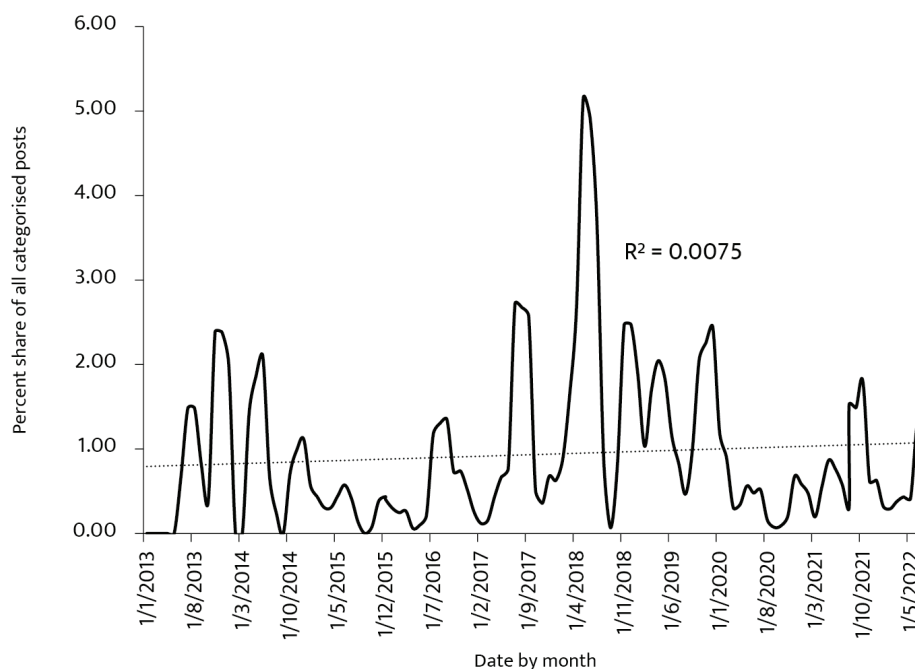
45 ‘签了三方协议可以随时辞职吗-法律知识|律图’, accessed 19 November 2023, <https://www.64365.com/zs/1077187.aspx>

46 ‘实习需规避哪些法律风险’. Accessed: Nov. 19, 2023. [Online]. Available: [http://paper.people.com.cn/mszk/html/2023-05/29/content\\_25990848.htm](http://paper.people.com.cn/mszk/html/2023-05/29/content_25990848.htm)

47 ‘谈谈规范使用职业学校的实习生-上海大邦律师事务所’. Accessed: Nov. 19, 2023. [Online]. Available: <http://www.debund.com/article?id=1732>

48 ‘高校强制应届毕业生签三方协议是否合法? - 知乎’. Accessed: Nov. 19, 2023. [Online]. Available: <https://www.zhihu.com/question/439678358>

politicisation in response to rising youth unemployment suggests that related risks will increase in the coming years.



**Figure 6:** Mentions of three-party agreements (relative to all posts mentioning labour issues) at major battery manufacturers

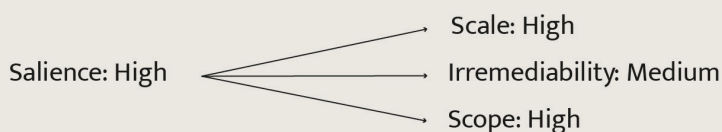
## C. Resignation

Like other battery manufacturers, workers who want to resign have to overcome obstacles. Resignations require signatures from various superiors. If they refuse to approve, a resignation cannot be processed. As a result, workers frequently decide to leave without formally resigning. This is called leaving on one's own (自离) [7]. Leaving without approval, however, creates hardships. Usually, workers will not receive their full salary [8] [9]. To ensure that deductions can be used as a disciplining device, wages are paid with a three-week delay [6]. Another problem with leaving on one's own is that workers' social insurance remains registered with their former employer which rules out the possibility to become formally employed elsewhere. As a result, a worker remain idle or without formal employment until he/she returns to her workplace in person to sign the official resignation form.

## 2.4 CAT 5: Compensation

### Summary of risks

Major risk: Workers do not earn a living wage for regular work, which forces them to submit to excessive overtime



### A. Low base wages

Wages at EVE are low. For production workers the base wage (pay for a regular working week without overtime) is close to the local minimum wage and ranges, depending on location, between approximately RMB 1700 – 2000. Production workers can get promoted when they pass the technician exam. Achieving level 1 entitles workers to a pay raise of RMB 100. According to workers' posts, the comprehensive wage of a level-one technician after tax is about RMB 5200. Level-three technicians earn approximately RMB 7200. These wage levels, however, can only be reached with excessive overtime hours (see section 2.5).

The base wage at EVE is similar to base wages at other major battery manufacturers. We, therefore, use data from a pooled sample of battery manufacturers to analyse wage trends for the past decade. Figure 7 displays the development of base wages in relation to the legal minimum wage (national average), the Asia Floor Wage (AFW) and the Global Living Wage (GLW). It is estimated that base wages are approximately 30-70% of the amount workers need to make a living. The main factor explaining the large gap between different living wage estimates is reproductive work, namely childcare and care for the elderly. Women often must shoulder these burdens but are still assumed to work full-time or close to full-time in living wage calculations based on the Anker method. Figure 7 also shows that the Global Living Wage Indicator endorsed essentially the same living wage level throughout the past decade – a period during which the average wage in China doubled. Taking these caveats into account, it appears prudent to assume that a worker must earn more than RMB 4000 to make a living.

Hence, average wage developments and living wage benchmarks both indicate that base wages for ordinary workers at EVE violate Art. 23 of the Universal Declaration of Human Rights, stipulating that

workers should receive a living wage. The gap between base wage and living wage is a robust general social risk indicator because low wages are associated with high health risks and risks of exploitation.

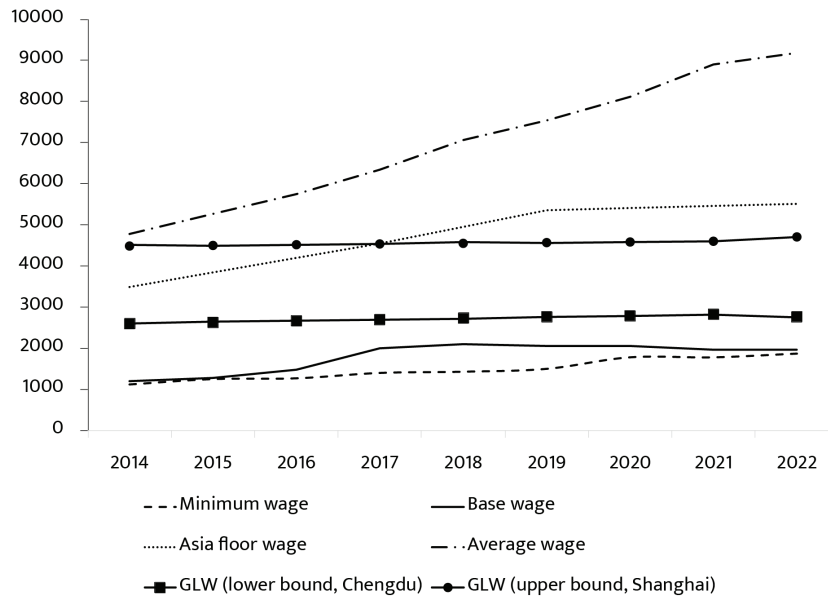


Figure 7: Minimum wage, base wage, Asia Floor Wage, and Global Living Wage for China 2014 – 2022

## B. Weak social protection

Workers’ grievances show that exploitative wage schemes negatively affect employees’ financial capacity to deal with illness, childrearing, and old age. Workers complain on social media that EVE pays only the minimum social insurance contribution, i.e., around 60% of the local average wage. Due to the current economic decline in China, EVE’s minimum approach results in shrinking contributions (Figure 8). Workers also write that contributions to medical and maternity insurances are not enough to cope [10]. The maximum social insurance limit in China is 300% of the local average wage. Thus, there is ample margin to adapt employer contributions to workers’ (low) real wages.

202207	111200006119	3958	316.64	3.44	已参保	
202208	111200006119	3958	316.64	3.44	已参保	
202209	111200006119	3673	293.84	3.44	已参保	
202210	111200006119	3673	293.84	3.44	已参保	
202211	111200006119	3673	293.84	3.44	已参保	
202212	111200006119	3673	293.84	3.44	已参保	

备注:

1、本《参保证明》可由参保人在我局的互联网公共服务网页上自行打印，作为参保人在惠州市参加社会保险的证明，向相关部门提供。查验部门可通过上面条形码进行核查，本条形码有效期至2023-07-09。核查网页地址：<http://ggfw.gdhrss.gov.cn>。

2、表中“单位编号”对应的单位名称如下：

111200006119: 惠州市: 惠州亿纬锂能股份有限公司

3、参保单位实际参保缴费情况，以社保局信息系统记载的最新数据为准。

(证明专用章)  
日期: 2023年01月10

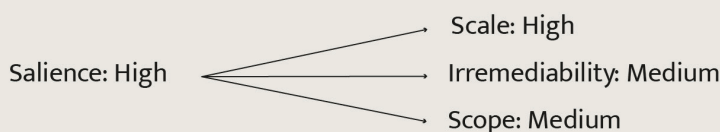


Figure 8: Document showing that EVE’s social insurance contributions for a worker are declining [10].

## 2.5 CAT 6: Contracts and human resources

### Summary of risks

Major risk: Workers are not fully and correctly informed about working conditions



### A. Deception

Workers write about slow and incremental wage rises on social media [1] [6]. Job advertisements, by contrast, give the impression that wages will double within one year. The below wage progression theme is directed towards general workers for EVE at the Jingmen facility in Hubei Province.<sup>49</sup> The text below states that this scheme refers only to position wage and overtime but does not include other financial incentives and bonuses. Information about wages and overtime as presented in sections 2.4 and 2.6, however, indicates that even the suggested entry wage can only be achieved with approximately 140 overtime hours. The implied wage rises in the scheme do not relate to any information that workers post. After passing the technician exam, a worker can expect a wage increase of RMB 100. Exams are held every three months.<sup>45</sup> The scheme, therefore, appears to be deceptive.

技师入职一年内薪资增长					
入职当月	入职一月	入职二月	入职三月	入职半年	入职一年
					8000
				7000	
			6000		
		5500			
	5100				
4500					

注：以上薪资不包含其他激励奖金，实际薪资与岗位和加班等有关

Figure 9: Advertised wage progression scheme for technical workers at EVE in Jingmen, Hubei.<sup>50</sup>

49 ‘招聘 | 曲靖亿纬岗位来袭’, Weixin Official Accounts Platform, accessed 20 November 2023, [https://mp.weixin.qq.com/s?src=11&timestamp=1700427912&ver=4906&signature=S3RtxlZa8jHwogyqDvUO4f24LnWopueZ8aDYRO2Y5FFOLjBr-aVP1aEtIg0fgqGwPqiu5B5q8Nz1nDZNpdbwguokn266s8ukmj05j\\*3MXPOFusha2fwYJQgiuL\\*Rhv13&new=1](https://mp.weixin.qq.com/s?src=11&timestamp=1700427912&ver=4906&signature=S3RtxlZa8jHwogyqDvUO4f24LnWopueZ8aDYRO2Y5FFOLjBr-aVP1aEtIg0fgqGwPqiu5B5q8Nz1nDZNpdbwguokn266s8ukmj05j*3MXPOFusha2fwYJQgiuL*Rhv13&new=1).

50 ‘招聘 | 曲靖亿纬岗位来袭’

Students write that the three-party agreements they sign during campus recruitment do not stipulate a wage category nor a specific wage.<sup>45</sup> The vagueness of these agreements allows recruiters to exaggerate employment benefits. For example, a student writes that he was told that his wage currently included an overtime fee of RMB 950 but this was subject to revision and would increase to RMB 1500. The student, however, never received the higher amount. When he complained, the human resources department stated that the overtime fee increase did not apply to his contract [1]. The case illustrates power asymmetries in three party agreements. Employers can easily alter conditions unilaterally because they are not detailed in the contract. If the student dissents, he/she will breach the agreement and become liable to a penalty.

## B. Harsh labour management

Workers report about a harsh, militarized management style with many internal conflicts [11]. An employee uses terms “loss of dignity”, “oppression”, and “devastated self-confidence” to describe his/her experiences at EVE [12]. Many voices agree that the atmosphere in a department depends mainly on individual managers [12], which implies substantial discretion for despotic leadership. Meetings are held outside regular working hours during evenings and weekends. New employees feel stressed because they are met by impatience and pressure when they familiarize themselves with new tasks [6]. Interns also report on forced transfers to other factories and forced (unpaid) overtime under the threat of getting fired [1].

New recruits must go through an intensive training period lasting for one month. EVE states that during this period new employees are familiarised with “company culture and various rules and regulations”.<sup>51</sup> Students describe this period as extremely difficult and many of them ponder whether they should give up and leave [13]. Workers and new recruits must seek leaders’ approval if they are not able to attend trainings outside regular working hours. Workers write about a culture of bullying and poisonous social relations [6].

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51 ‘亿纬动力公司扩招人才稳就业’, Weixin Official Accounts Platform. Accessed: Nov. 11, 2023. [Online]. Available: [https://mp.weixin.qq.com/s?src=11&timestamp=1699527478&ver=4886&signature=YB6KK4YCaJt3KOHcg2huTSyYMd2kPZaZTWeMR3B7aD3TqZahq0F4QjKve38AC00lwG42WgNnapp8SOWONcdfw16-cxAOEQlSyyX50hCMbM-XgJzRuVFc\\*t7C\\*ftWLWkK&new=1](https://mp.weixin.qq.com/s?src=11&timestamp=1699527478&ver=4886&signature=YB6KK4YCaJt3KOHcg2huTSyYMd2kPZaZTWeMR3B7aD3TqZahq0F4QjKve38AC00lwG42WgNnapp8SOWONcdfw16-cxAOEQlSyyX50hCMbM-XgJzRuVFc*t7C*ftWLWkK&new=1)



**Figure 10:** Training for new recruits at EVE in Hubei<sup>52</sup>

Training hours are excessive. Recruits report on having to work 12 hours a day and having only one day off per week [13]. New recruits must go through various military exercises. Students report on drills where recruits must shout company slogans and perform postures. If the moves are not deemed correctly executed, voices are not friendly enough or the shouts are below 120 decibels, the drill must be done again until approved. Some student groups would have to do this exercise all day until 4.30 in the morning. Recruits have to start the drill with a 90° bow, which was considered humiliating and caused protests among the recruits. However, all recruits eventually have to submit to the entire drill including the bow [1].



**Figure 11:** Student mockery of EVE military training [1].

52 ‘亿纬动力公司扩招人才稳就业’.

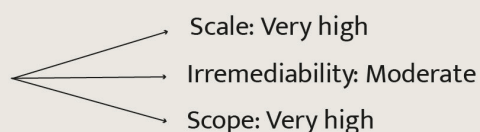


## 2.6 CAT 8: Working time

### Summary of risks

Major risk: Workers work too many hours and/or do not get overtime premiums

Saliency: Very high



### A. Excessive overtime

Based on the data we collected, there seem to be two different systems for overtime pay for workers below a bachelor's degree and those above. Workers holding a bachelor's degree may belong to either the category of lower educational attainments or that of higher education degree.

For those with **lower educational attainments**, legal regular overtime fees apply. However, this group receives only the legal minimum wage as a base wage (remuneration for a regular working week without overtime pay or other bonuses and subsidies). As a result, workers must perform excessive overtime to make a living. The wage slip of an EVE worker illustrates this issue (Figure 12). The total wage amounts to RMB 5740 and consists of three components: base wage (RMB 1650), overtime (RMB 3200), and performance bonus (RMB 890). Legal overtime pay is 150% of the base wage for regular workdays, 200% for weekends, and 300% for holidays. A worker with the base wage, as stated below, must work 193.5 overtime hours (if he/she works four Saturdays and Sundays 12 hours) in order to earn RMB 3200 through overtime. This calculation is commensurate with other workers' statements claiming that 160 overtime hours and more are common [1].

标准工资	
基本工资	1650
加班工资	3200
绩效工资	890
其它工资	

Figure 12: EVE electronic wage slip [1].

Workers with a **higher education degree** earn higher base wages compared to the previously discussed group. This means that hourly overtime fees are comparatively high. EVE seeks to curb costs with a payment system that is not aligned with Chinese labour legislation. Figure 13 shows that there are two payment tables. The two columns refer to overtime fees before and after adjustment (we discuss the issue of adjustment in section 2.1). This scheme states that employees are not paid when they perform 20 or less overtime hours per month and when they work 90 or more hours per month. The highest pay-out possible is RMB 950 (column 1) or RMB 1500 (column II). RMB 950 for 90 overtime hours imply a base wage of RMB 1218, which is about 30% below the lowest local minimum wage in China. EVE’s payment system for employees with higher education degrees, therefore, is in violation of China’s labour law and, due to the very low wage base, exploitative. EVE is not an isolated case applying a lump-sum system for overtime pay for higher-level factory workers. We found similar approaches at other major battery manufacturers in China.<sup>53</sup>

等级	时段标准 (H)	津贴标准 调整前 (元/月)	津贴标准 调整后 (元/月)
1	H ≤ 20	0	0
2	20 < H ≤ 30	100	200
3	30 < H ≤ 36	150	300
4	36 < H ≤ 40	200	400
5	40 < H ≤ 45	250	500
6	45 < H ≤ 50	300	600
7	50 < H ≤ 55	350	700
8	55 < H ≤ 60	400	800
9	60 < H ≤ 65	450	900
10	65 < H ≤ 70	500	1000
11	70 < H ≤ 75	550	1100
12	75 < H ≤ 80	650	1200
13	80 < H ≤ 85	750	1300
14	85 < H < 90	850	1400
15	H ≥ 90	950	1500

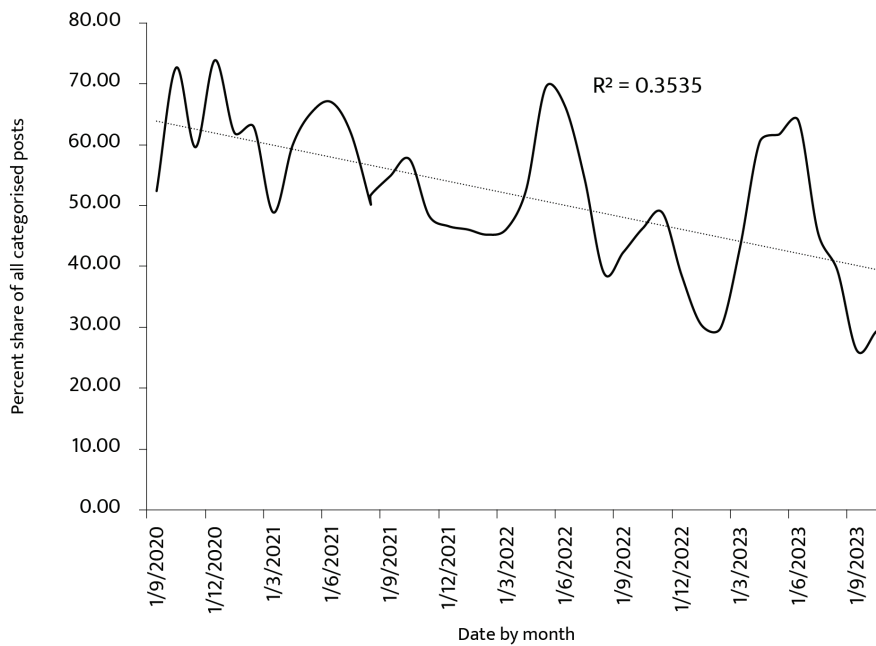
Figure 13: Overtime pay system for employees at EVE [13]<sup>54</sup>

53 S. Brehm and H. Magnusson, ‘Forced labour and human rights risks behind electric buses in Swedish public transport’, ETI Sverige. Accessed: Nov. 19, 2023. [Online]. Available: <https://etisverige.se/aktuellt/forced-labour-and-human-rights-risks-behind-electric-buses-in-swedish-public-transport/>

54 ‘湖北亿纬动力有限公司怎么样? - 知乎’, accessed 18 November 2023, <https://www.zhihu.com/question/482239792>.

## B. Trend analysis

Overtime is the most important topic that EVE workers discuss at a dedicated internet forum. The data sample is large enough to depict a trend for this issue. Figure 14 shows that between 50 – 70 percent of all posts mentioning labour issues also mention overtime. There is a declining trend, which may be related to fewer overtime hours due to declining demand. However, the cyclical pattern and an increasing amplitude indicate that the issue remains a major concern particularly during the peak production time in late spring and early summer.



**Figure 14:** Mentions of overtime as a share of all posts mentioning labour issues

### 3. CONCLUSIONS

The first part of this report shows that EVE Energy has committed considerable financial resources and signed various collaboration agreements to ensure stable supply of critical raw materials and labour. As a result, the company's production network contains multiple upstream links to state-imposed human rights violations. EVE's operations in Tibetan areas raise concerns that the company is contributing to state-imposed forced labour and evictions. Through equity ownership, joint operations, and collaborations, EVE's products are also linked to oppression of ethnic Turkic groups in Xinjiang. Further, collaboration agreements with local governments suggest that EVE is benefitting from poverty alleviation schemes that channel ethnic minorities and registered poor farmers into wage labour and partially rely on economic coercion as a mobilisation strategy.

In the second part of our analysis, we presented information on working conditions at EVE production sites in China. At least for some employee groups, labour relations are exploitative. Wages for regular working hours are not commensurate with a living wage. Workers at lower ranks are forced to make ends meet through performing excessive overtime hours. Workers with higher paygrades must submit to wage schemes that curb overtime pay and render excessive overtime hours inevitable. EVE's low commitment to employee welfare is also reflected in minimal social insurance contributions. As a result, affected employees face the risk of sliding into poverty when they get ill and/or when they reach the legal retirement age. Students constitute another group that may be submitted to exploitative practices. Here we find that three-party agreements mainly protect the interests of companies and schools. EVE's three-party agreements seem to be vaguely formulated, which weakens students' rights. Financial penalties for breach of contract appear to be at the upper end of legal practice. Another issue raising concern are mentions of a poisonous work environment, harsh drill, and military-style management. Such dehumanising practices have negative psychological and physical health effects and, therefore, add to the number of salient human rights risks.



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