



INVESTOR ALLIANCE  
FOR HUMAN RIGHTS

# HUMAN RIGHTS CRISIS IN THE XINJIANG UYGHUR AUTONOMOUS REGION

## Practical Guidance for Investors

Thursday, October 29, 2020

# East Turkistan – Uyghur Region



INVESTOR ALLIANCE  
FOR HUMAN RIGHTS



# Investors Responsibility





- Enhanced HRDD needed as XUAR is a high-risk region
- Guiding Question for Corporate Engagement
- Collective Action with Civil Society Organizations, Trade Associations, Government & International Organizations



# Panelists



INVESTOR ALLIANCE  
FOR HUMAN RIGHTS



**Zumretay Arkin**  
Program Director &  
Advocacy, World  
Uyghur Congress



**Rahima Mahmut**  
UK Project Director,  
World Uyghur  
Congress



**Megha Rajagopalan**  
International  
Correspondent,  
BuzzFeed News



**Mariefaye Bechrakis**  
Program Manager &  
Research Associate,  
Human Rights Initiative  
at CSIS



**Shoko Sekiguchi**  
Snr. Responsible  
Investment Research  
Associate,  
Domini Impact Investment

# Panelists



INVESTOR ALLIANCE  
FOR HUMAN RIGHTS



## Zumretay Arkin

Program Director & Advocacy,  
World Uyghur Congress

# Panelists



INVESTOR ALLIANCE  
FOR HUMAN RIGHTS



**Rahima Mahmut**  
UK Project Director,  
World Uyghur Congress

# Panelists



INVESTOR ALLIANCE  
FOR HUMAN RIGHTS



**Megha Rajagopalan**  
International Correspondent,  
BuzzFeed News



# Mass Surveillance in XUAR



INVESTOR ALLIANCE  
FOR HUMAN RIGHTS



Source: UHRP



A government official scans the QR code on the wall of a home in Xinjiang, which gives him instant access to the residents' personal information. Source: Xinjiang state radio

# Panelists



INVESTOR ALLIANCE  
FOR HUMAN RIGHTS



## Mariefaye Bechrakis

Program Manager & Research Associate,  
Human Rights Initiative at CSIS

# Forced Labor in Xinjiang

# Xinjiang-Linked Forced Labor: Patterns

- ▶ US Holocaust Museum: potential crimes against humanity
- ▶ Labor as re-education: reform thinking and break cultural ties
- ▶ Concerns about government-linked forced labor include:
  - ▶ Ex-detainees, as part of “re-education” (e.g. 100,000 in Kashgar alone - or 20% of entire Uyghur population of Kashgar, according to the government);
  - ▶ “Poverty alleviation” programs;
  - ▶ Prison populations (21% of all arrests in China); and
  - ▶ Transfers to factories outside Xinjiang – including long-term Western suppliers.



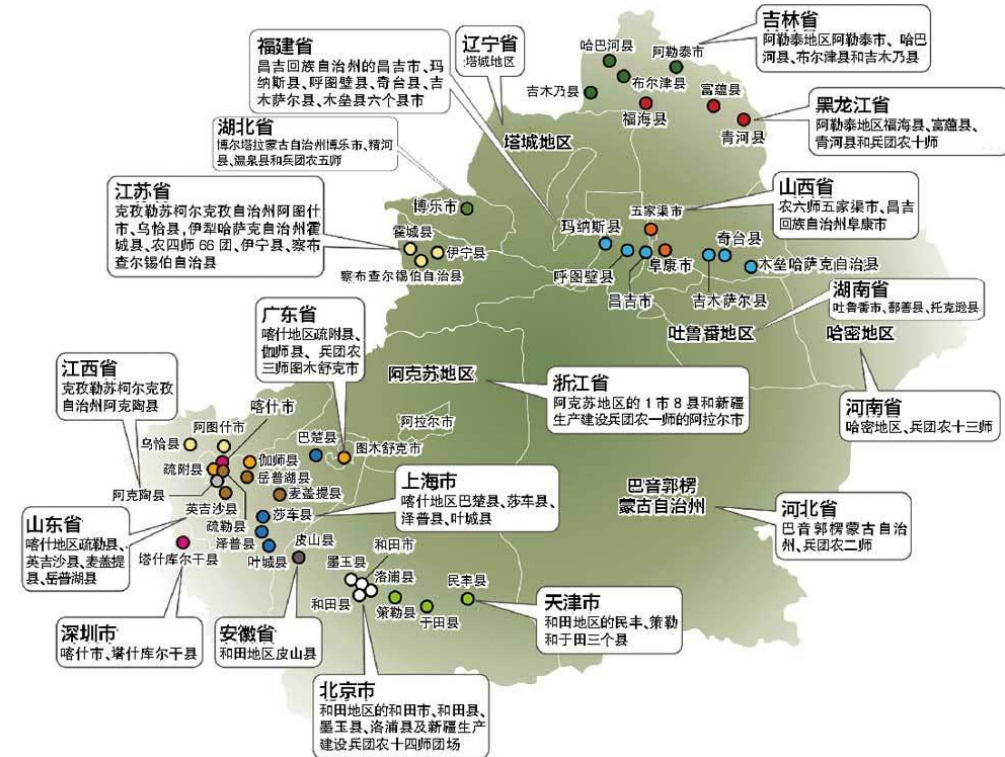
# Poverty Alleviation

- ▶ Local officials are required to deliver a certain quota of people out of poverty
- ▶ Research suggests that some of the ethnic minorities transferred to work are not willing and are severely underpaid
- ▶ Efforts to place ethnic minorities to work through programs such as the poverty alleviation, combine with “pairing programs”



# Pairing Programs

- ▶ The pairing program links companies from other provinces to XUAR
- ▶ Each pairing program has a sectoral focus based on the needs of their paired province
- ▶ It may link them to forced labor in some instances
- ▶ Harder to trace supply chains?



# Links to Western Supply Chains

- ▶ Around 20% of the world's cotton comes from Xinjiang, 33% of the U.S.'s garment imports containing cotton come from China
- ▶ China wants Xinjiang to produce more goods, and export them to Central Asia and Europe as part of the Belt and Road Initiative
- ▶ Eastern Chinese companies are heavily subsidized for opening facilities in Xinjiang, hiring ex-detainees and participating in “poverty alleviation” for minorities

# Publicly Available Information on Huafu

- ▶ Huafu a major supplier to Western brands and one of the largest textile companies in China runs a “training college” in the middle of Aksu Industrial Park
- ▶ Aksu Industrial Park was built specifically as a key element of the government’s poverty alleviation programs
- ▶ Enrollees are dressed in camouflage uniforms
- ▶ The training college is next to Huafu’s factory, which has reportedly employed workers from training programs intended to eradicate their “extremist” thoughts



# Focus Areas for Sectoral Growth

- ▶ The pairing programs focus mostly on electronics, textile and apparel manufacturing, rare earth mining, agricultural production, and plastics production
- ▶ The HRI identified sectoral priorities for 19 pairing programs:
  - ▶ Agricultural production, followed by
  - ▶ Textiles
  - ▶ Electronics
  - ▶ Mining
  - ▶ Chemicals
  - ▶ Medical equipment

# Possible Links to Western Supply Chains: Other Sectors

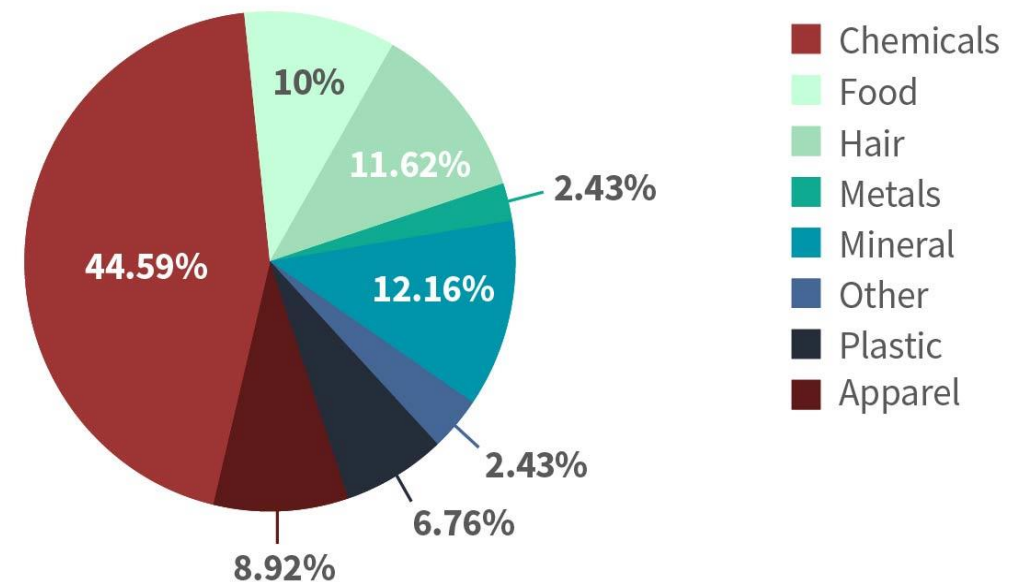
- ▶ Agricultural production (tomatoes, possibly apples and apple juice)
- ▶ Solar
- ▶ Rare earth and electronics
- ▶ Machinery
- ▶ Mining
- ▶ Plastics and chemicals



# Exports from the XUAR to the United States

- ▶ From April 2019 to April 2020, the XUAR's two fastest growing export markets were the US, rising more than 250%, and Italy, rising by over 200%

## PRODUCT TYPE BY NUMBER OF ORDERS



Source: Based on data from July 3, 2019 to July 3, 2020, obtained from ImportGenius and analyzed by the HRI.

# Recent Government Action on XUAR Imports

- ▶ Mid-Sept: CBP issued 5 ‘Withhold Release Order’ (WROs) on products from XUAR
  - ▶ Included products: hair products, apparel, cotton, computer parts
- ▶ Early-Sept: CBP considered blanket WROs on all cotton and tomatoes from XUAR
  - ▶ Measure watered down after USTR, Treasury, Agriculture pushback
- ▶ Late-Sept: U.S. House overwhelmingly passed Uyghur Forced Labor Prevention Act
  - ▶ Bans all goods from XUAR on basis of forced labor with ‘rebuttable presumption’

# Panelists



**Shoko Sekiguchi**  
Snr. Responsible Investment  
Research Associate,  
Domini Impact Investment



## Investors' Role in Promoting Human Rights

Shoko Sekiguchi / Senior Impact Investing Research Associate

Prepared for:

Webinar - Practical Guidance for Investors: Human Rights Crisis  
in Xinjiang Uyghur Autonomous Region (Thursday, October 29<sup>th</sup>)

## Our Three Tools for Impact



Standards



Community Investing



Engagement



# Domini Approach to Burma



## Standards & Research Framework

- Identify high-risk countries, sectors and incidents
- Update and refine over time
- Published findings (2017 Investor Guidance)



## Company Engagement

- Human Rights Due Diligent policies and practices
- Improve disclosures
- Company response to specific incidents



## Policy Advocacy

- Support international efforts (e.g. CRN, UNGPs)
- Engage National Security Council and State Department on democratization of Burma

# Applying Lessons to XUAR Campaign

## Goals of our engagement:

- Enhanced due diligence
- Improve disclosure on progress and process
- Provide remedy for potential impacts

## Five areas of inquiry:

1. Nature of the company's operations in conflict-affected areas
2. Human rights policies and procedures, alignment with [the UN Guiding Principles](#)
3. Conduct enhanced Human Rights Due Diligence prior to any business activities in the country
4. Engaging and informing local communities
5. Remedy available



# Campaign 2020: Collaboration with XUAR Working Group

## Case 1

### **German retail company**

Asked the company for more details about its policy and plans for sourcing

## Case 2

### **Japanese retail company**

- An initial letter addressing labor relations during the COVID-19 pandemic
- A follow-up letter addressing production in XUAR



**INVESTOR ALLIANCE  
FOR HUMAN RIGHTS**


# Q&A Discussion

“The only viable solution is to consider the entire region to be thoroughly tainted with different forms of coercive labor.”

- Researcher Adrian Zenz







“Business leaders and investors need to ask this question honestly: what is their place in history if they continue to profit by cooperating with a government carrying out a campaign of genocidal repression? They can’t say they didn’t know.”

- Omer Kanat, UHRP Executive Director

# Investor Action Plan



- Corporate Engagement with portfolio companies across sectors:
  - With Investor Alliance / ICCR Working Groups + PRI collaboration group coordinated by Rathbones
  - Developed tools to support investors through these engagements
- Endorse Call to Action on forced labor associated with cotton production in and from XUAR
- Need for collective action and engagement with other stakeholders, including policy makers, at a national, regional and international level



# Resources



INVESTOR ALLIANCE  
FOR HUMAN RIGHTS

## Background Information

- [China Secretly Built A Vast New Infrastructure To Imprison Muslims](#) (Buzzfeed News)
- [Ex-Prisoners Detail The Horrors Of China's Detention Camps](#) (Buzzfeed News)
- [US Universities And Retirees Are Funding The Technology Behind China's Surveillance State](#) (Buzzfeed News)
- [Connecting the Dots in Xinjiang Forced Labor, Forced Assimilation, and Western Supply Chains](#) (CSIS)
- [Addressing Forced Labor in the Xinjiang Uyghur Autonomous Region: Toward a Shared Agenda](#) (CSIS)
- [Pairing Programs in Xinjiang: Priority Sectors and Human Rights Risks](#) (CSIS)

- [The China Cables: China's Operating Manuals for Mass Internment and Arrest by Algorithm](#) (International Consortium of Investigative Journalists)
- [Full List of Evidence Uyghur Crisis](#) (provided by Zumretay Arkin, World Uyghur Congress)

## Action Plan Materials

- [Call to Action](#) (Coalition to End Forced Labour in the Uyghur Region)
- [Human Rights Risks in Xinjiang Uyghur Autonomous Region - Practical Guidance for Investors](#) (Investor Alliance for Human Rights)

# Contact Information



Anita Dorett  
Associate Program Director  
[ADorett@iccr.org](mailto:ADorett@iccr.org)

David Schilling  
Senior Program Director for  
Human Rights  
[DSchilling@iccr.org](mailto:DSchilling@iccr.org)

Thank you!



# Investor Alliance for Human Rights

A collective action platform connecting institutional investors with tools and strategies to promote corporate respect for human rights.

Join Us

Sign up to become a member: <https://bit.ly/2IOYDA9>

For more information, contact: [adorett@iccr.org](mailto:adorett@iccr.org)