UNJUST TRANSITION: UYGHUR FORCED LABOR IN THE GLOBAL SOLAR SUPPLY CHAIN

Monday, September 27, 2021
East Turkistan – Uyghur Region
Investors Responsibility

Institutional Investors → Solar Company → Module Manufacturer → Polysilicon Producer → Quartz - Raw Materials → Local Authorities
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
“The only viable solution is to consider the entire region to be thoroughly tainted with different forms of coercive labor.”

- Researcher Adrian Zenz
Panelists

**Nyrolä Elima**
Researcher at Helena Kennedy Centre for International Justice

**Laura Murphy**
Professor of Human Rights & Contemporary Slavery, Helena Kennedy Centre for International Justice, Sheffield Hallam University

**Reginald Smith**
Research Analyst for Eventide Asset Management

**Ashleigh Owens**
Deputy Director, Financial Institutions Lead & Senior Advisor at Shift Project
Panelists

Nyrolä Elima
Researcher at Helena Kennedy Centre for International Justice and co-author of “In Broad Daylight” Report
The Forced Labour Lab at the Helena Kennedy Centre is an initiative to provide an evidence base for better understanding forced labour globally.

The Forced Labour Lab is a project of the Helena Kennedy Centre for International Justice that conducts research on forced labour, modern slavery, and human trafficking. Our current research focuses on the systematic forced labour of minoritized citizens in the Xinjiang Uyghur Autonomous Region of China. Our research analysis relies primarily on data that is publicly available on Chinese state-owned and state-controlled enterprises.

LAURA T. MURPHY & NYROLA ELIMĂ
• There are approximately 12 million ethnic Uyghur and Kazakh citizens in Xinjiang Uyghur Autonomous Region (Uyghur Region)

• Approximately 1.8 million of them have been interned in camps spread across the region.

• Upwards of 2 million of them have been “transferred” for labor through a state-sponsored forced labour regime.

• Forced labor can occur in several ways:
  • within the internment camps
  • as a condition of “release”
  • in a “satellite factory” that is “on your doorstep”
  • as a transfer to a factory or farm within the Uyghur Region
  • as a transfer to a factory or farm outside the Uyghur Region
A) ARE THEY ENGAGING LABOUR TRANSFERS?
(劳动力转移，富余/剩余劳动力，军训，国语培训)

State-sponsored Labour Transfer Programmes
Dry well done and be praised, rewarded, dry badly done must be criticized and educated or even punished.

Labor agencies must “have organizational discipline in place and implement militarized management to allow people with employment difficulties to get rid of selfishness and distractions, change their long-cultivated lazy, idle, slow, and inconstant behaviours of personal freedom, to abide by corporate rules and regulations and work discipline, and to devote themselves to daily production. In daily life; they should have iron discipline…”

“Good work should be praised and rewarded, and bad work should be criticized and educated or even punished.”
B) Are government officers or recruiters going house to house? Did they assign Uyghur or Kazakh person to a point value?

(工作队反复劝说，改变他们的意识形态)
About doing a good job in serving the urban and rural surplus labor force in Qapqal County

Transfer employment work implementation plan

**Quantitative Point System**

- Unwilling to participate in training?
- Able to go elsewhere for employment but are not active in seeking employment?
- Have outdated concepts or stubborn thinking?

Points determine placement in three categories

- **Controlled**: sent to training
- **General**: assigned nearest local transfer
- **Secure**: issued “Urban and Rural Surplus Labor Transfer Employment Personnel Certificate” and transferred to the interior
C) Are the company’s facilities co-located with a camp?

D) What is their engagement with the Xinjiang Production and Construction Corps (XPCC)
Laura Murphy
Professor of Human Rights and Contemporary Slavery, Helena Kennedy Centre for International Justice, Sheffield Hallam University and co-author of “In Broad Daylight” Report
IN BROAD DAYLIGHT
Uyghur Forced Labour and Global Solar Supply Chains

LAURA T. MURPHY & NYROLA Elimä

Sheffield Hallam University
Helena Kennedy Centre for International Justice
According to the ILO Forced Labour Convention of 1930, **forced or compulsory labour is:** "all work or service which is exacted from any person **under the threat of a penalty** and for which the person has **not offered himself or herself voluntarily.**"

Indicators include:

- abuse of vulnerability
- deception
- restriction of movement
- isolation
- physical or sexual violence
- retention of ID
- withholding of wages
- debt bondage
- abusive working conditions
- excessive overtime
The Making of a Solar Panel

1. Raw Materials
2. Polysilicon
3. Ingot
4. Wafer
5. Cell
6. Module

2020 Polysilicon Market Share

- 30% China (Interior)
- 45% Uyghur Region
- 25% International

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Raw Materials
- Hoshine
- Sokesi
- ten others

Polysilicon
- Daqo
- TBEA/Xinte
- GCL-Poly
- East Hope
- 2 others

Ingots to Modules
- JinkoSolar
- LONGi
- Trina
- JA Solar
- 6 others
Their labour recruitment process promises “transformation of surplus rural labor into industrial workers and urban dwellers, making them become fresh combat troops for industrialization, urbanization, and agricultural modernization.”
Xinjiang Hoshine receives significant subsidies and support from the XPCC. In their 2019 annual report, they indicated that they had received financial incentives/investments from the XPCC in the amount of 40,140,411RMB, and they listed an additional on-going special subsidy from the XPCC that originated in 2012 for the amount of 26,855,298RMB. Xinjiang Hoshine also received compensation from the XPCC in 2017 and 2019 for costs incurred by the company for vocational skills upskilling training they provided to local laborers.
Raw Materials
- Hoshine
- Changji Jisheng New Building Materials
- Xinjiang Sokesi
- 3 others

Polysilicon
- TBEA/Xinte
- GCL-Poly
- East Hope

Ingots to Modules
- JinkoSolar
- Trina (possible)
confirmed current contracts
2019 annual report customers
INDUSTRY RESPONSE

May 18, 2021

Solar Industry Forced Labor Prevention Pledge
Last updated: May 18, 2021 at 15:03 AM ET

The Solar Energy Industries Association (SEIA), in collaboration with Solar Energy International (SEI), has committed to prevent the use of forced labor within the solar supply chain. Thispledge is part of a broader strategy to address forced labor issues in the solar industry. The Solar Energy Industries Association (SEIA) and Solar Energy International (SEI) are working with SEIA’s members and stakeholders to ensure compliance with this pledge. For more information, visit https://www.seia.org/pledge.

SOLAR SUPPLY CHAIN TRACEABILITY PROTOCOL 1.0
INDUSTRY GUIDANCE
April 2021

www.seia.org

May 18, 2021


SHEFFIELD HALLAM UNIVERSITY
Helena Kennedy Centre for International Justice
• Customs and Border Protection “Withhold Release Order” on Xinjiang Hoshine Silicon Industry Co.

• Commerce Dept “Entities List” Designation for
  • Hoshine Silicon Industry (Shanshan)
  • Xinjiang Daqo New Energy
  • Xinjiang East Hope Nonferrous Metals
  • Xinjiang GCL New Energy Material Technology
  • Xinjiang Production and Construction Corps

• Depart of Labor Designation of Polysilicon Made with Forced Labor in China to the “List of Goods Made with Child or Forced Labor”
U.S. solar advocates are appealing to the administration to refine its initial approach — so it still discourages human-rights abuses in Xinjiang without ensnaring imports. Hopper suggested a focus on polysilicon, not the metal from which it is formed. And some solar supporters are asking the administration to phase in future moves so companies aren’t caught flat-footed, according to two people familiar with the matter.
1) end all contracts with any suppliers that own a subsidiary, facility, or mine in Xinjiang or are a subsidiary of a parent company that owns a subsidiary in the region, and

2) cease all relationships with companies that are being supplied in any way by companies operating in Xinjiang.
NEXT STEPS FOR INVESTMENT

• Expansion of capacity for established companies manufacturing solar supply chain inputs (REC, Wacker, OCI, etc)
• Development of new manufacturing facilities outside of China
• Innovation in non-polyosilicon-based solar energy (thin film technology, emerging techn)
• Government and development investment bank green infrastructure investments
IN BROAD DAYLIGHT
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Reginald Smith
Research Analyst at Eventide Asset Management
Traceability Can Prevent Mixing

When ingots and wafers are made, polysilicon from many sources is mixed together. If one polysilicon company is exposed to forced labor, all of the products are contaminated.

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The “Bifurcated” Supply Chain

Supply chain for United States / Europe

NO FORCED LABOR

Supply chain for other markets

FORCED LABOR

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One Long-Term Solution

Sourcing from companies that do not use forced labor – directly or in their supply chains – for any of their products is the long-term solution.
Q&A Discussion
Panelists

Ashleigh Owens
Deputy Director, Financial Institutions
Lead & Senior Advisor at Shift Project
For more on the types of leverage that can be found at each decision point, see shiftproject.org/using-leverage

LEVERAGE DECISION TREE

START HERE
Do I have existing leverage over this third party?

YES
Can I use this influence to sufficiently mitigate the risk?

NO
Can I sufficiently increase my influence through my own actions?

YES
Can I increase my influence through another entity?

NO
Can that influence sufficiently mitigate the risk?

YES
Can the influence sufficiently mitigate the risk?

NO
Can I increase my influence through collaborative action?

YES
Can I end the relationship and do so in a responsible manner?

NO
End the relationship

YES
IF I DECIDE TO REMAIN IN THE RELATIONSHIP...

NO
Be prepared to demonstrate ongoing efforts at mitigation and accept any reputational, financial or legal consequences of doing so.

Use the leverage

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“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 solar sector to be launched in Oct

▪ Investors can endorse Call to Action on forced labor - stop sourcing raw materials and inputs from the UR and participation in Uyghur government labor transfer schemes - Coalition to End Uyghur Forced Labor

▪ Need for collective action and engagement with other stakeholders, including policy makers, at a national, regional and international level
Resources

Background Information

▪ In Broad Daylight: Uyghur Forced Labour and Global Solar Supply (Sheffield Hallam University)

▪ Solar Industry Forced Labor Pledge (SEIA)

▪ US Department of Labor Adds Polysilicon from China to the ‘List of Goods Produced by Child Labor or Forced Labor’ (U.S. Department of Labor)

▪ DHS Issues WROs on Silica-Based Products Made with Forced Labor in Xinjiang (U.S. Department of Homeland Security)

▪ U.S. Commerce Department adds Chinese Companies to Entities list for Human Rights Abuses (U.S. Department of Commerce)

Action Plan Materials

▪ Investor Action on the Human Rights Crisis in the Uyghur Region (Investor Alliance for Human Rights)

▪ 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)
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Thank you!
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