



## INVESTOR EXPECTATIONS ON UYGHUR FORCED LABOR

Investors representing more than US\$6.5 trillion in assets under management urge companies to address businesses' complicity in the human rights crisis in the Xinjiang Uyghur Autonomous Region (the Uyghur Region). We are writing to ask you to take action relating to the human rights crisis in China that could present material risk to the company and raises serious legal, financial and reputational concerns.

An estimated 1.8 million Uyghur and Turkic Muslim peoples have been subject to extrajudicial detention in internment camps and have been forced to work in factories in the Uyghur Region<sup>1</sup> and over 2.6 million Uyghur and Turkic Muslim peoples are in coercive labor transfer programs<sup>2</sup> and forced to work in other parts of China. In addition to extrajudicial detention, experts have documented allegations of torture, family separation, religious persecution, and forced sterilization. The recent United Nation report from the Office of the High Commissioner for Human Rights concluded that the abuses against Uyghurs and other Turkic and Muslim-majority peoples in China may constitute ongoing crimes against humanity<sup>3</sup>.

The U.S. Uyghur Forced Labor Prevention Act (UFLPA), which came into effect on June 21, 2022 prohibits the importation into the U.S. of all goods mined, produced, manufactured wholly or in part in the Xinjiang Uyghur Autonomous Region or Uyghur Region on the presumption that these goods are implicated in forced labor. This presumption applies to goods made in or shipped through other countries (including China) that include inputs made in the Uyghur Region. Given the U.S. laws, existing international<sup>4</sup> and national laws<sup>5</sup> prohibiting forced labor and new laws proposed in the UK, EU, Canada, Australia, and Japan, among other countries, serious attention and immediate action is warranted. Companies faces immense reputational, legal, and economic risks due to their connection to entities that engage in human rights abuses in the Uyghur Region.<sup>6</sup>

Forced labor in and from the Uyghur Region is state sponsored. In June 2021, the leaders of G7 countries called on China to respect human rights in the Uyghur Region. The overwhelming expert consensus is that forced labor is now so widespread that there is a risk of its presence at virtually any workplace or worksite in the Uyghur Region. Traditional industry due diligence methods, such as labor and social audits, are very likely to be ineffective in uncovering the true human rights situation.

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<sup>1</sup> US Congressional-Executive Commission on China, [Staff Research Report: Global Supply Chains, Forced Labor, and the Xinjiang Uyghur Autonomous Region](#), March 2020; Adrian Zenz, [Wash Brains, Cleanse Hearts: Evidence from Chinese Government Documents about the Nature and Extent of Xinjiang's Extrajudicial Internment Campaign](#), *Journal of Political Risk*, Nov 2019; "[Mapping Xinjiang's 'Re-Education' Camps](#)," Australian Strategic Policy Institute, November 2018

<sup>2</sup> Adrian Zenz, Jamestown Foundation Publication, [Unemployment Monitoring and Early Warning: New Trends in Xinjiang's Coercive Labor Placement Systems](#), June 2022

<sup>3</sup> [OHCHR Assessment of human rights concerns in the Xinjiang Uyghur Autonomous Region, People's Republic of China](#), Aug 2022

<sup>4</sup> See Universal Declaration of Human Rights and ILO Convention 10

<sup>5</sup> See for example U.S. Uyghur Forced Labor Prevention Act; 19 U.S.C. §1307 – Tariff Act; 18 U.S. Code § 1589; see 22 U.S. Code Ch. 78 – Trafficking Victims Protection Act; UK's Foreign Prison-Made Goods Act 1897

<sup>6</sup> [U.S. Department of State's Business Advisory](#), July 1, 2020

Under the UN Guiding Principles on Business and Human Rights, all companies are expected to conduct effective human rights due diligence to ensure that they are not causing, contributing, or linked to human rights abuses, through their direct or indirect actions. Where human rights harms cannot be mitigated, prevented or ceased, steps need to be taken to end business relationships responsibly.

To address these human rights abuses, investors expect companies to:

- **Complete a mapping of its value chain** (upstream suppliers and downstream distributors, customers and users), in and outside of China, to identify direct and indirect business relationships that are connected to the Uyghur Regions including those that use the company's products and/or services;
- **Demonstrate steps to disengage** from business relationships with suppliers operating in the Uyghur Region, and with suppliers outside of the Uyghur Region, to take concrete steps to immediately end any and all reliance and connection with forced labor in and from the Uyghur Region; and
- **Publicly disclose efforts** and progress on the above including on how the Company is working with affected rights holders in determining remedy.

Investor also expect companies **apply a single global standard** consistent with the requirements of the UFLPA across your entire supply chain for all retail markets in and outside of the U.S.. Investor ask companies to address the following questions:

- Is the company applying a single global standard, aligned with the legal requirements of the UFLPA, to exclude Uyghur forced labor across its supply chains?
- Is the company addressing the risks of its supplier's bifurcating supply chains through parallel supply chains for the U.S. markets/buyers that are not tainted with Uyghur forced labor, but however continue to use Uyghur forced labor in goods destined for non-U.S. markets?
- What steps has the company taken to not re-export goods detained in the U.S. under the UFLPA to other markets?

As at January 2023