IS YOUR CAR DRIVING UYGHUR FORCED LABOR?

February 14th, 2023 – 11am ET
Agenda

• Discussion on the Driving Force Report
• Insights from the Uyghur Community
• Engaging with the Auto Sector – Investor Perspective
• Panel Discussion and Q&A
• Investor Action – next steps for investors
Speakers

Dr. Laura Murphy
Professor of Human Rights & Contemporary Slavery
Helena Kennedy Centre, Sheffield Hallam University

Yalkun Uluyol
Ph.D. Candidate Researcher
Helena Kennedy Centre, Sheffield Hallam University

Aaron Acosta
Senior Program Associate
Investor Advocates for Social Justice

Jewher Ilham
Uyghur Human Rights Advocate
Coalition to End Uyghur Forced Labour, Spokesperson
Panelists

Dr. Kendyl Salcito
Executive Director, NomoGaia, Adjunct Professor
University of Denver Sturm School of Law

Mia Rabkin
Researcher
Sheffield Hallam University Helena Kennedy Centre

Matthew Groch
Senior Director
Heavy Industry Mighty Earth
Driving Force Report Discussion

Dr. Laura Murphy
Professor of Human Rights & Contemporary Slavery
Helena Kennedy Centre, Sheffield Hallam University

Yalkun Uluyol
Ph.D. Candidate Researcher
Helena Kennedy Centre, Sheffield Hallam University
DRIVING FORCE

Automotive Supply Chains and Forced Labor in the Uyghur Region
PVC Building Materials’ Reliance on Labor and Environmental Abuses in the Uyghur Region

BUILT ON REPRESSION
PVC Building Materials’ Reliance on Labor and Environmental Abuses in this Uyghur Region

Laura T. Murphy, Nyrola Elimä

NOV 2021

JUN 2022

JUL 2022

DECEMBER 2022

SHEFFIELD HALLAM UNIVERSITY RESEARCH ON UYGHUR FORCED LABOR

Laura T. Murphy, Jim Vallette, Nyrola Elimä

MAY 2021

FEB 2022

NOV 2022

NOV 2021

NOV 2022

FEB 2022

JUL 2022

DEC 2022

Laura T. Murphy, Jim Vallette, Nyrola Elimä

NOV 2022

FEB 2022

JUL 2022

DEC 2022

Laura T. Murphy, Jim Vallette, Nyrola Elimä

NOV 2022

FEB 2022

JUL 2022

DEC 2022

Laura T. Murphy, Jim Vallette, Nyrola Elimä
There are approximately 12 million ethnic Uyghur and Kazakh citizens in Xinjiang Uyghur Autonomous Region (Uyghur Region).

Over 1 million of them have been interned in camps spread across the region.

Upwards of 3 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
METHODS

Identification
- Top manufacturers globally
- Companies operating in XUAR
- Companies operating a subsidiary in XUAR

Analysis
- Evidence of forced labor/camps/repression
- Customers and suppliers

Tracing
- Within China
- Out of China to international manufacturers and brands
**SOURCES**

Our research team is fluent in Chinese, Uyghur, and Kazakh. We have expertise in Chinese politics, the Uyghur Region, forced labor, and supply chains.

We analyze
- customs records
- Financial filings & other corporate disclosures
- Chinese state media
- Chinese government directives
- corporate social media, publicity, websites
- satellite imagery

<table>
<thead>
<tr>
<th>Date</th>
<th>Consignee</th>
<th>Consignee City/State/R.</th>
<th>Shipper</th>
<th>Shipper City</th>
<th>Shipper State/Re</th>
<th>HS Code</th>
<th>Goods Shipped</th>
<th>Weight (KG)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2022-09-12</td>
<td>Performance Tire Ltd.</td>
<td>Katy, Texas</td>
<td>Chiping Xinfa Aluminous Product Co.</td>
<td>Liaocheng</td>
<td>Shandong</td>
<td>8708.70</td>
<td>ALLOY WHEELS ALLOY WHEELS</td>
<td>19820</td>
</tr>
<tr>
<td>2022-09-10</td>
<td>Ns Transportation Products Llc</td>
<td>Marion, Ohio</td>
<td>Chiping Xinfa Aluminous Product Co.</td>
<td>Liaocheng</td>
<td>Shandong</td>
<td>8708.70</td>
<td>ALLOY WHEELS</td>
<td>14220</td>
</tr>
<tr>
<td>2022-09-09</td>
<td>1875413 Alberta Ltd.</td>
<td>Edmonton, Alberta</td>
<td>Chiping Xinfa Aluminous Product Co.</td>
<td>Liaocheng</td>
<td>Shandong</td>
<td>8708.70</td>
<td>ALLOY WHEELS</td>
<td>13280</td>
</tr>
<tr>
<td>2022-09-04</td>
<td>Aboud Wheels</td>
<td></td>
<td>Chiping Xinfa Aluminous Product Co.</td>
<td>Liaocheng</td>
<td>Shandong</td>
<td>8708.70</td>
<td>ALLOY WHEELS</td>
<td>9860</td>
</tr>
<tr>
<td>2022-09-01</td>
<td>Strada Wheels</td>
<td>City of Indus, California</td>
<td>Chiping Xinfa Aluminous Product Co.</td>
<td>Liaocheng</td>
<td>Shandong</td>
<td>8708.70</td>
<td>ALLOY WHEELS</td>
<td>12260</td>
</tr>
<tr>
<td>2022-08-18</td>
<td>Performance Tire Llc.</td>
<td>Katy, Texas</td>
<td>Chiping Xinfa Aluminous Product Co.</td>
<td>Liaocheng</td>
<td>Shandong</td>
<td>8708.70</td>
<td>ALLOY WHEELSALLOY WHEELS</td>
<td>21750</td>
</tr>
<tr>
<td>2022-08-11</td>
<td>Forgatio Inc.</td>
<td>Los Angeles, California</td>
<td>Chiping Xinfa Aluminous Product Co.</td>
<td>Liaocheng</td>
<td>Shandong</td>
<td>8708.70</td>
<td>ALLOY WHEELS THIS SHIPMENT CONTAINS NO WOOD PACK!</td>
<td>13840</td>
</tr>
</tbody>
</table>
ILO 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

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.”

Our own research has identified additional evidence of the following:

- refusal of work placement equated with terrorism/illegal behavior
- threat of internment or imprisonment
- harassment by labor agents
- state-dictated quotas for workers
- compulsory ideological training
- “militarized” discipline
- state security minders
- children and elders sent into state care
- state-signed contracts
- compulsory land transfer
- retaliation for grievances
- pandemic work transfers
FORCED LABOR EXPOSURE IN THE AUTO INDUSTRY

- Interiors
- Electronics
- Batteries
- Copper
-Steel
- Aluminum
- Glass
- Tires/Wheels
Between raw materials mining/processing and auto parts manufacturing, we found that practically every part of the car would require heightened scrutiny to ensure that it was free of Uyghur forced labor.

- 96 mining, processing, or manufacturing companies relevant to the automotive sector operating in the Uyghur Region, including at least 38 that have documented engagement in state-sponsored labor transfer programs.

- More than 100 international automotive parts or car manufacturers that have some exposure to forced Uyghur labor made goods.
Baowu Ultra-low carbon steel

**Steel:** The world’s biggest supplier of steel — Baowu — is also the largest steel producer in the Uyghur Region, prolifically employing forced labor through state programs. The company forced Uyghur workers to march for hours to factories during Covid lockdowns, then quarantined them on-site in sub-standard housing to keep producing steel. Baowu’s Toutunhe smelter is surrounded by cottage steel industries including an array of auto parts makers that source steel from Baowu, engage in labor transfers of their own, and export directly to global markets through Urumchi’s ‘land port’ for import/export.
Aluminum: Today, Xinjiang’s aluminum production is roughly 6.6 million tons per year, representing about a tenth of global production. The Uyghur Region produced more aluminum than India, Russia, Canada or any other major aluminum producer outside of China. Xinjiang smelters hire forced laborers directly into the sweltering and dangerous smelting rooms as well as into hazardous carbon anode manufacturing plants. Labor transfers into aluminum smelters were documented as recently as 2022.
Batteries: Batteries for traditional car engines are 60% lead, by weight. Smelting lead, either through recycling or from mining, is hazardous for workers and downwind communities, which has been a major driver for closing lead smelters in Eastern China. Since 2017, the government has licensed five lead-acid battery manufacturers to smelt lead and produce batteries in the Uyghur Region. The largest of these, Camel Group, has faced sanctions for “frequent blood lead incidents.” Transferred workers from southern Xinjiang were subjected state-sponsored labor transfer and to a “closed” pre-job training involving military and ideological indoctrination. EV batteries require lithium, nickel, cobalt, graphite, and manganese. China processes 60% of the world’s lithium, with a growing percentage of that refining underway in Xinjiang. Xinjiang Asia-Europe Rare Metal is the largest lithium actor in the Uyghur Region, receiving “assigned” workers since at least 2017. Its partners include upstream suppliers of the world’s largest lithium-ion battery producers.
AN INDUSTRY-WIDE PROBLEM

We traced the customers of companies that mine, process, and manufacture products relevant to the automotive industry that have engaged in forced labor in the Uyghur Region.

The results were startling – practically every major traditional automotive and electric vehicle manufacturer has significant exposure to forced labor in the Uyghur Region.

The auto industry cannot wait another day to trace their supply chains back to the raw materials. To do anything short of full tracing would be an enormous legal, ethical, and reputational risk.
No audit or tracing of a sanctioned product is entirely reliable in China
FIRST STEPS FOR INDUSTRY ACTION  (in development)

Immediately cease all sourcing from
- Baowu Steel’s ultra-low carbon steel
- Xinfa aluminum products
- Tianshan aluminum products
- Shenhuo aluminum products
- Joinworld aluminum products
- Dushanzi Petrochemical
- Hoshine/Hesheng Silicon Industry
- Guanghui Group

Use economic leverage to encourage suppliers to end sourcing from XUAR:
- Minth, Jingwei Group/Wikaway, and other must stop sourcing from XUAR
- CATL, Ganfeng, Camel, Double Coin, Xinfa must shutter XUAR holdings/projects
- Electronics companies that have employed labor transfers (Joyson, OFILM, JWD, Avary, Deren) must commit to exiting program

Any refusal to end XUAR sourcing should trigger a termination in supply contracts
RECOMMENDATIONS TO GOVERNMENTS

1. Pass and enforce mandatory human rights due diligence, applicable across the supply chain, for companies of all sizes and sectors.

2. Pass and enforce an import ban for all products linked to forced labor.

3. Identify the automotive sector as a priority for the implementation of forced labor import bans.
1. Conduct or commission their own supply chain mapping
2. Cease sourcing all products mined, made, or manufactured, in whole or in part, in the Uyghur Region
3. Publicly report on findings of supply chain links to the XUAR to facilitate knowledge of supply chain risks across the automotive industry
4. Do not rely on attestation, industry certification, or audits as evidence that suppliers are free from links to forced labor in the XUAR
5. Collaborate with raw metals industries and industry associations to implement reparations to Uyghurs and other minoritized populations in the diaspora
DRIVING FORCE

Automotive Supply Chains and Forced Labor in the Uyghur Region

Contact:
Professor Laura T. Murphy
Sheffield Hallam University
Laura.murphy@shu.ac.uk

Dr. Kendyl Salcito
NomoGaia
salcito@nomogaia.org
Jewher Ilham
Uyghur Human Rights Advocate
Coalition to End Uyghur Forced Labour, Spokesperson
Investor Perspective

Aaron Acosta
Senior Program Associate
Investor Advocates for Social Justice
Driving Force Presentation

Aaron Acosta
Investor Advocates for Social Justice (IASJ)

- Who we are
- What we do
- Shifting Gears
  - child labor and forced labor in supply chain
Shifting Gears
Part I

• Human rights due diligence in the automotive supply chain

• 23 companies

• Uyghur and other ethnic minority forced labor (ASPI)

• Investor letters to GM and Volkswagen
Shifting Gears, Part II

• Human rights in the EV supply chain
• Critical minerals and human rights
• XUAR Focus
• Blogs and Investor Letters
• Floor Proposal
Lessons and Opportunities

- Multistakeholder collaboration
- Leveraging research
- Leveraging political and regulatory momentum
Panelists

Dr. Kendyl Salcito
Executive Director, NomoGaia, Adjunct Professor
University of Denver
Sturm School of Law

Mia Rabkin
Researcher
Sheffield Hallam University
Helena Kennedy Centre

Matthew Groch
Senior Director
Heavy Industry
Mighty Earth
Questions?
Join our Uyghur Region Investor Engagement Group

- 60 investors engaging across 8 sectors
- Coordinated collective engagement with over 60 companies
- New engagement on automotive sector to be launched
- Join our quarterly calls (next call Feb 21st at 11am ET)

Refer to our Investor Guidance

Please contact Anita Dorett at adorett@iccr.org for further information
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.

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

For more information, contact: adorett@iccr.org