

# State Imposed Forced Labor in China



December 2021

Swedish Buyers'  
Monitoring of Electronics  
Supply Chains

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# Summary

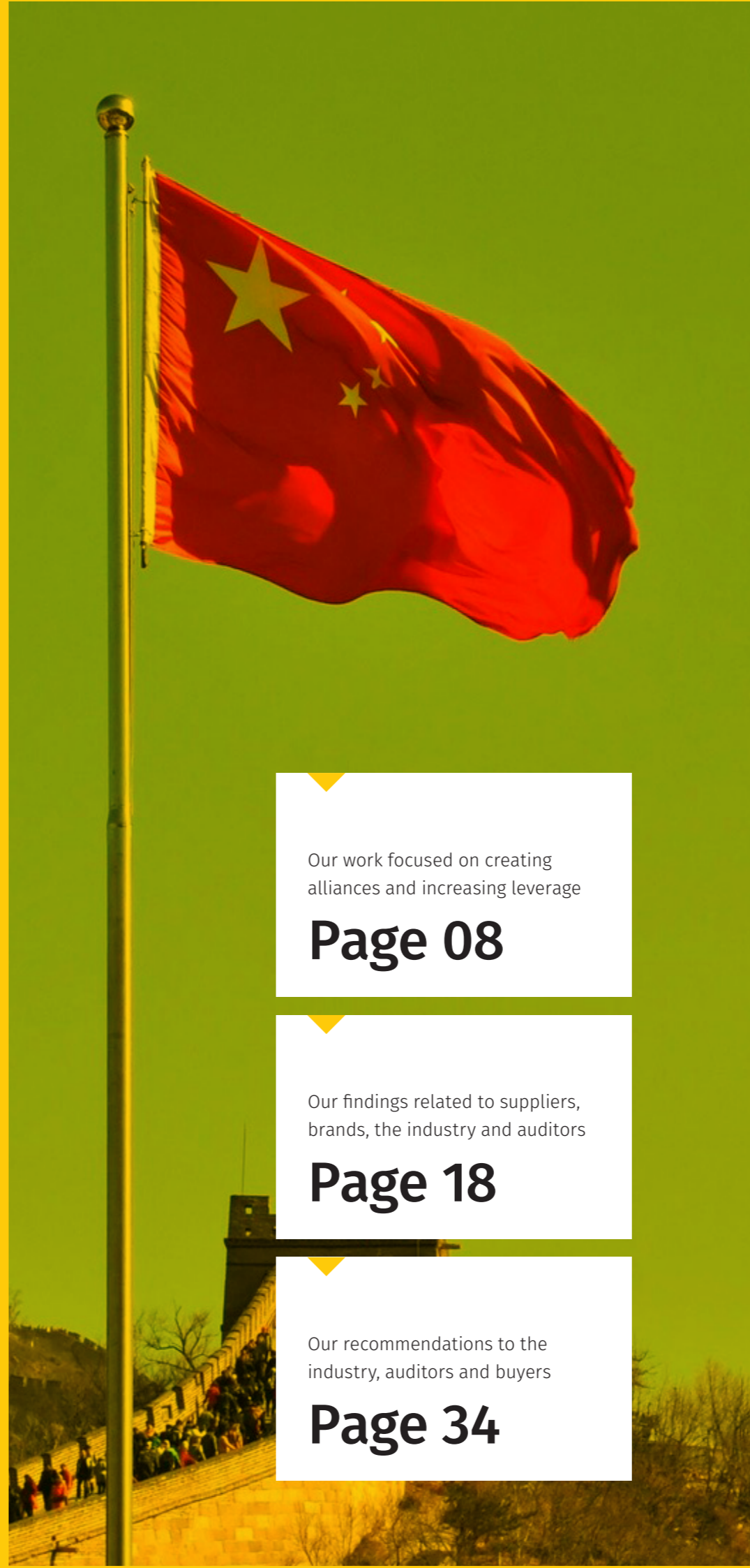
Due to reports of serious human rights violations in China targeting Uyghurs and other ethnic minority citizens, Adda Central Purchasing Body, the Swedish Regions and the Church of Sweden initiated a collaborative effort to conduct due diligence and monitor the risk of state-imposed forced labor in the supply chains of the goods and services we procure. This report focuses on the monitoring of electronics supply chains.

A monitoring methodology based on information gathered from various civil society and government organizations was developed and a follow-up package was sent to electronics suppliers. The purpose of the monitoring was to identify instances of forced labor of Uyghur and other ethnic minorities in our supply chains and to ensure that suppliers and brands were conducting human rights due diligence in accordance with our contract terms. The focus was to determine whether credible methods to detect state-imposed forced labor were being used.

Our monitoring revealed no instances of final assembly production in Xinjiang, but we cannot exclude the risk of state-imposed forced labor at factories in our supply chains in other parts of China. The reasons for this are:

- The industry in general is ill-prepared to identify, prevent, mitigate and account for how it addresses the risk of state-imposed forced labor in China.
- The audit methods used by the industry are in many cases not adapted to detect the risk of state-imposed forced labor in China.
- With very few exceptions, brands are not as transparent as they need to be to fulfill their due diligence obligations, nor to enable buyers to conduct their own due diligence.
- More groups are targeted by China's poverty alleviation program and at risk of state-imposed forced labor, than Uyghurs and other ethnic minority citizens.

The risk of state-imposed forced labor is still prevalent and should be part of regular monitoring activities of electronics supply chains for brands, suppliers and buyers.



Our work focused on creating alliances and increasing leverage

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Our findings related to suppliers, brands, the industry and auditors

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Our recommendations to the industry, auditors and buyers

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# Background

## Australian research

In March 2020, the Australian Strategic Policy Institute (ASPI) published the report [Uyghurs for Sale](#),<sup>1</sup> detailing how the Chinese government had facilitated the mass transfer of Uyghur and other ethnic minority citizens from the Xinjiang region to factories across the country. China had already attracted international condemnation for its "re-education camps" in Xinjiang, which include elements of forced labor. What the report revealed was that factories across China were complicit in the abuse through labor transfers that were part of the government's poverty alleviation program.

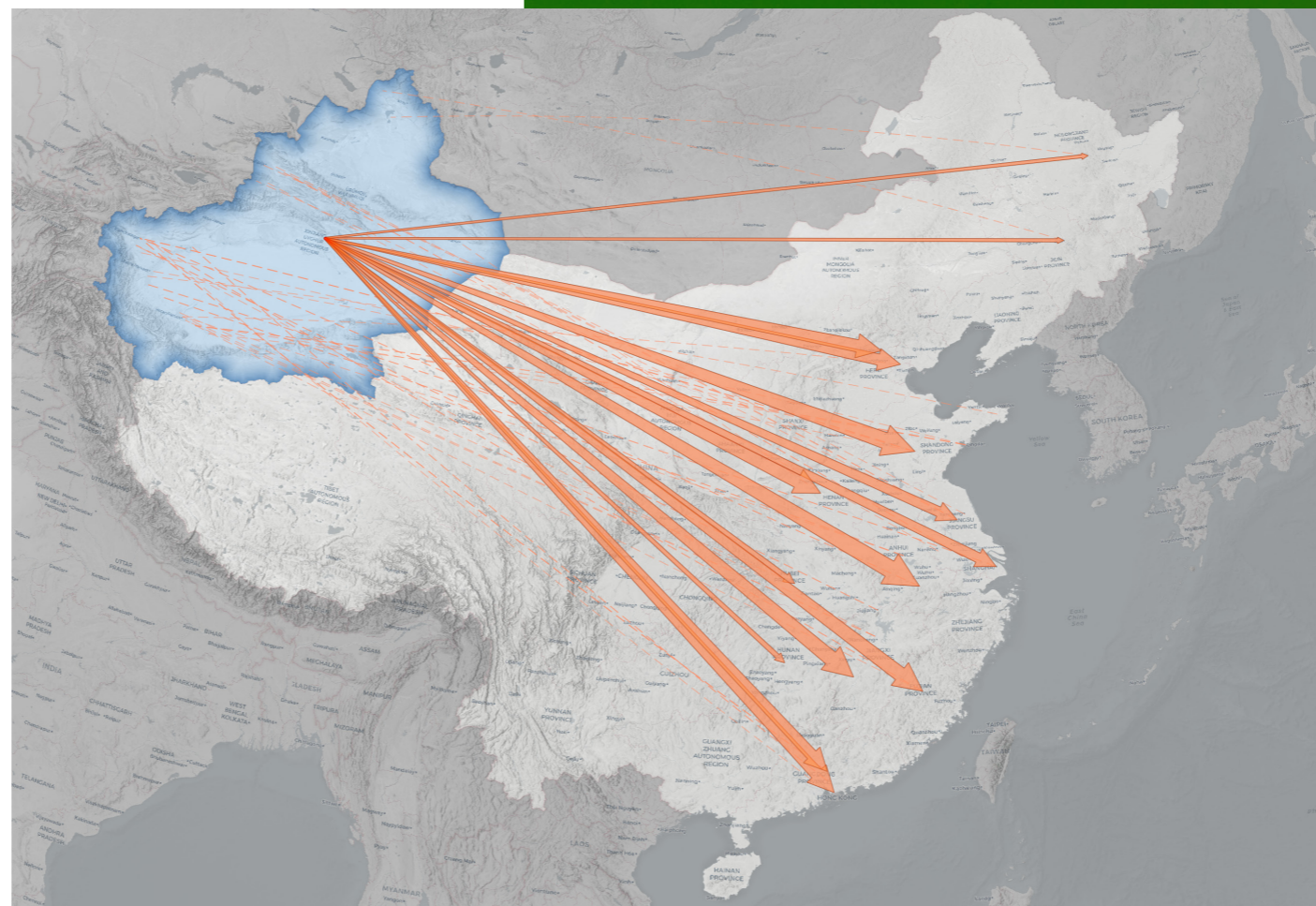
In the report, the researchers described how Uyghurs were working in factories in East China under conditions that strongly suggested forced labor. Factories that were allegedly part of the supply chains of at least 82 well-known global brands in the technology, clothing and automotive sectors.

ASPI conservatively estimated that more than 80,000 Uyghurs had been transferred out of Xinjiang to work in factories across China between 2017 and 2019, and that some of them had been transferred directly from "re-education" camps.

Uyghurs who had been sent across the country as part of these transfer programs typically lived in segregated dormitories, underwent organized Mandarin and ideological training outside working hours, were subject to constant surveillance and were forbidden from participating in religious observances. Numerous sources, including government documents, also allegedly showed that transferred workers were assigned minders and had limited freedom of movement.

## State-imposed forced labor

According to the International Labour Organization, forced labor is all work or service exacted from a person under the threat of a penalty and for which the person has not offered himself or herself voluntarily. The ASPI report exposed a particular form of forced labor, namely state-imposed forced labor, which is of a different nature than for example bonded labor. In instances of state-imposed forced labor, corporate actors operate in a context where the state has a proactive role. Identifying this type of forced labor requires different tools than those commonly used to identify bonded labor.



Uyghurs for Sale, Australian Strategic Policy Institute

China has attracted international condemnation for its network of extrajudicial 're-education camps' in Xinjiang. This report exposes a new phase in China's social re-engineering campaign targeting minority citizens, revealing new evidence that some factories across China are using forced Uyghur labour under a state-sponsored labour transfer scheme that is tainting the global supply chain.

## Who We Are

Through collaboration and dialogue with our suppliers, we work to ensure that procured goods and services are produced under sustainable and responsible conditions.

Adda is a central purchasing body for Swedish municipalities, regions and their companies, a body owned by The Swedish Association of Local Authorities and Regions (SKR).

The Swedish Regions are responsible for ensuring that all residents have access to good and well-functioning healthcare, dental care and public transport. The regions collaborate on sustainable public procurement through a joint code of conduct, common contract clauses and a national secretariat, which coordinates the monitoring of agreements.

In 2015, Adda and the Swedish Regions' National Secretariat for Sustainable Public Procurement signed a letter of intent to cooperate.

The Church of Sweden is not a *public* buyer but its procurement processes are similar to those of public buyers. The Church also procures the same types of goods and services as Adda and the regions, and we share many suppliers.



# Inköpscentral

Ett företag inom SKR



## Sustainable public PROCUREMENT

A collaboration between the Swedish regions

# Svenska kyrkan

## Our Work

**The focus of this report is the monitoring of electronics supply chains, but our work needs to be put in context.**

### Regular meetings

Since November 2020, we have met every second to third week to obtain and share information on our monitoring of the risk of state imposed forced labor in our supply chains. In these meetings, we have been joined by Kammarkollegiet - the national agencies' central purchasing body.

### Sector focus

Early on we decided to take a broad look at risk sectors for state-imposed forced labor – both in and outside of Xinjiang – based on the ASPI report and the U.S. government's [Xinjiang Supply Chain Business Advisory](#).<sup>2</sup> The advisory was initially published in July 2020 but has been updated since.

However, the focus of our monitoring so far has been electronics, solar cells and healthcare textiles including face masks. We are looking into more sectors and we know from experience that each sector needs its own approach. The main reason

is that sectors vary widely in maturity on these issues but there are also different complexities depending on whether the forced labor issues are centered in Xinjiang, East China or both.

### External monitoring

Besides being a forum for obtaining and sharing information and moving our supplier monitoring forward, our meetings have also been a forum for discussions related to our external monitoring. It is through these meetings that we have kept each other updated in terms of news, reports and political and legal developments in other countries, including the U.S., the UK and at EU level.

### Additional activities

During the meetings we have furthermore planned the activities we have undertaken to broaden our understanding of the issue of state-imposed forced labor in China and to use our leverage to contribute to change.

## Gathering information, creating alliances and increasing leverage

### Non-profits and civil society

We have met with non-profits and civil society organizations to get a better understanding of the situation in Xinjiang. This includes the Better Cotton Initiative, the Uyghur Human Rights Project, the Worker Rights Consortium and the Clean Clothes Campaign. The latter three organizations are members of the Coalition to End Forced Labor in the Uyghur Region. We have also engaged with a Swedish-Uyghur human rights activist and the Swedish National China Centre at the Institute of International Affairs (UI).

### Electronics industry meetings

We have participated in electronics industry meetings and roundtables, both as members of the Atea Sustainability Focus – which consolidates the voices of Nordic IT buyers – and through direct engagement with the industry's corporate social responsibility coalition, the Responsible Business Alliance.

### Public buyers

We have shared our methods and information – to the extent possible taking into account the confidentiality of suppliers and brands – with public buyers in Norway, Denmark, Finland, the Netherlands, the UK and Canada. We have furthermore shared our methods with members of the European Central Purchasing Bodies Network, which includes public buyers in 18 countries and at the European Commission. In addition to this, the Organisation for Security and Cooperation in Europe, the Swiss purchasing consortium PAIR and the City of Barcelona have sent letters in support of our work to suppliers and brands.

### Panels and seminars

We have participated on panels and in seminars on the issue of state-imposed forced labor in China, in both Sweden and abroad. Such as a panel organized by the non-profit CSR Sweden.

### Business & Human Rights Resource Centre

We have collaborated with the Business & Human Rights Resource Centre in two ways: they have published our [letter to suppliers](#)<sup>3</sup> and they have assisted us in our [follow-up of 21 audit firms and certification schemes](#) to get a better sense of how auditors work to detect state-imposed forced labor in China.<sup>4</sup> The results are explored in the section *Findings Auditors*.

### Swedish government

We have engaged with the Ministry for Foreign Affairs, the broader government offices and the Swedish Embassy in Beijing. Through these engagements we have conveyed our experience as buyers of conducting due diligence pertaining to state-imposed forced labor in China.

# Political Context

## 2020

- March The Australian Strategic Policy Institute publishes the report Uyghurs for Sale.<sup>5</sup>
  - May The U.S. Department of Commerce adds nine Chinese entities to its Entity List, which already includes 28 Chinese entities added in 2019. The action constricts U.S. companies' export of items to these entities over alleged human rights violations and abuses targeting Uyghurs and other Muslim minorities.<sup>6</sup>
  - July The U.S. Departments of State, Treasury, and Commerce issue their first Xinjiang Supply Chain Business Advisory.<sup>7</sup>
  - Sept The U.S. Customs and Border Protection issues five Withhold Release Orders against a range of goods produced in Xinjiang as well as against computer parts made by Hefei Bitland Information Technology Co., Ltd. in Anhui.<sup>8</sup>
  - Dec The U.S. Customs and Border Protection issues a Withhold Release Order against cotton products made by the Xinjiang Production and Construction Corps.<sup>9</sup>
- The EU and China conclude the negotiations on the Comprehensive Agreement on Investment, which is set to grant EU investors greater access to China's market.<sup>10</sup>

## 2021

- Jan The Ministry of Commerce of the People's Republic of China issues Order No. 1 of 2021 on Rules Counteracting Unjustified Extra-territorial Application of Foreign Legislation and Other Measures. The order is the first Chinese sanctions blocking regime, to counteract the impact of foreign sanctions.<sup>11</sup>
- The UK Government announces business measures to help ensure that British organizations are not complicit in, nor profiting from, human rights violations in Xinjiang.<sup>12</sup>
- The U.S. Customs and Border Protection issues Withhold Release Orders against all cotton products and all tomato products produced in Xinjiang.<sup>13</sup>
- The outgoing U.S. Secretary of State Mike Pompeo declares China's treatment of Uyghurs a genocide, a statement the incoming Secretary of State Antony Blinken concurs with.<sup>14</sup>
- March The European Parliament adopts a resolution with recommendations to the Commission on corporate due diligence and corporate accountability, in anticipation of the Commission's proposal on sustainable corporate governance. In the resolution, the Parliament asks the Commission to conduct a thorough review of undertakings based in Xinjiang that export products to the Union, in order to identify potential breaches of human rights and especially those related to the repression of Uyghurs. The Parliament also proposes that the Commission shall collect and publish trade and customs data on origins of raw materials and intermediate and finished products.<sup>15</sup>

March cont. The EU imposes sanctions on four Chinese officials and the Xinjiang Production and Construction Corps Public Security Bureau over alleged human rights abuses in Xinjiang. The sanctions are coordinated with the UK, the U.S. and Canada and are the first significant EU sanctions against China since 1989.<sup>16</sup>

China blacklists 10 EU individuals and four entities in response to the EU sanctions against Chinese officials and entities.<sup>17</sup>

UN human rights experts, including the Working Group on Business and Human Rights, raise concerns about the alleged detention and forced labor of Muslim Uyghurs in China, calling for unhindered access to the country to conduct fact-finding missions and urging companies to closely scrutinize their supply chains.<sup>18</sup>

May Members of the European Parliament vote to freeze the EU-China Comprehensive Agreement on Investment due to the sanctions China has imposed on members of the European Union.<sup>19</sup>

The European Commission postpones its sustainable corporate governance proposal anticipated to include requirements for human rights and environmental due diligence.<sup>20</sup>

June The Chinese National People's Congress passes the Anti-Foreign Sanctions Law in a response to the sanctions placed by the EU, UK, U.S. and Canada over allegations of abuses in Xinjiang and elsewhere. The law gives the government a legal tool to respond to foreign sanctions with its own counter-sanctions, which could affect individuals and companies doing business in China.<sup>21</sup>

In a joint statement on the human rights situation in Xinjiang, delivered by Canada to the UN Mission in Geneva on behalf of 44 countries including Sweden, the international community for the first time includes the transfers of Uyghurs and members of other Muslim minorities, in the condemnation of the repression.<sup>22</sup>

The U.S. Customs and Border Protection issues a Withhold Release Order on silica-based products made by Hoshine Silicon Industry Co., Ltd. in Xinjiang. The Department of Commerce adds five Chinese entities to its Entity List. The Department of Labor updates its "List of Goods Produced by Child Labor or Forced Labor," to include polysilicon produced with forced labor in China.<sup>23</sup>

July The European Commission and the European External Action Service publish a guidance on due diligence to help EU companies address the risk of forced labor in their operations and supply chains, in line with international standards.<sup>24</sup>

The U.S. Senate passes legislation to ban the import of products from Xinjiang. The legislation would, if it passes the House of Representatives, create a "rebuttable presumption" assuming goods manufactured in Xinjiang are made with forced labor and therefore banned, unless otherwise certified by U.S. authorities.<sup>25</sup>

Sept China releases the country's Human Rights Action Plan for 2021-2025, including language on poverty alleviation, religious beliefs and ethnic minorities.<sup>26</sup>

The president of the European Commission, Ursula von der Leyen, commits to propose a ban on products made by forced labor.<sup>27</sup>



# Joint Statement on the Human Rights Situation in Xinjiang

Delivered by Leslie E. Norton, Ambassador and Permanent Representative of Canada to the United Nations in Geneva

on behalf of 44 countries including Sweden

47th Session of the United Nations

Geneva, Switzerland, June 22, 2021

Madame High Commissioner, I have the honour of delivering this cross-regional joint statement on behalf of more than 40 countries.

We are gravely concerned about the human rights situation in the Xinjiang Uyghur Autonomous Region. Credible reports indicate that over a million people have been arbitrarily detained in Xinjiang and that there is widespread surveillance disproportionately targeting Uyghurs and members of other minorities and restrictions on fundamental freedoms and Uyghur culture. There are also reports of torture or cruel, inhuman and degrading treatment or punishment, forced sterilization, sexual and gender-based violence, and forced separation of children from their parents by authorities.

We also share the concerns expressed by UN Special Procedures in their March 29 statement on alleged detention, forced labor and **transfers of Uyghurs and members of other Muslim minorities** and in a letter published by UN experts describing collective repression of religious and ethnic minorities.

We urge China to allow immediate, meaningful and unfettered access to Xinjiang for independent observers, including the High Commissioner, and to urgently implement the Committee on the Elimination of Racial Discrimination's 8 recommendations related to Xinjiang, including by ending the arbitrary detention of Uyghurs and members of other Muslim minorities.

Finally, we continue to be deeply concerned about the deterioration of fundamental freedoms in Hong Kong under the National Security Law and about the human rights situation in Tibet. We call on Chinese authorities to abide by their human rights obligations.

Thank you.

# Monitoring Methodology

## Prioritized procurement categories

Laptops, desktops, tablets and monitors

Smartphones

Audio and video equipment

Network and security hardware

In order to gauge human rights risks, business enterprises should identify and assess any actual or potential adverse human rights impacts with which they may be involved either through their own activities or as a result of their business relationships.

UN Guiding Principle 18

## Groups at risk

At the outset our monitoring focused on state-imposed forced labor of Uyghur and other ethnic minority citizens. However, with time we realized that there are more groups at risk of state-imposed forced labor in China. We develop this in the section *Overall Findings*.

## Purpose of monitoring

The purpose of our monitoring was to identify any instances of state-imposed forced labor of Uyghur and other ethnic minorities in our supply chains, with the intention of possibly using the sanctions in our contracts. The purpose was also to ensure that suppliers – and brands through forwarding of our requirements – were conducting human rights due diligence in accordance with our contract terms. Our contract terms are based on the UN Guiding Principles on Business and Human Rights, which means we expect suppliers and brands to identify, prevent, mitigate and account for how they address the risk of state-imposed forced labor in China.

## Mapping categories and suppliers

The first thing we did was to map potentially affected procurement categories and prioritize

contracts and suppliers based on volume and spend. Since the ASPI report had identified the whole electronics sector as a risk, we treated every supplier equally regardless of whether they were selling goods on contract from brands in the ASPI report. Based on this mapping exercise we prioritized 17 suppliers delivering hardware from a total of 26 electronics brands.

## Contractual responsibilities

Most of our electronics suppliers are resellers and although the contractual responsibility for what is procured lies with the contracting authority, the contractual responsibility for performance of the contract lies with the supplier. Hence, it is the supplier, in most cases a reseller, that is contractually bound to monitor the performance of its suppliers – in this case the brands.

## Challenges

A challenge for buyers in general is obtaining information about production locations, both with respect to final assembly, component manufacturing and raw materials. We share this challenge with suppliers/resellers and in terms of component manufacturing and raw materials sometimes also with brands. However, brands always know the final assembly locations.

## Suppliers

AddPro AB
Advania Sverige AB
Atea Sverige AB
AVS i Sverige AB
Cygate AB
Dustin Sverige AB
Foxway Education AB
Loudnbright Systemintegration AB
Macsupport Aktiebolag
MYBW Office Management Visual Solutions AB
Qlosr AB
Ricoh Sverige AB
STV Svenska Tele & Video Konsult Aktiebolag
Tele2 Sverige Aktiebolag
Telia Sverige AB
Toshiba TEC Nordic AB
Visolit Sweden AB

## Brands

Acer
Apple
ASUS
BenQ
Cisco
Dell
Deltaco
Epson
Extron
Flowscapte
Fujitsu
HP
HPE

## Brands

Infinera
Jabra
Kramer
Lenovo
LG
Logitech
Microsoft
Philips
Pro Optix
Ricoh
Samsung
Toshiba
ViewSonic

## Excerpt from letter to suppliers

### Required actions

1. In order to ensure compliance with the agreement conditions, suppliers must investigate whether forced labor of Uyghur and other Turkic and Muslim groups occurs in the supply chains of the signatories' *subject matters of procurement*. The investigation should at least include:
  - a. Manufacturers with production facilities located in Xinjiang.
  - b. Manufacturers that have employed, at a workplace outside Xinjiang, workers from Xinjiang who were sent by the government.
  - c. Manufacturers that source inputs produced in Xinjiang.
2. Upon identification of any of the business relationships enumerated above, suppliers should operate on the assumption that its supply chain is linked to the forced labor of Uyghur and other Turkic and Muslim groups, and take the following actions in accordance with international best practice:
  - a. Disengage from manufacturers with production facilities located in Xinjiang, unless there is **credible evidence** that the manufacturer is **not** complicit in human rights violations including forced labor.
  - b. Disengage from manufacturers whereby there is **credible evidence** that the manufacturer has employed at a workplace outside Xinjiang, workers from Xinjiang who were sent by the government.
  - c. Instruct all manufacturers to end all sourcing of inputs produced in Xinjiang for the signatories' products, unless there is **credible evidence** that the input-supplier is **not** complicit in human rights violations including forced labor. If a manufacturer does not agree to take these steps, or does not provide proof that it has done so, disengage from the manufacturer.
  - d. Suppliers to the signatories may refrain from ending the relationships in a), b) and c) if the manufacturer or input-supplier stops the use of forced labor and remediation is provided. Suppliers shall also direct all manufacturers not to use government-provided labour from Xinjiang for the production of the signatories' products and shall conduct verification of facilities used for the manufacture of the products via **credible methods developed to detect this specific type of state-imposed forced labour**. See [page 17] for relevant indicators.
  - e. Suppliers to the signatories may also refrain from ending the relationships in a), b) and c) if the manufacturer or input-supplier is a **crucial business relationship**. A relationship could be deemed crucial if it provides a product or service that is essential to the supplier's business, and for which no reasonable alternative source exists.
  - f. Where exit of relationships is deemed necessary, suppliers shall assess potential adverse human rights impacts of exiting.

**The steps described to the left can be summarized as gathering information on production location and undertaken due diligence, verification of received information, and industry dialogue.**

1. Step 1 included requiring suppliers to investigate whether forced labor of Uyghur and other Turkic and Muslim groups occurred in our supply chains. We based our letter to suppliers on the Coalition to End Forced Labor in the Uyghur Region's [Call to Action](#),<sup>28</sup> the U.S. government's [Xinjiang Supply Chain Business Advisory](#)<sup>29</sup> and public procurement requirements. We attached an Excel sheet called "Template for follow-up in China," with detailed questions focused on the risk of forced labor at final assembly factories within and outside Xinjiang. Component manufacturing has not been a focus of our work, but we did require suppliers to pay special attention to the manufacturers listed in the ASPI report. We also attached a list of indicators of forced labor within and outside Xinjiang.
2. In step 2 we divided the responsibility for posing follow-up questions to brands between suppliers. We did this because of the large overlaps we saw and to facilitate the work of both suppliers, brands and ourselves. In step 2 we also limited our monitoring to sample products. The products we chose ranged from laptops, desktops, monitors, tablets and phones, and through our samples we generally covered three factories per brand.
3. Step 3 varied depending on how much information we had received in steps 1 and 2. In a limited number of cases we had received sufficient information to end the monitoring – often because none of our sample products were manufactured in China. In most cases, we requested more information and audit reports. We also asked suppliers to arrange meetings with the brands, for us to be able to pose questions to them directly.
4. In step 4 we solicited the services of the consultancy Globalworks to conduct a forced labor risk assessment of 23 manufacturing sites in China. The assessment was based on publicly available documents and articles on the social media platform WeChat and China's largest search engine Baidu. Before this work could begin, Sheffield Hallam University assisted us in looking up the factory names in Mandarin through Sayari Graph.
5. Step 5 consisted of a meeting with the Responsible Business Alliance to gain more insight into how they have developed their methodologies and tools to improve their members' ability to identify, prevent, mitigate and account for state-imposed forced labor.



**Excerpt of "Template for follow-up in China" with detailed questions related to the final assembly factories of our products**

- F. If production in Xinjiang, provide name of the manufacturer and address to the production facility.

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- G. If production outside Xinjiang, provide name of the manufacturer and address to the production facility.

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- H. Does the manufacturer in column G employ workers from Xinjiang who were sent by the government? Has it done so in the past? Indicate if the matter is under investigation and see [page 17] for guidance. Caution is required because it is possible that there are Uyghurs working in the factory that are not part of the government's program.

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- I. Does the manufacturer in column G source inputs produced in Xinjiang? Indicate if the matter is under investigation.

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- J. Have you instructed the manufacturer in column G to end all sourcing of inputs produced in Xinjiang, unless there is credible evidence that the input-supplier is **not** complicit in human rights violations including forced labour?

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- K. Do you have access to the manufacturer's production facility (column F or G)?

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- L. Can access to the production facility (column F or G) be granted to the signatories?

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- M. Have you directed the manufacturer in column G not to use government-provided labor from Xinjiang?

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- N. When was the last audit conducted of the production facility (column F or G) and did this audit use **credible methods to detect this specific type of state-imposed forced labor**? See [page 17] for guidance.

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- O. When is the next audit scheduled for the production facility (column F or G) and how will you ensure that this audit will use **credible methods to detect this specific type of state-imposed forced labor**? See [page 17] for guidance.

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- P. Does the manufacturer in column G also have production facilities located in Xinjiang? Is the manufacturer or the province where the production facility is located involved in the mutual pairing assistance program ("industrial Xinjiang aid")?

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- Q. What other activities have you conducted or planned to monitor the manufacturers' compliance with agreement conditions, including upstream?

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- R. Have you conducted or planned any remedial actions?

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- S. Are you planning to disengage or have you completed disengagement? If either of these circumstances, provide assessments of potential adverse human rights impacts of disengaging.

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- T. In case of a **crucial business relationship**, explain the decision not to end the relationship, including how this decision aligns with your policies and priorities, what actions are being taken to attempt to apply leverage to mitigate the impacts, descriptions of how the situation is reported internally, and timelines for when the decision will be revisited.

**Indicators of forced labor at workplaces in Xinjiang**

Lack of transparency	Suppliers or sub-suppliers using shell companies to hide the origin of goods and/ or using contracts with opaque terms. Financial transactions that make it difficult to determine where the goods were produced, or by whom.
Social insurance programs	Suppliers or sub-suppliers disclosing high revenue but having very few employees paying into the government's social security insurance program.
Terminology	Any mention of internment terminology (e.g., Education Training Centers (职业教育培训中心) or Legal Education Centers) coupled with poverty alleviation efforts, ethnic minority graduates, or involvement in reskilling.
Government incentives	Suppliers or sub-suppliers receiving government development assistance as part of the government's poverty alleviation efforts or vocational training programs; Suppliers or sub-suppliers involved in the mutual pairing assistance program.
Government recruiters	Suppliers or sub-suppliers implementing non-standard hiring practices and/or hiring workers through government recruiters.
Factory location	Suppliers or sub-suppliers operating in Xinjiang – often within the confines of internment camps, near internment camps, or within the confines of or adjacent to industrial parks involved in poverty alleviation efforts.
Audit difficulties	Auditors being detained, harassed, threatened or stopped at the airport. Auditors being required to use a government translator.

The focus of our monitoring was from the very beginning **credible methods to detect this specific type of state-imposed forced labor.**

**Indicators of forced labor at workplaces outside Xinjiang**

Hiring processes	Labor force through third parties including government recruiters, dispatch agencies, schools or other groups.
Social insurance programs	High revenue but very few employees paying into the government's social security insurance program.
Government	Funded or subsidised by the government.
Size and location	Multiple production sites including in Xinjiang.
Ethnic minorities	Policies to support ethnic diversity, which may reference time for prayer, dining services that provide non-pork options, accommodation policies requiring that minorities live with ethnic peers, translations into minority languages. Bans on religious practices.
Coercion	Audit reports disclosing infractions on freedom of employment, intimidations and threats, hostility, withheld income, fines, severe punishment or violence.
Restriction of movement	Fenced-in factories, police guard posts in factories, security personnel and so called "military-style" management, high-tech and digital surveillance tools.
Isolation	Segregated dorms and transportation in dedicated trains.
Excessive hours and political indoctrination	After-work Mandarin language classes and political indoctrination sessions that are part of job assignments.

# Overall Findings

**No instances of final assembly production in Xinjiang were revealed during our monitoring. With respect to instances of forced labor of Uyghur and other ethnic minorities at production sites outside of Xinjiang, a more complicated picture emerged.**

### Ill-prepared industry

To this day we have not received all requested information regarding factory addresses, nor have we had access to all audit reports. This calls into question brands' supply chain transparency and buyers' possibilities to verify brands' due diligence. Nonetheless, the answers we received about the methods used to detect this type of state-imposed forced labor, during audits and otherwise, revealed that the industry in general is ill-prepared to identify, prevent and mitigate the risk of state-imposed forced labor in China. Several industry sources have also stated that the transfers from Xinjiang seem to have peaked in 2019, after which most workers were returned home. This has not been possible to verify.

### Forced labor may be more widespread

The risk assessment conducted by Globalworks in relation to 23 manufacturing sites in China also indicated that the risk of state-imposed forced labor may be more widespread and include more vulnerable groups than the ASPI report

revealed. Globalworks concluded that seven out of the 23 manufacturing sites – of which most have confirmed direct linkages to our supply chains – participated in state-sanctioned labor transfer schemes between 2017 and 2021. Although none of these schemes involved workers from Xinjiang, they were according to Globalworks all associated with the government's poverty alleviation program. Globalworks furthermore states that the circumstances and conditions surrounding the implementation of the poverty alleviation program suggest that poor farmers and herdsmen in marginalized parts of the country face pressure to accept government mediated employment offers. For politically oppressed groups, in particular Muslim ethnic minorities and Tibetans, this type of employment is according to several sources systematically integrated with coercive means such as re-education, internment, physical violence and threats. However, many other ethnic minorities and marginalized groups, including students, may also be exposed to a high risk of forced labor.



### Globalworks' risk categorization

Moderately high risk	All Chinese citizens registered as poor face a risk of being assigned to jobs against their will or being prevented from resigning in accordance with labor legislation.
Medium high risk	The risk of abusing vulnerability of economically marginalised citizens increases when they belong to ethnic minorities due to social stigmatisation and prejudices.
High risk	Politically repressed minorities are frequently the target of poverty alleviation programs because the latter are essential for implementing political control and reeducation. The combination of economic marginalization, social stigmatisation and deprivation of political rights results in a high risk of forced labor.
Very high risk	Uyghurs and other Turkic minorities in Xinjiang as well as Tibetans are subject to systematic political repression and coercive means. Indicators of vulnerability are the same as those under "high risk". Due to the scale and scope of coercive poverty alleviation measures, the risk of becoming victim to forced labor practices increases to "very high".

# Findings Suppliers

## Cooperation but great variations

The majority of suppliers were cooperative during our monitoring. A limited number did not respond at all – until we threatened with contractual sanctions. However, suppliers' resources for and knowledge of how to identify, prevent, mitigate and account for forced labor varied greatly. This despite the fact that the European Commission's upcoming proposal on sustainable corporate governance could apply to an estimated 65 % of our suppliers, either in their own right or as subsidiaries, if the Commission adopts the [European Parliament's resolution on corporate due diligence and corporate responsibility](#).<sup>30</sup>

Suppliers with sustainability profiles were more knowledgeable and proactive whereas others – often smaller suppliers – acted as intermediaries forwarding letters back and forth between us and brands. Even when suppliers received incomplete responses from brands, the majority of suppliers passed them on without posing follow-up questions. This despite the fact that the contractual responsibility for the performance of the contract lies with the supplier. To our knowledge, only one supplier had conducted due diligence on the risk of state-imposed forced labor in China prior to our monitoring of the issue.

In general, most suppliers responded in accordance with the provided template. One

supplier did not understand until step 2 that we were looking at the sector as a whole, which means that this supplier's initial response only covered the brands mentioned in the ASPI report.

The majority of suppliers took a backseat in the meetings with brands, indicating a lack of experience in addressing this kind of issue in dialogue with their suppliers, i.e. the brands.

There were furthermore differences depending on procurement category. Suppliers of laptops, desktops, tablets and monitors were in general more aware of contractual obligations and what due diligence entails, than suppliers of audio and video equipment. Several of the audio and video equipment suppliers also sell products from brands that are less well-known and often not members of the Responsible Business Alliance.

## Industry organizations

It is worth noting that three of our suppliers are members of the Responsible Business Alliance, while 13 out of 17 suppliers are members of TechSverige – the Swedish industry organization for tech companies. At the start of our monitoring we reached out to TechSverige with the intention to collaborate – ideally through coordination of the industry's response – but TechSverige did not respond.

[Supplier] acted immediately when we became aware of ASPI's report in March and activated our deviation management process. During the year, we have worked according to [this process] to generate a greater understanding of what emerged in ASPI's report and what has been done to address it.

After discussion in our sustainability team, [supplier] has not filled out Template for follow-up in China, since [supplier] has not been able to establish forced labor among employed workers from ethnic minorities sent by the government.

The reason why we have not responded to questions regarding [brand's] supply chain is that the company was not mentioned in the ASPI report. We examined the companies mentioned in the report that were relevant to [supplier's] product range.

We will probably need extra time. No one has started working on this. The times we're in, combined with limited resources, means that this has not really been taken seriously.

I keep chasing answers. I have to admit though that the response is pretty lukewarm.

# Findings Brands

## Differences in transparency

There was a wide variety of responses from brands, reflecting varying degrees of resources and transparency. Some brands referred to their modern slavery policy and Responsible Business Alliance membership as proof of due diligence, while others provided factory addresses, audit reports and detailed accounts of steps taken. Yet others do not seem to understand the difference between child labor and forced labor or what due diligence entails, referencing Chinese laws.

Although some differences could be attributed to company size, Responsible Business Alliance membership and due diligence maturity, there was not always a correlation. Corporate culture and legal context seem to have been relevant factors too. One brand said that they cannot connect specific products to specific manufacturers due to intellectual property issues, and that they cannot release audit reports since it is the manufacturer that owns the results of audits. However, other brands were able to make audit reports available.

As our monitoring progressed, the level of transparency increased in some cases – but only after repeated requests. In one case the brand's initial transparency, including the provision of factory addresses and rather detailed accounts, came to a stop when we asked for audit reports. Brands manufacturing business to business

products, such as network and security hardware, were also generally slower to respond and less transparent than business to customer brands.

We are aware that the issue of state-imposed forced labor in China is complex, but if brands are sincere in their commitments to respect human rights they have to become much more transparent towards buyers, in order for us to be able to conduct our own due diligence and verify their claims. According to the UN Guiding Principles on Business and Human Rights, the responsibility to respect human rights not only requires enterprises to have policies and processes in place through which they know that they respect human rights – they have to be able to show it. Showing involves providing a measure of transparency and accountability to individuals or groups who may be impacted and to other relevant stakeholders, including buyers.

We also expect the European Commission to adopt relevant parts of the [European Parliament's resolution on corporate due diligence and corporate responsibility](#). If so brands operating on the internal market will be obliged to publicly disclose information about their value chains, which may include names, locations, types of products and services supplied, and other relevant information concerning subsidiaries, suppliers and business partners.<sup>31</sup>

In accordance with disclosure policies, we do not share the locations of our partner facilities nor the products manufactured by them.

[W]e are not authorized to share our [manufacturers'] audit reports. On occasion, when there has been a credible allegation made against one of our [manufacturers], we have requested permission from the [manufacturer] to share their audit report with a customer. However, this is not something we can do as a general course of business.

No, [the manufacturer in column G does not employ workers from Xinjiang who were sent by the government]. Our factories have signed [our] code of conduct where child labor is stated both for the factory and the factory's supplier and subsuppliers.

[Manufacturer] complies with the Labor Law of the People's Republic of China [...]. [Manufacturer] submits the employees status to "Ministry of Human Resources and Social Security of the People's Republic of China" on 15th, 30th of each month.

# Findings

## Brands continued

### Audit methodologies

The focus of our monitoring was from the very beginning credible methods to detect this specific type of state-imposed forced labor. What we have found is that the industry seems to have been ill-prepared to identify, prevent and mitigate the risk of state-imposed forced labor in China at the time of the ASPI report – and that many brands are still not convincingly addressing the risk.

To confirm the many statements we received of no evidence of forced labor in supply chains, we requested audit reports for all sample products. In some cases we received full audit reports, in some we received summaries of audit reports, in yet some we received no reports at all but in a few of these cases our suppliers received audit reports and relayed their assessments to us. Many of the audit reports or summaries of audit reports we received were older than March 2020, which is when the ASPI report was published. Our assessment is that few if any of these audits had used credible methods to detect this specific type of state-imposed forced labor, although it was these reports brands based their statements on.

Examples of best practice were however manifested during our monitoring. Several brands have conducted a number of activities in addition to audits, with the aim to address the issue at hand. This includes changes to codes of conduct, enhanced self-assessments, surprise visits to sites with suspicions of vulnerable workers and increased worker voice programs. One brand made a thorough comparison of our indicators of forced labor, the Responsible Business Alliance's

code of conduct and the brand's own processes – and amended its audit processes as needed.

The audits we received were either conducted in accordance with the Responsible Business Alliance's Validated Assessment Program (VAP) or their Customer Managed Audit (CMA) process – or in accordance with amfori BSCI methods. In some cases we received SA8000 certificates. amfori BSCI's and SA8000's methods are not based on the Responsible Business Alliance's code of conduct and are generally not conducted by auditors approved by them. These audits are also much shorter, which means they include fewer details than VAP and CMA audits. In the section **Auditors** we describe our follow-up of auditors.

Many of the statements we received of no evidence of state-imposed forced labor, applied only to the brand's production lines. We learned that only the VAP covers the entire factory. All other methods are therefore limited in their ability to detect the most severe risks in a factory. Stated reasons for using the CMA instead of the VAP include multiple customers on site including non-Responsible Business Alliance members, and that the Responsible Business Alliance sometimes experiences delays, which prompts brands to move forward with a CMA. The CMA is based on the same methodology and executed by Responsible Business Alliance approved auditors.

Regardless of methodology, a summary of an audit report cannot match the information provided in the actual report. Especially not when the issue at stake is the methods used to detect forced labor.

Throughout the due diligence process, with the assistance of RBA, [brand] found no explicit evidence of any forced labor in the production lines related to [brand's] products at this point. Nevertheless, [brand] will continue to conduct due diligence and will address findings where necessary.



While we plan to continue monitoring, we have found no evidence that forced labor of any kind exists anywhere in our supply chain in China, and none of our [manufacturers] have workers who were transferred from Xinjiang on any [brand] production lines.



The third party auditing process of our suppliers, via RBA, has not identified any instances of forced or involuntary labor.



Earlier this year, we took the additional step of updating our Supplier Code of Conduct to prohibit suppliers from recruiting labor in regions where regular audits and/or due diligence cannot be conducted.



# Findings

## Brands continued

### Red flags

Although no brand has found *evidence* of state-imposed forced labor, several have identified “red flags” or *indicators* of state-imposed forced labor, such as discrimination around Muslim holidays. Because there are in fact several brands that have identified Uyghur and other Muslim or ethnic minority workers in factories, but in numbers that they say reflect regular migration and not forced labor. This was also something we raised as a possibility in our monitoring questions.

The frontrunners look at the issue of state-imposed forced labor in China primarily from two perspectives: 1) discriminatory treatment of vulnerable workers at factories and 2) recruitment methods. However, none of the brands indicated that they identify vulnerable workers based on publicly available documents and articles on platforms such as WeChat and Baidu – in line with Globalworks' work – before entering into contracts with manufacturers or as part of their monitoring. One brand admitted that they were not aware of other vulnerable groups targeted by China's poverty alleviation program.

Auditors usually look for vulnerable groups through standard document review and identity cards, to ensure that the interview sampling during audits encompasses all relevant vulnerable groups based on for instance origin, ethnicity or student status. Unless an auditor can connect a person's vulnerable status to an audit point, such as discrimination, the auditor generally does not raise or disclose the vulnerability. The reason for this is to avoid causing double discrimination.

### Double discrimination

Brands acknowledge that the work they do on state-imposed forced labor is delicate from a discrimination angle. One brand said that they have seen fewer Uyghur workers in factories, and there have been [media reports of job ads that discriminate against Uyghurs](#). A job ad for a factory making smartphone cover glass reportedly read: “Tibetans, Uyghurs, Hui, Yi, Dongxiang from Tibet or Xinjiang regions aren't accepted.”<sup>32</sup>

### Recognizing the challenges

As buyers we do recognize these and other challenges. Some brands have raised difficulties in auditor access, due to both the complexity of the issue and the Covid 19 pandemic. Some highlight problems on-site for Uyghur speaking translators, where some audits have not been allowed to take place with the translators present. In one case the government minder at the gate picked up that the audit team spoke Uyghur and initially stopped the team from entering the facility. In some cases these issues have been solved through the use of translators over the phone. Most auditors are in addition local employees of audit firms and therefore susceptible to pressure. All these issues have made it increasingly difficult for the industry to triangulate information, which is necessary to detect state-imposed forced labor. One brand furthermore referred to the safety of colleagues in China as a reason to not share audit reports.

Brands refer to different versions of the sensitive nature of the issue, the legal aspects of disclosures of information and the dependence of the location for large parts of their supply chains.

**Consider disengagement from the supplier or other business relationship as a last resort after failed attempts at preventing or mitigating severe impacts; when adverse impacts are irremediable; where there is no reasonable prospect of change; or when severe adverse impacts or risks are identified and the entity causing the impact does not take immediate action to prevent or mitigate them. Any plans for disengagement should also take into account how crucial the supplier or business relationship is to the enterprise, the legal implications of remaining in or ending the relationship, how disengagement might change impacts on the ground, as well as credible information about the potential social and economic adverse impacts related to the decision to disengage.**

OECD Due Diligence Guidance for Responsible Business Conduct section 3.1 (h)

While all this is undoubtedly true, it nevertheless exposes the immaturity in dealing with a severe industry risk that should not have come as a surprise, and that for far too long has gone unattended. In our assessment, brands are still by and large only beginning to address the topic.

### Exit strategies

Another issue we raised in our monitoring questions was responsible exits, including the need for assessments of potential adverse human rights impacts of disengaging. However, none of the brands could give examples of having conducted due diligence prior to disengagement. Several brands have disengaged from manufacturers from one day to the next due

to Withhold Release Orders issued by the U.S. Customs and Border Protection or due to manufacturers being placed on the U.S. Department of Commerce's Entity List.

We know of one example, however, where a brand identified a substantial number of Uyghurs working in a factory not linked to our supply chains. The finding raised a red flag and the brand conducted an audit, set up a corrective action plan and worked with the manufacturer to strengthen its recruitment due diligence, seemingly in line with best practice. However, after 6-8 months the brand disengaged. The site was never declared a forced labor site.

# Findings

## Responsible Business Alliance

### Enhanced methods

The Responsible Business Alliance is the world's largest industry coalition dedicated to corporate social responsibility in global supply chains and plays a central role in supporting its members in addressing actual and potential adverse human rights impacts in their supply chains.

When confronted with information on the heightened risk of state-imposed forced labor in the spring of 2020, the Responsible Business Alliance leveraged the collective expertise of members and outside experts to develop measures in line with international standards. At the end of 2020, the alliance had developed an enhanced protocol to supplement the VAP. During the fall of 2020 and spring of 2021, auditors were trained in this enhanced protocol. However, through our monitoring and in discussions with the Responsible Business Alliance, it has become apparent that significant challenges arose in the implementation of the protocol, leading to a very limited use of these enhanced methods.

Although overt due diligence is becoming more difficult in the present context, the Responsible Business Alliance continues to work together with its members to evolve the VAP, including standardizing its approach to internal migrants and providing appropriate due diligence guidance.

### Differences in membership

As a buyer, it is difficult to assess the level of a supplier's or brand's due diligence based solely on Responsible Business Alliance membership. The Responsible Business Alliance has four membership categories with varying degrees of commitment, from simply supporting the overall mission of the alliance to a range of mandatory accountability and assessments means. The Responsible Business Alliance has committed to disclosing each member's membership level in the beginning of 2022, which we welcome.

### Disclosure of information

The Responsible Business Alliance and its members are also working to find ways to disclose more audit information – without compromising intellectual property rights or competition issues. One member suggested that this could start with buyers gaining a general understanding of VAP assurance levels, after which we could request the score of a VAP or its certificate. This approach assumes however that the methodology used examines all relevant risks, which we have shown not to be the case regarding state-imposed forced labor.

### Responsible Business Alliance membership categories

Supporter	<ul style="list-style-type: none"> <li>Support the overall mission/vision of the RBA as part of the membership application</li> </ul>
Affiliate	<ul style="list-style-type: none"> <li>Senior executive signed commitment to RBA Code of Conduct</li> <li>Public commitment to the Code of Conduct on company website</li> <li>Submission of corporate Self-Assessment Questionnaire (SAQ)</li> <li>Plus "Supporter member" requirements</li> </ul>
Regular Member	<ul style="list-style-type: none"> <li>Complete risk profile and audit plan</li> <li>Complete risk profile and audit plan for new subsidiaries/joint ventures</li> <li>Meet sharing requirement</li> <li>Accept VAP audits from other members</li> <li>Close all Disqualifying priority findings</li> <li>Plus "Affiliate member" requirements</li> </ul>
Full Member	<ul style="list-style-type: none"> <li>Verify all requirements</li> <li>Publish corporate responsibility data</li> <li>Plus "Regular Member" requirements</li> </ul>

# Findings Auditors

## Credible methods

As part of our monitoring we required suppliers, and in reality brands, to state whether audits had used *credible methods to detect this specific type of state-imposed forced labor*. The reason is that the audit reports we regularly see – for a wide range of sectors – give us little if any valuable information in terms of state-imposed forced labor. Here are a few examples from audits of East China factories dated May to October 2020:

- A report that states the number of national migrants in the factory, but does not specify from which regions or provinces.
- A report that states that national migrants are from “Hunan, Guangxi and etc.”, which does not preclude the existence of workers from Xinjiang and does not reveal whether migrants are part of other vulnerable groups.
- A report that notes the number of workers not included in social insurance programs, but no reference to the ethnic set-up.
- A report that states that workers can leave the workplace after finishing work, but no reference to any inspection of after-work facilities where for instance Mandarin classes and political indoctrination could take place.
- A report with one photo of the dormitories, but no reference to the set-up in terms of ethnicity – or gender – of the dormitories.
- A report stating that the facility use seven guards but no reference to other security matters and no photos of the perimeters.

Add to this that many of the brands we have monitored refer to clean audit findings by third party audit firms. This includes the audits performed by the Responsible Business Alliance and other audits such as SA8000 and amfori BSCI.

## Following-up auditors

To get a sense of how auditors work to detect state-imposed forced labor, we partnered with the [Business & Human Rights Resource Centre](#).<sup>33</sup> In total 21 audit firms, certification schemes and third party organizations were approached with a set of questions aimed at understanding their methods to detect Uyghur forced labor. Twelve of them replied – some with short answers that did not correlate to our specific questions. A few stated that they do not comment on the specifics of the work they do around the world for clients, and a few others provided detailed responses.

None of the ones that replied indicated that they assess risks based on publicly available documents and articles on platforms such as WeChat and Baidu – in line with Globalworks' work – in order to identify possible vulnerable groups *before* entering factories. This despite the fact that triangulation of information is key to detecting forced labor in complex settings.

We are nevertheless also aware that frontrunners in the business are under threat of sanctions. Shenzhen Verité, which is affiliated with the U.S. nonprofit Verité Inc., was [recently closed down following an April raid on its offices by Chinese security forces](#) – complicating matters further.<sup>34</sup>

## Questions to auditors, certification schemes and third party organizations

Have you been able to conduct audits/certifications/impact assessments in Xinjiang in recent years?

What possible problems have you encountered during audits/certifications/impact assessments in Xinjiang?

How do you assess the migrant situation at manufacturing facilities outside Xinjiang, i.e. how do you ensure that the migrant experience is taken into account?

What indicators do you use to identify workers from Xinjiang who have been sent by the government?

To what extent have you integrated the type of questions listed in:

- the [Responsible Sourcing Tool's tool 4: Sample Supplier Self-Assessment](#), in order to capture forced labor in interviews with company management?
- the [Responsible Sourcing Tool's tool 6: Conducting Migrant Worker Interviews](#), in order to capture forced labor in interviews with migrant workers?

How do you ensure that migrants can participate in interviews without outside interference or pressure?

How do you work with translators in relation to migrant workers? Do you have your own translators covering all relevant languages (including Uyghur) or are you assigned state translators?

## Responses

amfori BSCI	YES	Nemko	NO
BSI	NO	PwC	NO
Bureau Veritas	NO	SAI	YES
Deloitte	NO	Sedex	YES
DNV GL	NO	SGS	YES
DQS CFS	YES	TCO Certified	YES
ELEVATE	YES	TÜV Rheinland	YES
ERM	YES	TÜV Süd	YES
EY	NO	UL	NO
Intertek	YES	Verité	YES
KPMG	NO		

BSI, DNV GL, DQS CFS, ELEVATE, Intertek, SGS, TÜV Rheinland, TÜV Sud, UL and Verité are RBA approved auditors.

All audits look at worker demographics and other aspects of the factory operation that are typical indicators of vulnerable workers. Our auditors are trained to identify vulnerable workers.

Our procedures require that audit team members understand the make-up of a company's workforce before the audit, so they can include a good, representative sample in worker interviews and tailor their questions to address labor concerns specific to those groups. This includes not only identifying that migrant workers are present, but also their places of origin (e.g. national or international), their hiring and recruitment process, conditions of employment, etc. Auditors are also required to consult with relevant external stakeholders as part of the audit process, especially groups familiar with migrant worker concerns in the region.



## Going Forward



Considering the language on poverty alleviation, religious beliefs and ethnic minorities in [China's Human Rights Action Plan 2021-2025](#),<sup>35</sup> we will continue to treat state-imposed forced labor as a risk in China.

In the near future we will also follow-up Globalworks' findings with the brands sourcing from factories identified as having a higher risk of forced labor. As always we will do this through our suppliers.

For the past year we have treated this issue and risk as incident management, but with time it will become part of our regular monitoring of our electronics supply chain.

We are also looking forward to a new meeting with the Responsible Business Alliance, to follow-up the implementation of their measures to identify, prevent, mitigate and account for state-imposed forced labor.

## Excerpt from the Human Rights Action Plan of China (2021-2025)

### Excerpt from article 1.1 Right to Basic Standard of Living

Connecting poverty alleviation with rural revitalization. Assistance mechanisms for low-income rural populations and undeveloped areas will be improved, and major alleviation policies and financial input will remain steady. Follow-up measures will be taken to help people relocate from inhospitable areas to places with better economic prospects, by accelerating urbanization of the resettlement sites.

### Excerpts from article 1.2 Right to Work

Securing employment for people raised from poverty. Efforts will be intensified to organize people recently raised from poverty to find employment outside of their home regions. Work-relief programs will be expanded in the construction and management of agricultural projects in former impoverished areas. Preferential policies will be continued to support factory workshops in poverty alleviation. The policies for forest rangers will be adjusted and improved. Rural subsidized jobs will be put to better use through better coordination.

Improving vocational training for rural migrant workers. China will move on with upskilling initiatives and specialized vocational training programs such as those for rural migrant workers, young people and professional caregivers. Some 7 million rural migrant workers will receive employability training every year. Support will be provided to help enterprises to organize pre-employment training, apprenticeship training, and on-the-job training.

### Excerpts from article 2.4 Freedom of Religious Belief

China will continue to follow policies on freedom of religious belief, and protect citizens' freedom of religious belief in accordance with the law. It promotes harmonious religious relations, manages religious affairs in accordance with the law, and supports all religions in upholding the principle of independence and self-management. These efforts will help to guide religions to adapt to socialist society, and protect the legitimate rights and interests of religious practitioners and believers.

Resisting religious extremism. China opposes extremist religious thought, and helps to protect religious believers from such thought. It punishes those engaging in illegal and criminal acts such as violent terrorist and ethnic separatist activities in the name of religion in accordance with the law.

### Excerpt from article 4.1 Rights of Ethnic Minority Groups

Upholding and improving regional ethnic autonomy, the government supports ethnic minority areas in their endeavors to pursue faster development, and protects the legitimate rights and interests of ethnic minority groups, with the goal of heightening the sense of identity of the Chinese nation.

# Recommendations

## Suppliers

- + Build your capacity to identify, prevent, mitigate and account for how you address potential and actual adverse impacts in your supply chains – including state-imposed forced labor. This to ensure compliance with contractual obligations and upcoming legislation on sustainable corporate governance.
- + Participate in industry initiatives to share information and experiences and to develop trainings, processes and tools to ensure that the industry as a whole, and not just the frontrunners, is prepared for the due diligence requirements in the upcoming legislation on sustainable corporate governance.
- + If several suppliers are sourcing from the same brand, consider developing and sharing a common set of requirements and use your combined leverage to encourage the brand to implement effective measures.

## Brands

- + Increase transparency in line with the UN Guiding Principles on Business and Human Rights, for buyers to be able to conduct their own due diligence and verify your claims, and in preparation for the anticipated transparency requirements in the upcoming European legislation on sustainable corporate governance.
- + Enter into dialogue with the audit firms you use regarding their methods to detect state-imposed forced labor and require them to adapt their methodologies according to your risk assessments when conducting audits commissioned by you.
- + When disengaging from a manufacturer, take into account how disengagement might change impacts on the ground as well as credible information about the potential adverse impacts of disengaging. Consider disengagement as a last resort after failed attempts at preventing or mitigating severe adverse impact.
- + Build leverage through joint initiatives at all levels to address the most salient risks in your industry, including state-imposed forced labor.

## Responsible Business Alliance

- + Expand the VAP and CMA audit methodologies to include the identification of groups at risk of state-imposed forced labor through publicly available documents and articles, and the use of keywords such as "poverty alleviation", "transfers" and specific jurisdictions that are known for participating in transfers.
- + Develop ways to disclose more information to buyers, including factory addresses and audit reports, without compromising intellectual property rights or competition. This to ensure brands' compliance with upcoming European legislation on sustainable corporate governance.

## Auditors

- + Before entering into a factory to conduct an audit, identify possible vulnerable groups inside the factory based on publicly available documents and articles. Search for keywords such as "poverty alleviation", "transfers," specific jurisdictions that are known for participating in transfers and the factory name.
- + Once inside the factory, include relevant demographics in the identification of individuals at particular risk of state-imposed forced labor, including ethnicity, religion, origin, poverty, student status and repression.
- + Pay special attention to contextual risks on the factory grounds, including segregation in dormitories, restrictions in the expression of religion, and after work political indoctrination.
- + Examine the factory's recruitment methods, such as the use of third party service providers, labor agents, contractors or representatives of vocational schools, to identify possible state-imposed forced labor.

## Buyers

- + Implement clear and enforceable contract clauses on sustainable supply chains, including due diligence requirements in line with UN and OECD guidelines.
- + Cooperate with other buyers in the monitoring of contract performance and require verifications from suppliers and brands, for example audit reports and certificates.
- + Regularly gather information from civil society, NGOs and others, to better understand risks of adverse impacts in your supply chains, and to monitor developments on the ground.

## Endnotes

- 1 <https://www.aspi.org.au/report/uyghurs-sale>
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