

HUMAN RIGHTS RISKS BEHIND TRAINS AND TRAMS IN SWEDISH PUBLIC TRANSPORT

A challenge requiring collaboration

INTRODUCTION
AND
SUMMARY



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- **Västtrafik** is responsible for the public transport in western Sweden and is owned by Region Västra Götaland. www.vasttrafik.se
- **Skånetrafiken** is an entity within Region Skåne in the south of Sweden. www.skanetrafiken.se
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Preface

The railway sector, along with the manufacturing of locomotive and rolling stock, play a crucial role in driving the green transition, as well as in achieving Sweden's climate goals for the transportation sector. As public transportation authorities, it is of utmost importance to make sure that this transition is carried out in a sustainable way, in all aspects. This is why we have identified a need for increased knowledge about sustainability risks and how to address these in complex supply chains.

We believe that collaboration is key to effectively address these issues. Through our membership in ETI Sweden and the working group we have formed, we have strengthened our capabilities to tackle these challenges. This report has been developed to raise awareness of risks related to human rights violations within our shared supply chains and to enable us to effectively address these risks. As public procurers, we have a common code of conduct for suppliers as part of our contracts to ensure responsible procurement of products and services that contribute to environmentally, socially, and economically sustainable societies. However, to simply set requirements is not enough; we need to also ensure compliance through adequate monitoring.

In the monitoring process, developing a clear risk assessment is crucial to drive the work forward with the right priorities. For this reason, the report constitutes a vital component of our ambition to gain an understanding of sustainability risks within our shared supply chains. We hope that the findings will contribute to a continued constructive dialogue and proactive efforts within the entire sector on how to address risks of labour and human rights violations in complex supply chains.

March 2024

Storstockholms Lokaltrafik
Västtrafik
Skånetrafiken
(in collaboration with Luleå Lokaltrafik)

Executive Summary

This report is one of the first public human rights due diligences in the Chinese supply chain of trains and trams. The investigation focuses on China, where many components are manufactured, and which constitute a high-risk country regarding forced labour. Findings of the report highlight salient human rights risks and uncover the mechanisms and practices behind them.

Rail-bound transport plays a crucial role in the green transition in Sweden. The increasing demand for public transport implies a growing need for investments in new and more efficient trains and trams. Procurement processes and manufacturing take many years and the supply chains and ownership structures within the global manufacturing of trains and trams are complex. China has emerged as a major manufacturing country and reports of human rights risks and violations in the Chinese supply-chains have escalated in recent years. This was recently highlighted by ETI Sweden in a report on human rights risks in the manufacturing of electric buses and batteries in China.¹

This report covers over 50 manufacturers and suppliers within train and tram manufacturing in China. The purpose is to raise awareness regarding human rights risks in train and tram supply chains and to strengthen sustainable procurement of public transportation in Sweden.

The investigation is divided into two parts, each based on different research methods. The first part focuses on social media posts from employees and student interns in the manufacturing of locomotive and rolling stock for trains and trams. It identifies and documents labour and human rights risks and violations. The second part of the report uses company registries, government websites, and news outlets to map specifically state-imposed forced labour risks.

The investigation reveals worsening working conditions in Chinese supply chains since the Covid-19 outbreak in the autumn of 2019. The ongoing economic downturn in China is expected to further increase human rights risks. The report also identifies multiple links between locomotive and rolling stock supply chains and state-imposed forced labour, showing the need for foreign brands and suppliers to carry out heightened human rights due diligence.

Furthermore, it is a significant challenge to map, monitor, and address human rights risks in China. State repression has intensified; for instance, through stricter legislation that hampers the collection of information regarding human and labour rights violations, thereby limiting the possibilities for conducting reliable social audits.

The report is published by ETI Sweden and commissioned by four Swedish public transport authorities (Storstockholms Lokaltrafik, Västtrafik, Skånetrafiken, and Luleå Lokaltrafik). All of them are members of ETI Sweden's working group on electric vehicles. Globalworks Lund AB has collected the data, conducted the research, and authored the report.

Findings regarding working conditions

Child labour risks through student interns

Student internship programmes are frequently used to recruit workers in the locomotive and rolling stock industries. Some internships satisfy ILO criteria for forced labour, such as “abuse of vulnerability” and “deception”. In the case of students under the age of 18, exploitative internships constitute child labour. Students report receiving inaccurate or little information concerning their internship contract. There is no accountability for schools or recruiters to provide accurate information. Contracts are vaguely formulated and as a result they cannot fully protect students’ rights and interests. If students want to cancel a contract, they must pay a penalty of RMB 5000 (about € 640). According to students, internships lack educational content and require them to perform factory work unrelated to their courses.

Forced labour (state tolerated)

Many workers are prevented from resigning merely by employers inflicting an array of obstacles violating the Chinese labour legislation. Often workers are not informed how to resign correctly. Resignations require the signature of direct superiors. When the latter do not approve, workers are effectively prevented from leaving or are forced to leave informally. Employees may also have to repay resettlement allowances or training fees if they resign within three to five years of employment.

Discrimination

Job advertisements for employees in the locomotive and rolling stock sector are frequently based on discriminatory selection criteria. Almost all reviewed advertisements impose age limits, which is permitted under Chinese labour law but does not align with most codes of conduct that Chinese suppliers agree to. Appearance related criteria such as “no weird hairstyle” or “no visible tattoos” are another common discriminatory recruitment approach. Some jobs are open only for men or only for women and some advertisements rule out candidates from ethnic groups such as Uyghurs, Hui, and Zhuang. There are also instances where candidates have been selected based on their willingness to submit to rest days or overtime pay that are not in accordance with legal regulations.

Freedom of association

Workers in China do not have the right to organise independently. Instead, they must rely on the All-China Federation of Trade Unions (ACFTU), a mass organisation under the Chinese Communist Party. The ACFTU, however, rarely advocates workers’ rights and interests. The main tasks of the ACFTU are ideological education, organisation of social events (such as birthday celebrations) and charity work. Despite severe political repression, workers occasionally dare to protest. But during the past decade under Xi Jinping, the average number of workers participating in protests has declined and grievances mainly touch upon legal rights and rarely refer to workers’ interests beyond the legal minimum.

Compensation

Regular fulltime wages for workers at low seniority or low-skilled levels are 50-70% below the living wage benchmarks. As a result, this employee group is highly dependent on performance pay and overtime hours to earn their living. Workers with high-skilled or seniority level jobs receive position wages that are above living wage benchmarks. Yet, workers express that skill and seniority pay can vary monthly and can become halved with short notice. Due to the current fierce market competition within the locomotive and rolling stock sector, workers at

all levels are exposed to ad hoc cost saving measures. Popular cost saving measures are cancelled overtime pay or delayed wage payment, both which violates the workers' legal rights. Other wage cuts, such as reduced performance pay, are legally permitted but may result in total wages that are below a living wage. Performance pay as such facilitates wage manipulation and should be considered a risk factor.

Contracts and human resources

Receiving a regular employment contract in state-owned locomotive and rolling stock companies in China may come with fees ranging between RMB 10000 – 60000 (€ 1300 – 7700). This violates ILO principles prohibiting all kinds of fees incurred in the recruitment process in order for workers to secure employment. Besides regular employees, an increasing number of workers is hired through outsourcing and dispatched labour agents. According to our findings, and in violation of the Chinese legislation, these worker groups do not receive equal pay for equal work, and working conditions are worse.

Occupational safety and health

Workers write little about health and safety in social media. The most frequent complaint is work-related stress. Employees are under constant pressure to be faster and accomplish more. In addition, wage cuts in recent years have increased financial stress, forcing them to work long hours and compete for project-based employment contracts. Heavy, prolonged work pressure increases mental health risks as well as the risk for work related accidents.

Working time

Employees working in production-related positions are regularly forced to work excessive hours. Workers state that a 13–14 hours workday is normal. But there are also reports of 320–360 overtime hours per month. Such extremes are 10 times the legal maximum. Workers report that overtime pay is limited to a maximum of 32 hours even though they must work excessive extra hours. The number of paid overtime hours is reduced further as companies seek to save costs.

Findings regarding state-imposed forced labour

The Chinese Government and the Communist Party under President Xi Jinping have developed and scaled up Targeted Poverty Alleviation (TPA) programs in western and central China as a major approach to tackle absolute poverty. TPA involves precise identification, tailored assistance, and effective management of poor households, and regularly deploys state-organised employment. Farmers and herdsmen may be transferred to work in other provinces or relocated to poverty alleviation workshops in towns within their home regions. Industrial poverty alleviation also relies on vocational training and collaborations between schools and companies.

Labour transfers, poverty alleviation workshops, and vocational training fall under industrial poverty alleviation policies and are intimately linked to risks of state-imposed forced labour. Local cadres meet mandatory poverty alleviation quotas with coercive measures, such as revoking farmers land use rights, household registration or basic financial support. This leaves them with no way out but to submit to the wage labour that is offered to them. Industrial poverty alleviation may lead to unwanted employment and exploitative labour relations due to participants' economic and political marginalisation. In Xinjiang and Tibet, industrial poverty alleviation is bundled in the general fight against terrorism and religious extremism package. Refusal to be relocated or to accept assigned factory work are interpreted as signs of extremism and often leads to detention or internment.

Findings in this report show that the locomotive and rolling stock industry in China is strongly linked to state-imposed forced labour. One of the reasons is the significant role of the CRRC as a key actor in the global supply chain and as an important gate for foreign companies into the Chinese market.

Connections to the state-imposed forced labour regime in Xinjiang

There are several channels through which Uyghur forced labour may enter the locomotive and rolling stock sector:

- CRRC operates an industrial zone for train production in Xinjiang. The company has ties to the Xinjiang Production and Construction Corps (XPCC), a para-military enterprise.
- Voith, Bombardier, and Knorr-Bremse run joint ventures with CRRC.
- Victall has a strategic partnership with CRRC.
- KTK Group has acquired Uyghur workers through state-organised labour transfers.
- Voith maintains a longstanding relationship with the Government of Xinjiang Uyghur Autonomous Region and with mining corporations in Xinjiang.
- Knorr-Bremse has a joint venture agreement with Dongfeng Motors. Dongfeng Motors has established poverty alleviation workshops in Xinjiang, purchased from them, and sent Uyghur workers to these workshops.
- Grammer has a joint venture with Shaanxi Automobile. Shaanxi Automobile runs a factory in Xinjiang and participates in state-organised labour transfers.
- Secheron and Siemens both have joint ventures with Daqo. The latter's parent company is Xinjiang Daqo New Energy, which is banned from the US market due to its involvement in Uyghur forced labour.

Connections to state-imposed forced labour in other risk areas

Several corporations are involved in industrial poverty alleviation programs targeting non-Han ethnic groups in western China:

- CRRC, a joint-venture partner of Voith, Bombardier, and Knorr-Bremse, runs various industrial poverty alleviation programs in Gansu Province and Guangxi Zhuang Autonomous Region. CRRC has also established poverty alleviation workshops in Hunan Province and Gansu Province and has received workers through labour transfers.
- Local governments in Gansu Province transferred poor workers to Victall. Furthermore, the company benefitted from student interns from poor households through a collaboration agreement with a vocational school in Shandong.
- Dellner is linked to forced labour through its joint venture partner Victall.
- Grammer has actively participated in and supported CRRC's industrial poverty alleviation program in Gansu Province. This program includes labour transfers and worker relocation to poverty alleviation workshops.
- KTK Group has participated in labour transfers of poor workers from Shaanxi. In addition, the company has received student interns from poor families.

None of the investigated corporations mentioned forced labour risks in China or links to Xinjiang in their respective sustainability / ESG reports. The gap between our findings and corporate reporting highlights the urgent need for stricter requirements on transparency and accountability.

Recommendations

The following recommendations are based on international standards, mainly the UN Guiding Principles on Business and Human Rights (UNGPs) and the OECD Guidelines for Multinational Enterprises (OECD Guidelines), as well as responsibilities under relevant legal frameworks.

The recommendations are divided into two parts. Firstly, directed to the public buyers on how to address the findings in this report through public procurement, and secondly directed to the locomotive and rolling stock companies supplying the public buyers and their responsibilities under international frameworks.

ETI Sweden's Recommendations to Public Transport Authorities

- Unless already adopted, implement clear requirements in public procurements of locomotives and rolling stock, aligned with internationally recognized human rights – understood, at a minimum, as those expressed in the International Bill of Human Rights and the principles concerning fundamental rights set out in the International Labour Organization's Declaration on Fundamental Principles and Rights at Work.
- Exploit the full range of tools presented in the EU Directives on Public Procurement and the Swedish Public Procurement Law regarding setting social criteria in public contracts.

To address the findings regarding forced labour, this could include:

- Require suppliers to provide full traceability of their supply chains, including where components etc., are manufactured, clearly identifying entities and locations of manufacturing operations for each step of the supply chain.
- Use contract performance clauses to require all suppliers bidding for the public contract to ensure that no forced labour was used in the manufacturing of the goods and demonstrate how such risks are addressed through due diligence measures aligned with the UNGPs and OECD Guidelines. In evaluating alignment with the contract performance clauses, consider all suppliers, or sub-suppliers, meeting any of the following criteria as not qualifying for the tender: 1) operating in the primary or secondary sector located in Xinjiang, Tibet and Tibetan autonomous prefectures in Sichuan and Qinghai, 2) participating in state-organized labour transfer/poverty alleviation programs, 3) receiving vocational students from registered poor households through poverty alleviation programs.
- Exclude suppliers deemed to be in violation of social and labor related standards from tenders. This could be based on publicly available information and research from credible independent sources.

To address the findings regarding poor working conditions, this could include:

- Consider the full life cycle of products in purchasing decisions, not only the immediate price, such as labor costs in the supply chain. This could include addressing the identified issues related to working conditions, by factoring in costs for increased wages, better accommodation standards, etc.

- In addition to setting minimum requirements through contract performance clauses to respect labour rights, use award criteria to incentivize suppliers who can demonstrate leading and innovative practices in addressing the identified risks related to poor working conditions.
- Ensure that adequate resources are allocated internally for continued due diligence measures, including once contracts have been awarded, to follow up on requirements set in the tender process, track performance of suppliers and respond to potentially new developments and/or information.
- Seek collaboration with other public contracting authorities, also outside of Sweden, to build leverage and common approaches to setting social criteria in public procurements of locomotive and rolling stock.
- In cases where this has not already been done, include clear requirements in public procurement of locomotives and rolling stock, which are in line with internationally recognized human rights based on the Universal Declaration of Human Rights by the United Nations, as well as the principles in the International Labour Organization (ILO)'s Declaration on Fundamental Principles and Rights at Work.
- Utilize the full range of tools in the EU's Directive on Public Procurement and the Swedish Public Procurement Act (LOU) when establishing social criteria in public contracts.

ETI Sweden's Recommendations to companies in the locomotive and rolling stock sector, sourcing from China:

- Establish robust human rights due diligence measures, aligned with international standards (UNGPs and OECD Guidelines), addressing risks in own operations and across the full value chain. This includes:
 - Implement policy commitments, clarifying the company's responsibility to respect human rights in their own operations and across the value chain, including requirements of business partners, and establish clear internal governance structures for managing human rights risks.
 - Regularly and continuously assess and identify actual and potential adverse human rights impacts of company activities and associated business relationships, including suppliers and joint venture partners.
 - Integrate findings from human rights assessments across relevant internal functions and processes and take appropriate action to prevent and mitigate the risks.
 - Track performance to verify whether adverse human rights impacts are being effectively addressed.
 - Communicate publicly, where appropriate, on company responses to actual and potential human rights impacts.
 - Commit to providing and enabling remedy for adverse human rights impacts that have occurred.

In relation to the report's findings regarding forced labour:

- Due to the severity and irremediability of the impacts and the inability to enact change, as soon as possible disengage from, and implement a company policy not to source from, or enter into joint ventures with, entities that meet any of the following criteria:

1. operating in the primary or secondary sector located in Xinjiang, Tibet and Tibetan autonomous prefectures in Sichuan and Qinghai,
2. participating in state-organized labour transfer/poverty alleviation programs from the same regions,
3. owned or controlled by the Xinjiang Production and Construction Corps (XPCC), a state-owned enterprise and paramilitary organization.
4. sourcing from companies tainted with forced labour based on credible research.

- Engage with locomotive and rolling stock companies in the value chain to address wider identified risks related to forced labour, in order to gradually de-risk Chinese supply chains, prioritizing disengagement (in accordance with the OECD Due Diligence Guidance for Responsible Business Conduct) from entities in the supply chain, or joint venture partners, meeting any of the following criteria:

1. participating in state-organized labour transfer/poverty alleviation programs from regions in China other than the ones mentioned above,
2. receiving vocational students from registered poor households through poverty alleviation programs.

- Any actions to disengage from business relationships (as covered by the two previous recommendations) should be done in accordance with the OECD Due Diligence Guidance for Responsible Business Conduct³. Meaning that disengagement shall be considered after failed attempts at preventing or mitigating severe impacts, when adverse impacts are irreparable, where there is no reasonable prospect to change or when severe impacts or risks are identified and the entity causing the impacts does not take immediate action to prevent or mitigate them. A decision to disengage needs to consider the human rights impacts because of the disengagement itself, and responsibilities to provide or enable remedy for affected stakeholders.

- To address risks further upstream in the supply chain, implement global traceability programs to map the full supply chain of high-risk components and high-risk business relationships.

In relation to the report's findings regarding working conditions:

- Actively engage with business partners and other stakeholders to address the full scope of identified risks related to working conditions, using, and building leverage across the value chain and prioritizing risks based on the severity of the impacts.
- Where impacts have already occurred, and been identified, engage with business partners and affected stakeholders to enable remedy for the harm.
- Work with suppliers to establish worker voice programs aimed at continuously gathering feedback from, and engaging with, workers in the supply chain, and other potentially affected stakeholders, to improve working conditions.
- Require suppliers to allow for alternative forms of worker representation. While independent trade unions are prohibited by law in China, employees are generally allowed to freely elect local worker representatives.
- Implement living wage requirements and collaborate across the supply chain to jointly establish living wage standards and reflect this commitment in the company's purchasing practices.

Context

To address the climate crisis, comprehensive societal transformations are required. Swedish public procurement has an annual turnover of approximately 800 billion SEK, which is equivalent to nearly one-fifth of Sweden's GDP.⁴ Through procurement, the public sector plays a crucial role in the transition to a fossil-free and sustainable society.

According to the Swedish Environmental Protection Agency, emissions from domestic transport (excluding domestic flights) should decrease by at least 70 percent by 2030 compared to 2010.⁵ Sweden aims to achieve net-zero emissions by 2045, in line with the climate law, and regions and municipalities have extensive climate goals in place aligned with this.

To meet these climate goals, regional public transport service, including railway and trams, has a vital role to play. Every journey made through public transport instead of cars reduces greenhouse gas emissions significantly; a car trip emits as much carbon dioxide as 81 train journeys when covering the same distance.⁶

One of the commitments of the regions is to provide public transport for their residents. The responsibility within each region lies with a regional authority known as public transport authorities and is carried out through public procurement. Sweden's regions procure public transportation services for a total of approximately 52 billion SEK each year. Public transport is roughly half funded by ticket revenues and half by regional and municipal taxes.⁷ The three largest public transport authorities in Sweden are Storstockholms Lokaltrafik (SL), Västtrafik, and Skånetrafiken.

The supply chains and ownership structures within the global manufacturing of locomotives and rolling stock are complex. Subcontractors may operate within the same corporate structure as the main supplier or within a separate company. Business collaborations and partnerships between different companies, known as joint ventures, are also common. The Chinese supply chains involve the manufacturing of locomotives and rolling stock, including components such as train carriages, brakes, coupling equipment, AC, motors, interiors, and batteries, as well as the extraction of minerals and coal for energy.

China is one of the leading producing countries, particularly regarding high-speed trains. The country is carrying out a major investment in high-speed trains with the goal of building 7,000 miles of track by 2035. Initially, cooperation was established with foreign companies such as Alstom, Bombardier (now Alstom-Bombardier), and Mitsubishi. Today, China manufactures trains on their own, for both domestic use and export.⁸ The country's three major state-owned enterprises, China Railway Rolling Stock Corporation (CRRC), China Railway Construction Corporation (CRCC), and China Railway Engineering Corporation (CREC), specialize in locomotives and rolling stock, construction, and engineering. They are involved in several major projects worldwide, and CRRC is currently a world leader in train manufacturing.

China also dominates the supply chain of raw materials for batteries such as lithium, graphite, and cobalt.⁹ Batteries are a crucial component in electric trains for energy storage and stability. Batteries are expected to play a key role in improving train performance and reducing environmental impact as railways worldwide are shifting towards electrification.¹⁰ Fully battery-powered trains are also being explored as a possibility, for example in Germany¹¹, and could potentially constitute a future alternative for the non-electrified railway in Sweden as well.

1. Human Rights in China – And the EU’s Response

The Chinese constitution guarantees freedom of speech and expression. However, freedom of expression, freedom of the press, and freedom of information are severely restricted in practice. Individuals reporting on politically sensitive issues face significant risks of harassment, threats, or arrest. Both traditional and social media are monitored and regulated, and censorship, both direct and indirect, is widespread. The space for civil society to operate is very limited and continues to shrink. Several civil society actors have been accused of offenses against national security.¹²

Serious and systematic violations of the human rights of individuals belonging to religious and ethnic minorities occur, especially in Xinjiang and Tibet. Linguistic, cultural, and political assimilation of minorities has become an increasingly important political goal, and the methods to achieve this goal have become harsher. A very large number of Uyghurs and individuals from other minorities are arbitrarily detained in internment camps.¹³

In August 2022, the United Nations published a report confirming that the Chinese state subjects Uyghurs and minorities in Xinjiang to forced labour and other serious human rights abuses.¹⁴ Forced labour is part of the Chinese state’s poverty alleviation program and targets specific groups, particularly registered poor households, and vulnerable ethnic groups such as Uyghurs.

Forced labour also occurs in other parts of China through relocation of labour. A report from The Australian Strategic Policy Institute has previously identified 82 foreign and Chinese companies that potentially benefit, directly or indirectly, from the use of Uyghur workers outside of Xinjiang through abusive labour relocation, including several train or train component manufacturers such as Alstom-Bombardier, CRRC, KTK Group, Siemens, and Hitachi.¹⁵

1.1 Chinese Laws Protect National Interests

Several laws have been enacted that enable actions against individuals, organizations, and states considered to harm China’s interests, including an anti-sanctions law¹⁶ and a national security law with an extraterritorial component¹⁷. The recently promulgated Chinese Counter-Espionage Law¹⁸ potentially renders all investigations and information collection a criminal offense.

1.2 Western Laws Take Stronger Measures Against Forced Labour

At the same time, legislation in the European Union and the United States are stepping up requirements for human rights due diligence. The EU Proposal for a ban on goods made using forced labour¹⁹ and the Directive on corporate sustainability due diligence²⁰ urge corporations to do more and be more effective in preventing forced labour risks. In the US, the Uyghur Forced Labor Prevention Act (UFLPA)²¹ establishes a rebuttable presumption that all goods originating entirely or partly from Xinjiang are banned from entering the US market. The 2023 updated OECD Guidelines for Multinational Enterprises on Responsible Business Conduct²² call on enterprises to contribute to “the elimination of all forms of forced or compulsory labour and take immediate and effective measures towards the elimination of forced or compulsory labour as a matter of urgency”.

1.3 The EU is Taking Measures to Stop the Dependency on China

Raw materials such as silicon and lithium for batteries and solar cells are required to meet the green transition with electrification and renewable energy. In September 2023, the European Parliament approved a proposal to secure the supply of these raw materials and reduce dependence on China. According to the proposal, an individual country can account for a maximum of 65 percent of the deliveries of a specific raw material.²³

2. Swedish Regional Procurement Procedures

Extensive investments in rail-bound public transport are underway in the Swedish regions. The Stockholm region is now facing the largest development and expansion in public transport since the 1960s, with planned investments of a total of around 80 billion SEK, extending into the next decade, including the construction of 46 new railway stations in the region.²⁴ This development implies extensive procurements of locomotives, rolling stock and associated components. Västlänken, a train tunnel for regional commuter train service, is currently under construction in Gothenburg, paving the way for a significant expansion of train service in western Sweden. Västtrafik has ordered 45 new trains to gradually increase the transport service. Expansion is also taking place in the tram service of Gothenburg, in the form of new tracks and longer platforms, with an ongoing delivery of a total of 100 new trams.

Locomotives and rolling stock have a lifespan of about 40 years, significantly longer than for example buses, and is a major investment. The procurement process of rolling stock is also more extensive, with approximately ten years from the initial procurement phase to delivery. This means that the sustainability requirements within a public procurement of rolling stock in general are around ten years old by the time the rolling stock is being delivered, since amendments to the procurement requirements cannot be made during an ongoing procurement process.

The locomotives and rolling stock are owned by SL, Västtrafik and Skånetrafiken, and the manufacturing is procured either directly from various suppliers or through framework agreements with Transitio, a procurement and management company for rolling stock, wholly owned by the Swedish regions. Transitio is also leasing trains to the regions.²⁵ The Skåne region and Västtrafik jointly own Öresundståg AB along with several other regions. Skånetrafiken currently has a mandate to procure the next generation of Öresundståg. In this process, different ownership structures are being explored, as well as the possibility of leasing trains as an alternative to ownership. Luleå Lokaltrafik does not have any rail-bound traffic service.

2.1 Social Criteria in Public Procurement

In 2014, the EU adopted new Directives on Public Procurement. Which were transposed into national law in all Member States in 2016. One of the main focuses of the new directives is on social and environmental criteria, providing public buyers with increased and clearer tools to set such criteria in public tenders. The directives are transposed into Swedish law through Lagen om Offentlig Upphandling (LOU).

Several articles in the directives address how social criteria should and can be introduced. Under Principles of Procurement, Article 18.2²⁶, it is stated that: “Member States shall take appropriate measures to ensure that in the performance of public contracts economic operators comply with applicable obligations in the fields of environmental, social and labour law

established by Union law, national law, collective agreements or by the international environmental, social and labour law provisions listed in Annex X.”

Annex X includes all eight ILO core conventions, which cover freedom of association and collective bargaining, forced labour, child labour, and discrimination.

The directives furthermore provide a set of tools to incorporate social criteria in different stages of a procurement process. For example, Article 68 encourages public authorities to consider the full life cycle of products in purchasing decisions, not only the immediate price.

Contracting authorities may consider criteria related to the production of the works, services, or supplies to be purchased, hence incorporating costs of improving labour standards in manufacturing countries in tender evaluations. This could include addressing the identified issues related to working conditions covered in this report.

A purchasing authority can also combine mandatory requirements in the form of contract performance clauses with optional requirements in the form of award criteria. This would allow public buyers to, on the one hand, set clear minimum standards for qualification through contract performance clauses, for example, a zero-tolerance for forced labour, and on the other hand support suppliers that demonstrate advanced practices at the time of bidding.

Award criteria could focus on best practice approaches, for example, whether a supplier demonstrates active involvement in worker voice tools further upstream in the supply chain, or how a supplier ensures a living wage is paid to factory workers. Such criteria could allow a higher immediate cost price, creating a competitive advantage for suppliers who can demonstrate positive impacts. Any supplier awarded the contract will nevertheless need to adhere to fundamental labour rights protections, as detailed in contract performance clauses.

Award criteria might be more suitable in addressing some of the risks related to poor working conditions, while mandatory contract performance clauses are a better option for establishing a zero-tolerance for forced labour. In addition to using contract performance clauses and award criteria, public buyers also have the option to exclude suppliers deemed to violate social and labour standards.²⁷

2.2 Sustainable Public Procurement – a National Collaboration

The railway industry is considered a high-risk sector when it comes to human rights and fundamental labour rights. For this reason, the three largest public transport authorities, as well as procurers of trains, in Sweden – Storstockholms Lokaltrafik (SL), Västtrafik and Skånetrafiken – jointly collaborate on setting requirements which demand that locomotives, rolling stock and associated components are manufactured in both a socially and environmentally sustainable manner.

Since 2010, Sweden’s regions have been working together within the National Secretariat for Sustainable Public Procurement²⁸ and are committed to a common supplier code of conduct. The code covers areas such as human rights, workers’ rights according to ILO’s core conventions, environmental issues, and business ethics. The code of conduct and the requirements has been used in public procurements of locomotives and rolling stock along with associated components, over the years, but has not been used in older procurements as procurement procedures are relatively infrequent due to the lifespan of the vehicles.

An excerpt from the common contractual terms for sustainable supply chains, aligned with the code of conduct²⁹ that has been in effect until 2023, stipulate that the supplier shall:

1. Respect the code of conduct in its own operations and adopt a publicly available policy, decided by top management, including a commitment to respect the code of conduct.
2. Appoint a person at senior-level who is responsible for compliance with the code of conduct.
3. Transmit the commitment to respect the code of conduct to subcontractors at all levels.
4. Regularly conduct risk assessments, i.e., identify and prioritize current and potential risks of non-compliance with the code of conduct, including mapping subcontractors at all levels with special consideration for high-risk activities.
5. Regularly monitor compliance with the code of conduct in both its own operations and with subcontractors at all levels.
6. Take measures to prevent, mitigate, and limit non-compliance with the code of conduct, and promptly address adverse impacts, at the public transport operator and with subcontractors.³⁰

From 2024, the common code of conduct and the contractual terms for sustainable supply chains have both been updated and can be used in future procurements. The code of conduct has been strengthened in the areas of human rights and the environment.³¹ The specific contractual term for sustainable supply chains has been clarified in accordance with the UN Guiding Principles on Business and Human Rights, the OECD guidelines on due diligence for responsible business conduct, as well as upcoming EU directives. New features in the term include, for example, consultations with rights holders, consideration of particularly vulnerable groups, enabling of complaints, compensation for actual adverse impact which the supplier has caused or contributed to, reporting obligations in case of serious deviations, and transparency requirements in the supply chain.³²

Furthermore, The Swedish Public Transport Association has a common appendix of requirements for the locomotive and rolling stock sector from 2013. It requires, among other things, active efforts regarding environmental issues and environmental management systems.

2.3 Follow-Up Assessment is Challenging

According to the regions' common code of conduct and social requirements, public transport operators should be able to demonstrate that their supply chains meet the requirements of the code of conduct. The public transport authority has the right to independently or through a third party assess the public transport operator's compliance with the code of conduct.

At the same time, it is very difficult to conduct effective human rights due diligence, which involves mapping and managing human rights risks, in China. Repression in the country has increased in recent years, and it is difficult to obtain information documenting human rights violations and labour rights abuses. To testify about human rights issues is simply too dangerous, particularly for the most vulnerable, such as workers and minority groups.

Companies and organizations that monitor working conditions remain under severe pressure. In 2021, the audit firm Verité's China office was shut down after participating in reports exposing forced labour.³³ In 2023, several other international consulting firms were raided, among them Mintz Group, whose office was closed and five of its locally employed staff arrested.³⁴ The raids coincide with a broadening of China's laws anti-espionage laws. Japanese

consulting firms have considered leaving China after at least 17 Japanese citizens have been detained since 2014.³⁵

Additionally, an entire consulting industry has developed in China whose purpose is to prepare factories for social audits, to improve their chances of “passing” them, despite the suppliers’ inability to meet the requirements of decent working conditions. This may include manipulating documents, instructing workers, and preparing various forms of false documentation to hinder violations of working hours and wages from being detected.³⁶

Human Rights Due Diligence

Human rights due diligence (HRDD) is a risk management process to identify, prevent, mitigate, and account for a company’s actual and potential adverse impacts on human rights. The *OECD Due Diligence Guidance for Responsible Business Conduct* recommends that businesses carry out risk-based due diligence to avoid and address adverse impacts associated with their operations, their supply chains and other business relationships.

3. Method

The investigations were conducted in 2023 by Lund-based Globalworks, which developed Social@risk™, a framework for text-based big data analysis. Globalworks scraped Chinese social media for 240 000 posts from employees that can be linked to factories in the traffic authorities’ supply chains. Workers’ complaints, grievances, and photos were then analysed qualitatively and quantitatively. Globalworks has also collected and analysed information from Chinese Government and Party documents that link the same supply chains to state-imposed forced labour.

The overview of publicly available information that Globalworks has found substantiates a significant risk of state-sanctioned forced labour associated with the suppliers. The two investigations constitute separate chapters in the full report, where it is also possible to read more in-depth about the methods.

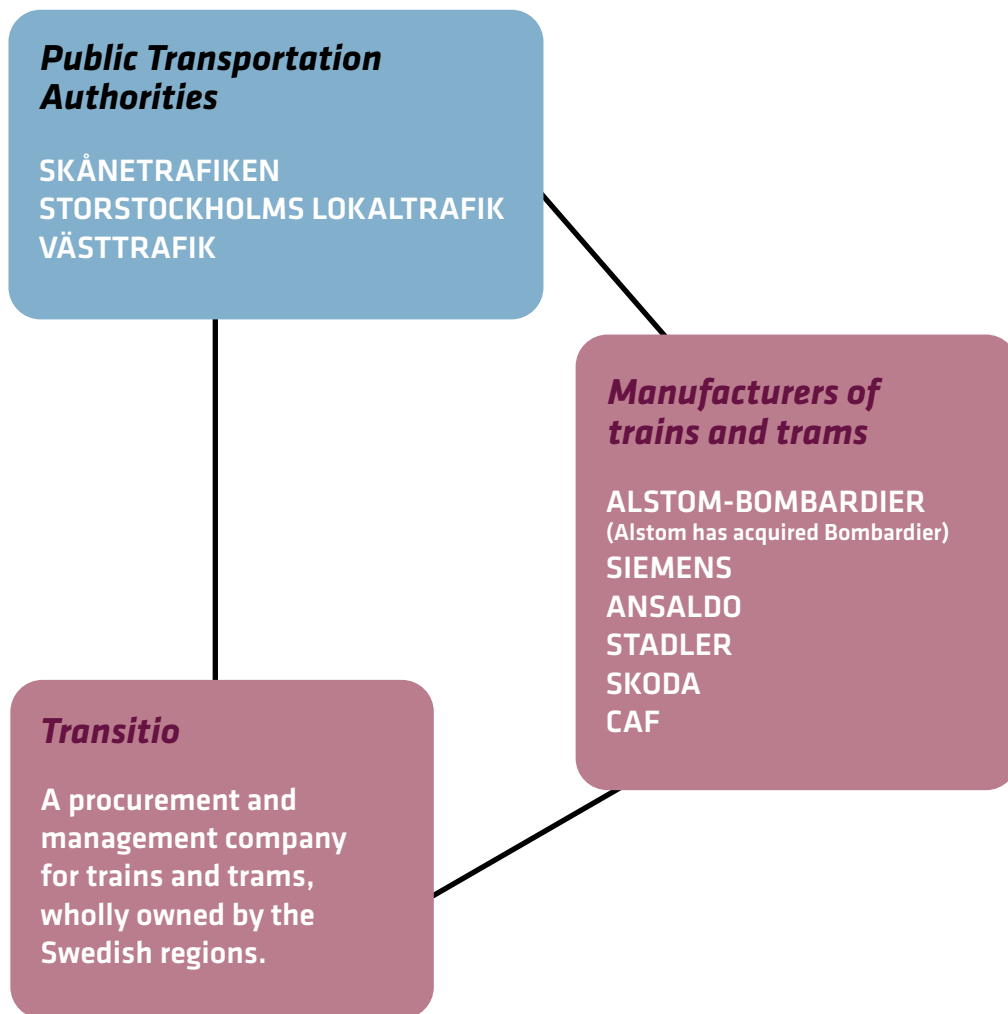
Conclusion

This report underscores the significant sustainability risks inherent in the necessary shift towards fossil-free alternatives in public procurement. The use of Chinese-manufactured locomotives and rolling stock in Swedish public transportation are linked to serious risks of state-imposed forced labour and human rights violations.

Mapping, monitoring, and addressing human rights risks in China brings about major challenges. In addition, new repressive Chinese laws are making it increasingly hard to collect information regarding human and labour rights, in turn limiting the possibility to conduct reliable social audits.

The central issue that needs to be addressed is how the green transition towards increased public transportation can be carried out without causing adverse impacts on the environment and the people in the supply chains.

The supply chain of trains and trams



The figure is not complete, it only shows examples of suppliers in the supply chain. The Public Transportation Authorities Skånetrafiken, Storstockholms Lokaltrafik, and Västtrafik own the trains and trams and have contractual agreements with the manufacturers either directly or through the procurement company Transitio. Luleå Lokaltrafik does not own any trains nor trams and is therefore not included in the figure.

Suppliers

INTERIOR KTK

GANGWAY
Hübner, Dellner, KTK, Victall-Dellner

AUTO-MATIC COUPLERS AND SHORT COUPLERS
Dellner, Voith Turbo Scharfenberg, Faiveley

BRAKE SYSTEM AND COMPRESSED AIR
Knorr-Bremse (bromssystem), Wabtec-Faiveley, Atlas Copco (tryckluft)

SANI-TARY AND WATER SYSTEMS (UWC)
Victall – EVAC (komplett), Victall (komplett), Wuxi Wanli (Leverantör av avfallshämtning, EVAC:s partner i Kina), Wuxi Jinxin (Leverantör av toaletthytt), Tsingdao Kampion (Leverantör av toaletthytt), Qingdao Yicheng (Leverantör av avfallshämtning, EVAC JV företag i Kina), BFG, EVAC, SEMVAC

DRIVER SEATS
Grammer, Möve, SAVAS

PASSENGER SEATS
Franz Kiel, Fabricación Asientos Vehículos Industriales, Grammer

VIDEO SURVEIL-LANCE/CCTV
Strabag, Axis

TRAIN RADIO SYSTEM
Strabag, Funkwerk

PASSENGER INFORMATION SYSTEM (PIS)
Annax

WIFI
Icomera

EXTERNAL DOOR SYSTEMS
IFE-Victall , Shanghai Faiveley , Nanjing Kangni

ELECTRICAL CABINETS
Nanjing Kangni, Victall

HVAC (HEATING, VENTILATION, AND AIR CON-DITIONING) SYSTEM
Shijiazhuang King, Merak-Jinxin, Shanghai Faiveley

ELECTRICAL CABINETS
Bombardier Sifang Transportation and Lanp Electrical

DRIVER'S DESK
Bombardier Sifang Transportation and Victall (GRP), Tsingdao Kampion

BOGIE FRAME
Bombardier Transportation Matranovak (BTM)

WHEELSETS FOR BOGIE
Lucchini, Bonatrans, GHH, CAF

TRANSFORMER
ABB, Siemens , JST, BNP

TRACTION MOTOR
Bombardier Transportation Equipment (Suzhou) Co., Ltd (BTES), SKODA, ABB

GEARBOX
IGW, Siemens, Voith Turbo

PARTITIONS AND ENDWALLS
Victall, Changzhou Evergreen

SIDE WALLS
Victall , Changzhou Evergreen

TRAIN FLOOR
Metawell

CEILING
Victall, Changzhou Evergreen

CURRENT COLLECTOR
Schunk, Stemmann

BATTERY
Hoppecke

MAIN SWITCH
Richard, Secheron

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