

UYGHUR  
RIGHTS  
ADVOCACY  
PROJECT



PROJET DE  
DÉFENSE DES  
DROITS DES  
OUÏGHOURS

## **Report on McGill University's Endowment Fund Complicity in Uyghur Genocide**

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## ***Executive Summary***

Approximately \$115 million of McGill University's \$1.9 billion endowment fund is invested in 111 companies or entities complicit in the Uyghur genocide. These companies span 18 industries and various levels of complicity, from direct investments in companies utilizing forced labour programs to companies with implicated suppliers. Investments are complicit in forced labour, as well as other practices that aid in the genocide, including surveillance technology, technology that assists in the detainment of Uyghurs in East Turkestan (Xinjiang), and funding of the CCP directly through investments in Chinese government bonds.

We found 673 observations (investments) in 111 companies found to be complicit. Most of these companies were complicit through implicated suppliers, especially in the textile industry. However, 21 companies made our 'short list,' standing out as being most complicit, either through their more direct connections to the Uyghur region or high involvement in supporting genocidal policies. Overall, the most popular company having multiple investments was Apple (\$16,753,943.45), and some of the other companies on the 'short list' are Alibaba, Tencent, Zijin Mining Corporation, Jinko Solar, and Daqo New Energy.

## ***Background***

McGill University's endowment fund, at a market value of \$1.892 billion, is quoted on McGill University's website as being the "financial bedrock of the university."<sup>1</sup> It is made up of tuition dollars, donations, and bequests, and is used to serve the university's core activities, including financial aid, research, and more.

Managed through the McGill Investment Pool (the MIP), it is overseen by the [McGill Office of Investments](#), under the direction of the Investment Committee, a subcommittee of the Board of Governors, which also makes recommendations on the Endowment Fund's Distribution Policy and Statement of Investment Policy.

This Statement of Investment Policy, last revised in October 2020, commits to a number of investment guidelines, among which is a commitment to invest assets with an acceptable level of risk, and to follow the instructions of the Board of Governors, pursuant to the recommendation of the Committee to Advise on Matters of Social Responsibility ("CAMSR").<sup>2</sup> The Investment Committee "will select, when possible, external investment managers who adhere to ESG policy and/or are signatories of the United Nations Principles for Responsible Investment (UNPRI)."<sup>3</sup> In addition, it will engage with external investment managers and encourage them to adhere to an ESG Policy and/or become signatory of the UNPRI."<sup>4</sup>

The UN Principles for Responsible Investment work with an international network of signatories to put the six Principles for Responsible Investment into practice. Its goals are to understand the investment implications of environmental, social and governance issues and to support signatories in integrating these issues into investment and ownership decisions. These principles include the incorporation of ESG principles in investing practices – which are defined as environmental, social, and governmental principles, of which there are many examples. The most applicable in the case of

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<sup>1</sup> <https://giving.mcgill.ca/all-stories/did-you-know-mcgill-endowment-fund>

<sup>2</sup> [https://www.mcgill.ca/secretariat/files/secretariat/statement\\_of\\_investment\\_policy.pdf](https://www.mcgill.ca/secretariat/files/secretariat/statement_of_investment_policy.pdf)

<sup>3</sup> Ibid.

<sup>4</sup> Ibid.

companies complicit in the Uyghur genocide are social factors; human rights and modern slavery are both provided as specific examples by the UN.<sup>5</sup>

In McGill's investment report from last year, there is only reference to the prioritization of reducing carbon emissions, an example of an environmental factor, and the requirement for the Investment Committee to publish annually, a report on socially responsible investment activities.

### ***Current Practices***

The Investment Committee's 2021-22 report states that 99% of the endowment fund's assets are invested with managers that incorporate ESG factors into their investment process and several key investments into ESG themes, an increase from 71% in 2016.<sup>6</sup> However, they also note that the ESG monitoring report quarterly highlights equity holdings and potential risks in "environmental controversies," with no reference to other ESG factors like human rights.<sup>7</sup>

Interestingly, the report mentions that during the 2021-22 year, China equities were segregated from emerging market equities and a "China specialist fund manager" was hired, to better manage "the nuances of investing in China with experienced and locally based investment professionals, [expanding] the China opportunity set that is expected to improve the Endowment Fund investments' diversification and alpha potential."<sup>8</sup>

### ***Analysis of Investments***

#### ***Methodology:***

Our analysis of McGill's endowment fund investments was based in open-source data collection, from mainly two sources: Jewish World Watch (JWW),<sup>9</sup> which lists companies with significant research backing their complicity and relationship to Uyghur forced labour; and the Centre for Advanced Defense Studies' (C4ADS) report, "Shifting Gears,"<sup>10</sup> which focuses on Chinese companies with a presence in the XUAR. We also used a number of sources to cross-check these databases and look for additional matches, although ultimately, we found these overlapped with our two main sources.

We also reviewed Laura Murphy's latest report with Hong Kong Watch, "Passively Investing in Genocide," detailing the complicity of companies within three Morgan Stanley indexes and in which many institutions and pensions, McGill included, have holdings.<sup>11</sup> We also reviewed the U.S. Entities List, as well as some recent Canadian data compiled by URAP's legal advisors who received port of entry data listing companies that were transporting tainted goods from the U.S. into Canada. Other academic literature including a number of other reports from Laura Murphy, C4ADS and others, were already cited within JWW.

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<sup>5</sup> <https://www.unpri.org/download?ac=10948>

<sup>6</sup> [https://www.mcgill.ca/investments/files/investments/endowment\\_report\\_v10\\_final\\_0.pdf](https://www.mcgill.ca/investments/files/investments/endowment_report_v10_final_0.pdf)

<sup>7</sup> Ibid.

<sup>8</sup> Ibid.

<sup>9</sup> <https://jww.org/uyghur-china-forced-labor-database/>

<sup>10</sup> <https://c4ads.org/reports/shifting-gears/>

<sup>11</sup>

<https://static1.squarespace.com/static/58ecfa82e3df284d3a13dd41/t/638e318e6697c029da8e5c38/1670263209080/EDITED+REPORT+5+DEC.pdf>

We compiled companies mentioned in these data sets in a comprehensive list, and used R Analytics software to automatically match companies listed in McGill's endowment fund holdings with our comprehensive list, producing a list of implicated company matches.

In order to generate a smaller list of most complicit companies, we created a filter that would search for a specific set of criteria: whether a company has a physical presence in East Turkestan (Xinjiang); whether a company has a working relationship with the Xinjiang Production and Construction Corps (XPCC), a paramilitary corporate conglomerate designed to suppress and colonize the Indigenous people of the Uyghur Region;<sup>12</sup> whether there is evidence they are complicit in the transfer of Uyghur labour (forced labour); whether they are present on a sanctions list;<sup>13</sup> and whether they participate in state surveillance.<sup>14</sup>

We categorized the companies according to their complicity into three tiers: lower complicity, in which these criteria were not met; medium complicity, in which only having a presence in the XUAR was met; and our 'short list' – aka, high complicity – in which companies at least one, but often more, of the criteria other than having a presence in the XUAR were met.

This method was effective in analyzing the companies matched from the JWW database, as they use these same criteria, however, it was more challenging to analyze companies matched from "Shifting Gears" with the same format. That report, although it focuses on companies with a presence in XUAR, focuses on vertical complicity through ownership structures as opposed to analyzing complicity horizontally through supply chains like JWW. The "Shifting Gears" database is also limited in terms of outlining the reason for complicity for each company within the data set, so we were unable to include this automatically.

### ***Results:***

A total of 111 companies on the McGill portfolio appeared in our database as being complicit in the Uyghur genocide, mainly through their use of Uyghur forced labour, for a total of 673 separate investments, totaling \$115,137,775 in market value. The companies span 18 industries, the most popular of which was textile (24 companies). These companies, however, vary greatly in their level of exposure and complicity in the Uyghur genocide.

#### Low complicity companies

Most companies on the list, 60% or 67 companies, fell under our lower complicity category. They do not have a presence in East Turkestan (Xinjiang), do not have a relationship with the XPCC, do not themselves participate in labour transfers, and are not connected to the surveillance industry in China. However, almost all of these companies had a number of connected suppliers through which they are implicated – 5 of these companies had at least 10 connected suppliers, and 16 have at least 4.

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<sup>12</sup> <https://www.shu.ac.uk/helena-kennedy-centre-international-justice/research-and-projects/all-projects/until-nothing-is-left>; the XPCC has been sanctioned in Canada under the Special Economic Measures Act, and is the only Chinese entity to be sanctioned in Canada.

<sup>13</sup> We specifically cross-referenced the U.S. Entities List and Consolidated Screening List.

<sup>14</sup> These figures are according to the literature we surveyed; however, some companies may participate in any number of these categories and their participation has not been recorded in the sources we used. In that case, further research and documentation is needed. Additionally, for further context on the nature of complicity of most of the companies we list, in each of these categories, as well as works cited for each company on this list, the JWW database lists such sources. We identify clearly which companies we sourced separately, and what information we have for those companies as well.

A third of the 67 companies in this category are in the textiles industry. This may provide insight: much of the research and knowledge of their connected suppliers comes from Laura Murphy’s paper, “Laundering Cotton”;<sup>15</sup> it is therefore possible we simply know more about supply chain complicity in the textile industry, which leads to more ‘lower complicity’ matches than any other industry, by virtue of having access to more data. Further research in other industries like technology, mining, or energy would be useful to uncover additional complicit companies that may not meet the higher tiers’ criteria but which must still be held accountable. For our full list of these 67 lower complicity companies, please see the attached Appendix.

### Medium complicity companies

18 companies fall under our medium complicity category. They are listed as having some presence in the XUAR region, but are not partnered with the XPCC, involved in labour transfer, or involved in the surveillance state. Out of the companies falling under this level of involvement, 2 are involved with the extraction of natural resources (RIO TINTO, HALLIBURTON), 2 are involved in processing resources from the region (CONGRA, BASF), 2 build energy plants in the region (AIR LIQUIDE, LINDE), and the others simply operate in the region.

5 companies on this list – Aluminum Corporation of China, China Huarong Asset Management, Weichai Power, Vision and Blackstone - were found through the Centre for Advanced Defense Studies’ report, “Shifting Gears.” This report focuses on companies with a presence in XUAR, however instead of analyzing complicity horizontally through supply chains like JWW, this report focuses on vertical complicity through ownership structures. Some of these ownership structures are more convoluted than others. One of Aluminum Corporation of China’s (Chinalco) 100% owned subsidiaries (中铝能源有限公司) has a majority stake (65%) in a smelting company (中铝新疆铝电有限公司) in XUAR. China HUARONG Asset Management is the ultimate beneficial owner of Xinjiang Jinshen Magnesium Co., Ltd. via a less than 30% ownership stake in Zhejiang Qixin Alloy Material Co., Ltd. Weichai Power’s connections to the region are more direct; Weichai Power owns 51% of Shaanxi Heavy Duty Automobile Co.,Ltd.,(陕西重型汽车有限公司) which has a subsidiary in XUAR (陕汽新疆汽车有限公司). Weichai Power also 100% owns a machinery equipment import export company based in XUAR 新疆机械设备进出口有限公司. It may be involved in exporting the equipment from the Shaanxi Auto subsidiary.

Since all of these companies were featured in the Centre for Advanced Defence Studies’ report for their connections to the XUAR, we moved them into the medium complicity category. These companies do not have accompanying supplier information as they have not been added to the JWW database; we were therefore unable to determine if these companies qualified for the high complicity category.<sup>16</sup> However, we were able to assess two other companies sourced from the same report as being high complicity companies.<sup>17</sup>

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<sup>15</sup> <https://www.shu.ac.uk/helena-kennedy-centre-international-justice/research-and-projects/all-projects/laundered-cotton>

<sup>16</sup> These companies may meet the criteria needed for the high complicity category, but further research is needed. We decided not to make a note under each category of its uncertainty, and that we would leave them under medium complicity for now, as we know they at least meet the necessary requirement for presence in the XUAR. However, we did put “NA” under ‘number of suppliers,’ denoting some uncertainty.

<sup>17</sup> There were a total of 7 companies matched from “Shifting Gears.” The last 2 companies overlapped with the JWW, therefore we were able to find more information on them to determine that they met the criteria necessary for

Company	Market_Value	Industry	Sanctions	In_XUAR	XPCC_Adj.	Labor_Transfer	State_Surv.	Num_Suppliers
3M	526946.39	OTHER		X				0
AIR LIQUIDE	2765347.50	ENERGY		X				0
ALUMINUM OF CHINA	1115.21	ALUMINUM		X				1
BASF	9448.55	CHEMICALS		X				1
CONAGRA BRANDS	768983.81	FOOD		X				0
GLAXOSMITHKLINE	-297157.01	HEALTHCARE		X				0
HALLIBURTON	106240.53	ENERGY		X				0
HONEYWELL	754540.53	TECH		X				2
HYATT HOTELS	59.77			X				0
L'OREAL	1845275.20	BEAUTY		X				0
LINDE	888737.54	ENERGY		X				0
RIO TINTO	-368.79	RAW MATERIALS		X				1
TESLA	5007868.72	TRANSPORTATION		X				5
WESTERN DIGITAL	94941.96	TECH		X				1
CHINA HUARONG ASSET MGMT	-1583.86	METALS		X				NA
WEICHAI POWER	-16995.79	AUTOMOBILES		X				NA
VISION	5979.48	CHEMICALS		X				NA
BLACKSTONE	367473.36	METALS		X				NA

Table 1. Medium Complicity Companies

### High complicity companies

Finally, our short list – the high complicity category – is comprised of the last 26 companies. 15 are partnered with the XPCC, 7 are reported to have participated in labour transfers, 8 are reported to be involved with surveillance in the XUAR region, and 6 companies appear on U.S. sanctions lists.

Over half of these companies have a formal business relationship with the XPCC. Half of the companies involved in state surveillance are partnered with the XPCC, and over half of the companies involved in labour transfers are partnered with the XPCC.

Jinko Solar and Zijin Mining are two companies complicit in Uyghur forced labour within the XUAR. Jinko Solar publicly accepts "surplus labor transfers." It also invested 3 billion yuan in an industrial park that has an internment camp and a high security prison a short walk from their headquarters. They are partnered with the XPCC. They are also linked to another company on this list, Daqo New Energy, which does not participate in labour transfers, but is partnered with the XPCC, buys raw materials from companies likely tainted with Uyghur forced labour, and sells polysilicon to a number of solar panel companies, also likely or certainly tainted with Uyghur forced labour, including Jinko Solar. Zijin Mining's participation in labour transfer programs is also well-documented.

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the high complicity category. One was Zijin Mining, which we had already identified from JWW, and the other was Baoshan Iron & Steel. Unlike Zijin Mining, we had not already identified this company on JWW because it was listed under an alternative name, Baowu Iron & Steel, of which it is a subsidiary. Both of these companies, in addition to being present in the XUAR, participate in labour transfers; Baoshan Iron & Steel is also partnered with the XPCC.

Two of the technology companies involved in surveillance are Alibaba, which sold cloud computing technology to the Xinjiang government for surveillance, and is also the only company involved in both surveillance and forced labour; and Tencent, which helps operate “smart prisons” in Xinjiang. Overall, if the textile industry is most popular for lower complicity companies through implicated suppliers, technology appears the most popular industry for high complicity companies.

The average company on this list has about 4 connected suppliers, and other than Mosaic, all of the companies with no connected suppliers – Baoshan Iron & Steel, Zijin Mining, Tencent, and Thermo Fishing Scientific – are reported either to have participated in labour transfers or the surveillance state.

These companies are also far more invested in by McGill than companies further removed from the genocide, in lower complicity categories. The average market value of investments for a company on this list is more than double (\$2367770) the average market value for the implicated companies in general (\$1037277).

Company	Market_Value	Industry	Sanctions	In_XUAR	XPCC_Adj.	Labor_Transfer	State_Surv.	Num_Suppliers
ALIBABA	5143136.15	TEXTILES		X		X	X	2
AMAZON	8446357.40	OTHER		X	X	X		16
APPLE	16753943.45	TECH			X			22
BAOSHAN IRON & STEEL	895245.57	STEEL		X	X	X		0
BESTFOODS	6.25	FOOD	X					1
CANADIAN SOLAR	96835.40	ENERGY		X	X			1
CISCO SYSTEMS	1251330.07	TECH			X		X	5
DAQO NEW ENERGY	120105.52	ENERGY	X	X	X			3
EATON	345007.48	ENERGY			X	X		1
GENERAL ELECTRIC	412.96	TECH		X	X			7
HINDUSTAN UNILEVER	135556.98	TEXTILES	X					1
HON HAI PRECISION INDUSTRY	-42181.95	TECH				X		1
HP	229200.76	TECH			X		X	15
ILLUMINA	288601.14	BIOTECH					X	1
INTEL	1079959.30	TECH			X		X	5
JINKOSOLAR	62874.57	ENERGY		X	X	X		2
MICROSOFT	13970015.90	TECH			X			9
MONDELEZ	440524.32	FOOD	X					2
MOSAIC	60690.14	AGRICULTURE			X			0
ORACLE	814248.02	TECH			X		X	2
PEABODY ENERGY	29471.79	ENERGY			X			1
SONY	-57434.44	TECH	X					4
TENCENT	8954164.72	TECH		X			X	0
THERMO FISHER SCIENTIFIC	1345072.51	BIOTECH					X	0
UNILEVER	-567799.04	TEXTILES	X					2
ZIJIN MINING	1766675.23	MINING		X		X		0

Table 2. High Complicity Companies

In addition to company matches, we found four separate investments in Chinese government bonds totaling \$5.5 million.

### ***Summary and Recommendations***

The significant holdings found within McGill's endowment fund that are complicit in the Uyghur genocide are not in keeping with sufficient ESG standards that McGill University's Statement of Investment Policy purports to prioritize and demand of its investment managers. Furthermore, the level of direct investment in the CCP through Chinese government bonds as well as state-sponsored or state-owned (partial or whole) companies exposes stakeholders, including students, to fiduciary risk as more of these companies are targeted by sanctions and pressure from activists and human rights organizations. The financial risk of trade with Chinese companies has already been recognized by governments around the world, including ours.<sup>18</sup> We have seen the impact on other countries when their trading partners are sanctioned, for example, Germany that was burned by its overreliance on Russian gas when Russia was widely sanctioned in the wake of its war with Ukraine. Germany has since vowed to end its dependence with China on trade, fearing similar circumstances if China executes its plans to invade Taiwan.

With this in mind, we are recommending McGill University amend its Statement of Investment Policy to explicitly mention human rights due diligence with respect to China and its ongoing genocide of the Uyghur people in addition to environmental commitments. As McGill students have been vocal in the past on McGill's investments related to apartheid in South Africa and Palestinian solidarity, explicit commitments not to invest in countries supporting human rights violations would be a welcome addition to investment policy.

Considering McGill University already has employed a China specialist fund manager, the university should task this individual with producing a detailed annual report outlining how any investments made by McGill University in Chinese companies avoid complicity in the Uyghur genocide. This expert on Chinese business practice likely understands how Chinese companies are tied up with the CCP as they are required to cooperate with the Chinese government in some capacity. As the Uyghur genocide is a state-sponsored genocide, these companies' relationships with the CCP are problematic at best, and directly supportive of genocidal policies and infrastructure at worst. Several companies in which McGill directly invests represent the worst.

As Canada begins taking legislation tackling Uyghur forced labour more seriously, with Bill S-211 soon passing into law requiring increased reporting on due diligence measures taken by companies to prevent forced labour in their supply chains, it is critical for Canadian institutions like McGill University to follow suit.

Additionally, as Canada has been strengthening its foreign policy with respect to China via its new Indo-Pacific Strategy and has begun taking more seriously the threat of Chinese entities' involvement in Canadian public institutions, Canadian investments into China are under scrutiny.<sup>19</sup> It is likely we will witness a trend among Canadian businesses to move away from China and avoid the backlash that has already begun to affect Canadian companies and institutions. It is also likely these actions will be paired with the Canadian government strengthening its policies and enacting legislation banning such investments. It is important for institutions like McGill to recognize these changes and act accordingly.

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<sup>18</sup> <https://www.international.gc.ca/global-affaires-affaires-mondiales/news-nouvelles/2021/2021-01-12-xinjiang-advisory-avis.aspx?lang=eng>

<sup>19</sup> <https://www.ourcommons.ca/DocumentViewer/en/44-1/CACN/meeting-9/minutes>



## Appendix 1: Lower complicity companies

Company	Market_Value	Industry	Sanctions	In_XUAR	XPCC_Adj.	Labor_Transfer	State_Surv.	Num_Suppliers
361 DEGREES	5517.64	TEXTILES						1
AIRBUS	2615107.65	TRANSPORTATION						1
ALARM	58.27	TECH						1
ANHEUSER-BUSCH INBEV	-450153.30	FOOD						1
ARITZIA	1120372.46	TEXTILES						4
ASIAN DEVELOPMENT BANK	664.73	FINANCE						1
ASICS	2737.49	TEXTILES						2
ASOS	384754.40	TEXTILES						2
BLACKBERRY	77.22	TECH						1
BLACKROCK	696711.15	FINANCE						1
BOMBARDIER	293379.32	TRANSPORTATION						1
BOOHOO	116972.34	TEXTILES						1
CAMPBELL SOUP	41625.39	FOOD						1
CATERPILLAR	571656.32	OTHER						1
CHARLES SCHWAB	629806.12	FINANCE						1
CIMIC	-267010.84	ENERGY						1
CITRIX SYSTEMS	51773.66	TECH						1
CMIC	5006.11	ENERGY						1
CONSOLIDATED EDISON	148427.12	ENERGY						1
EATON VANCE	19.79	FINANCE						1
ESPRIT	-18409.92	TEXTILES						2
FILA	1036306.38	TEXTILES						2
FORTESCUE METALS	-600957.91	METALS						1
FRANKLIN RESOURCES	45297.51	FINANCE						1
FUJII ELECTRIC	3846.87	ENERGY						1
GAP	18228.16	TEXTILES						20
GENERAL MOTORS	456758.44	TRANSPORTATION						7
GENESCO	622286.66	TEXTILES						1
GILDAN ACTIVEWEAR	815991.50	TEXTILES						1
HOME DEPOT	2294742.15	CONSTRUCTION						4
HSBC	-677228.92	FINANCE						3
IBERDROLA	535.54	ENERGY						1
INDUSTRIA DE DISENO TEXTIL	238278.61	TEXTILES						1
INNOTECH	876.88	ENERGY						1
INVESCO	41139.51	FINANCE						1
KOHL'S	361465.13	TEXTILES						10
LANDS' END	93.06	TEXTILES						4
LEGAL & GENERAL	9399.33	FINANCE						1
LG	1340568.84	TECH						2
LTS	-1771.89	TECH						1
MACY'S	-293.40	TEXTILES						9
METRO AG	2868.33	FOOD						1
NESTLE	5623847.65	FOOD						4
NESTLE INDIA	121844.15	FOOD						4
NEXTERA ENERGY	914352.86	ENERGY						2
NIKE	1348772.40	TEXTILES						10
NORTHERN TRUST	132601.22	FINANCE						1
NVIDIA	4693105.37	TECH						2
ORIX	49.82	FINANCE						1
PROCTER & GAMBLE	1889855.35							2
PRUDENTIAL FINANCIAL	215648.38	FINANCE						1
PUMA	1359809.19	TEXTILES						3
PVH	42611.48	TEXTILES						19
RALPH LAUREN	30946.17	TEXTILES						17
SAMSUNG BIOLOGICS	212640.25	TECH						7
SAMSUNG ELECTRONICS	10757938.27	TECH						7
SAMSUNG SDI	436187.66	TECH						7
STATE STREET	169918.99	FINANCE						1
SUNGROW POWER SUPPLY	127447.53	ENERGY						4
SUZUKI	2071.73	AUTOMOBILES						1
TATA MOTORS	-527948.82	AUTOMOBILES						1
TOYO ENGINEERING	16323.31	ENERGY						1
UNDER ARMOUR	45541.71	TEXTILES						1
VF	126691.94	TEXTILES						2
WACKER CHEMIE AG	-123712.28	ENERGY						1
WHIRLPOOL	1169718.23	APPLIANCES						1
WOOLWORTHS	5114.80	TEXTILES						1