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United States Senate

COMMITTEE ON FOREIGN RELATIONS

WASHINGTON, DC 20510-6225

October 19, 2021

Paul Arling
Chief Executive Officer
Universal Electronics, Inc.
Scottsdale Quarter
15147 N. Scottsdale Road
Suite H300
Scottsdale, Arizona 85254

Dear Mr. Arling:

We write regarding disturbing reports of forced labor in Universal Electronics facilities. Earlier this month, Reuters reported that the Universal Electronics factory in Qinzhou, China employs hundreds of ethnic Uyghur laborers pursuant to an agreement with the Xinjiang government. This arrangement bears clear signs of forced labor, raising concerns that your firm may be directly implicated in the Chinese government's genocide in Xinjiang.

As you are aware, Chinese government authorities have long used forced labor to subjugate the Uyghur population. The State Department's 2021 Trafficking in Persons Report stated, "in Xinjiang, the government is the trafficker. Authorities use threats of physical violence, forcible drug intake, physical and sexual abuse, and torture to force detainees to work in adjacent or off-site factories or worksites," including consumer electronics factories. The State Department further stated that in recent years, "the government also began transferring many thousands of [internment] camp detainees elsewhere in Xinjiang and to other provinces throughout the country under the guise of a 'poverty alleviation' program in which companies and local governments received subsidies for forcing them to labor in manufacturing. With so many disappeared into and abused within this system, entire communities in Xinjiang—communities with rich histories and immeasurable cultural significance—have become ghost towns."

Given these ongoing, well-documented abuses, American companies must scrupulously avoid forced Uyghur labor in their Chinese operations, including by carefully vetting arrangements with third-party labor agents. The new reports indicate Universal Electronics may be failing in this duty. We understand that the Uyghurs employed in your Qinzhou facility live in segregated dormitories, are continuously surveilled by police, and are made to participate in government "education activities." Reuters also reported that in at least one case, Chinese officials paid to transport workers from Xinjiang to the Qinzhou facility, where they produce goods for export to the United States and elsewhere.

We believe these conditions bear obvious signs of forced labor. We are especially troubled that Universal Electronics appears to have done little to investigate or remedy the situation. According to Reuters, your spokesperson confirmed that Universal Electronics "does not conduct independent due diligence on where and how its workers are trained in Xinjiang" and "does not know how the workers are trained in Xinjiang or who pays for their transport." In other words,

Universal Electronics is choosing to turn a blind eye. If true, this is a serious failure in your firm's ethical and fiduciary responsibilities - and, potentially, your duties under U.S. law.

Given these concerns, we request further information on Universal Electronics' use of Uyghur labor. Please provide the following no later than November 5, 2021:

- The text of your 2019 agreement with the Xinjiang government regarding Uyghur laborers. Who within Universal Electronics approved this agreement?
- The number of Uyghur laborers currently employed in China (directly or through labor agents) and the locations of their employment.
- Any documentation or other evidence substantiating your belief that "none of our workers at our facilities, including any of our China-based factories, are forced," as stated on your website.
- Details of employee training programs related to forced labor and human trafficking; records of third-party audits of facilities in China for forced labor violations; and certifications obtained from your third-party suppliers in China (including the labor agent that provided Uyghur workers for the Qinzhou plant) related to forced labor and human trafficking, or confirmation that no such programs, audits, or certifications exist.
- Examples of the daily reports Universal Electronics agreed to provide to the Qinzhou police concerning Uyghur workers, as described in Chinese documents reviewed by Reuters. Who prepares these reports?
- The content of any disclosures to shareholders or other stakeholders about the company's use of transferred Uyghur laborers, or related legal risks to the company under applicable U.S. laws, such as the Trafficking Victims Protection Act and the Tariff Act of 1930.

We look forward to your prompt response.

Sincerely,



Robert Menendez
Chairman



Marco Rubio
United States Senator



Jeffrey A. Merkley
United States Senator

CC:

Larry Fink, Chairman, BlackRock, Inc.
Robert Kendall, President, Carillon Tower Advisors, Inc.