



# **Final Report: Investigation**

## **Dynasty Gold Corporation**

Country: China

File number: 220842

Complaint filed: June 21, 2022

Date of publication: March 2024



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## List of abbreviations

CEO	Chief Executive Officer
CORE	Canada Ombudsperson for Responsible Enterprise
HRRM	Human Rights Responsibility Mechanism
HRDD	Human Rights Due Diligence
IPO	Initial Public Offering
IRMA	Initiative for Responsible Mining Assurance
OECD Guidelines	OECD Guidelines for Multinational Enterprises on Responsible Business Conduct
PRC	People's Republic of China
RMB	Renminbi (also known as the Chinese Yuan)
UNGP	United Nations Guiding Principles on Business and Human Rights
UNHCHR	United Nations High Commissioner for Human Rights
USD	United States Dollars
VETC	Vocational Education and Training Centres
WRG	Western Region Gold
XFN	Xinjiang Non-Ferrous Metal
XPCC	Xinjiang Production and Construction Corps
XUAR	Xinjiang Uyghur Autonomous Region



## Part 1 – Background

### About the CORE

The Canada Ombudsperson for Responsible Enterprise (CORE) is a business and human rights grievance mechanism established by the Government of Canada. People can file complaints with the CORE about possible human rights abuses arising from the operations abroad of Canadian garment, mining, or oil and gas companies outside of Canada.

For more information, see the [Canada Ombudsperson for Responsible Enterprise website](#).

### What is the purpose of this report?

The CORE is reporting on the investigation stage of a complaint filed by a coalition of 28 Canadian organizations on June 21, 2022, about the activities of Dynasty Gold Corporation.

Pursuant to section 16 of the CORE’s [Order in Council](#), the parties had an opportunity to comment on the facts contained in this report. A summary of the comments received is at Part 7 of this Report.

### Who are the parties to the complaint?

The Complainants are a coalition of 28 Canadian organizations (hereinafter referred to as Complainants) listed in Appendix I.

The Respondent is Dynasty Gold Corporation (Dynasty), a Canadian mining company.<sup>1</sup> Dynasty was incorporated under the *British Columbia Business Act* on December 12, 1985, with its head office at 610 Granville Street, Vancouver.

### What is the complaint about?

The complaint alleges that Dynasty’s Hatu mining operations in the Xinjiang Uyghur Autonomous Region (XUAR) use or benefit from Uyghur forced labour.

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<sup>1</sup> Dynasty Gold Corporation, “[Mineral Resource Estimation, Qi-2 Gold Deposit, Xinjiang Uyghur \[sic\] Autonomous Region P.R. of China](#)” (01 June 2005) (PDF) [“Dynasty 2005 Technical Report”]; Dynasty Gold Corp, “[Building Shareholder Value Through Discovery](#)” (2024).



To support their allegations, the Complainants refer to Dynasty's press release dated January 25, 2021<sup>2</sup>, and a statement from Dynasty's Chief Executive Officer (CEO), Ivy Chong, reported by *The Globe and Mail* dated January 31, 2021<sup>3</sup>, acknowledging that many ethnicities, including Uyghurs, were part of all ranks of its workforce in the Hatu mine. In the press release, Dynasty states that it provided equitable compensation to all employees, and it followed all protocols, including cultural practices and special holidays for religious practices.<sup>4</sup>

## Summary of the complaint process to date

On August 1, 2022, based on the information provided by the Complainants, the Ombud decided that the complaint was admissible pursuant to section 6.1 of the [Operating Procedures](#). This means that the Ombud decided there was sufficient information in the complaint to form a reasonable belief that each of the three admissibility criteria was met. The complaint then moved to the initial assessment stage of the complaint process.

On March 31, 2023, a draft version of the Initial Assessment report was sent to the parties for comments. Following receipt of the parties' comments, the Ombud decided to launch an investigation using independent fact finding and the final [Initial Assessment report](#) was published on July 11, 2023.

Following publication of the Initial Assessment report, the CORE requested information from both parties as part of the investigation process. A copy of the information request can be found at Appendix II. In response to the CORE's requests, the Complainants indicated that they are seeking a resolution that would apply across the system to all similar complaints. With respect to third-party verification, the Complainants advised that Dynasty should engage independent external audits, which they should make public upon completion. The Complainants acknowledged the difficulties of gaining unimpeded access to relevant government and company records and conducting site visits and referred to the Initiative for Responsible Mining Assurance (IRMA) for how to collect evidence in high-risk settings.

In its response, Dynasty reiterated its position that the complaint deals with an issue that possibly occurred after May 1, 2019, which is more than a decade after Dynasty terminated its operation in Xinjiang. Dynasty stated that they were not informed by the Government of Canada or the Embassy in Beijing about the allegation while operating in Xinjiang. Dynasty also stated that the wages it paid

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<sup>2</sup> Dynasty Gold Corporation, "[Dynasty in Legal Action Over 536,000 oz of Gold in Xinjiang](#)" 25 January 2021 ["Dynasty Press Release, 2021"]

<sup>3</sup> Robert Fife, "[Vancouver miner says China trying to steal Xinjiang gold mine](#)", *The Globe and Mail* (31 January 2021).

<sup>4</sup> [Dynasty Press Release, 2021](#).



to local workers were almost double the local wage, that workers received on-the-job training, and that workers were happy. Dynasty did not provide any of the documentation or information requested by the CORE.

## **Part 2 – The investigation process**

The investigation process is part of the CORE’s Human Rights Responsibility Mechanism (HRRM). An investigation is the procedure the CORE uses to gather and evaluate the facts necessary for the Ombud to determine whether a human rights abuse occurred or is occurring. The Ombud has discretion to determine how an investigation is conducted.

The Ombud can gather information in two ways: joint fact-finding and independent fact-finding. If the company and complainant (the parties) agree, then the CORE will proceed with joint fact-finding. Joint fact-finding is the process by which the Ombud and the parties determine the relevant facts and questions that will shape the investigation. Independent fact-finding is the process that the Ombud uses to determine on their own the relevant facts and questions that will form the basis of an investigation.

The Ombud may use a variety of methods in independent fact-finding to gather the necessary information. This includes, but is not limited to interviewing witnesses, carrying out different types of research, and undertaking country visits.

### **How the CORE assesses evidence**

When conducting investigations, the CORE evaluates whether it is “more likely than not” that a human rights abuse occurred. This is known as the civil standard of proof where evidence is evaluated on a balance of probabilities.

To assess the reliability of evidence gathered in an investigation, the CORE may consider several factors, including but not limited to:

- the cogency of the evidence (whether the evidence is clear, logical, and convincing)
- the informant’s role in the events in question
- the plausibility and clarity of the informant’s account
- if there are contradictions or inconsistencies between two or more accounts by the same informant, or, between the informant’s account and other gathered information
- any prior example of false accounts
- any motivations to lie



## Summary of the investigation process in this complaint

The CORE conducted this investigation using independent fact-finding and relied upon a specialized consultancy with expertise in conducting human rights investigations to assist with the investigation. The consultancy included individuals proficient in Chinese languages.

The risk of retaliation in this investigation is high. The current political context in China<sup>5</sup> means that conducting in-person assessments on human rights issues affecting Uyghurs and other Turkic minorities presents significant security risks. As such, this investigation was limited to publicly available data, including news articles, government and judicial databases, company websites, and information from credible non-governmental organisations. Social media was not reviewed in this investigation. As indicated under Part 1, the CORE also requested information from both parties. These requests can be found at Appendix II.

Where possible, source data has been provided in footnotes throughout this report. Source data that may give rise to the risk of retaliation has not been disclosed.

## Part 3 – Investigation facts

### Dynasty's activities in the Xinjiang Uyghur Autonomous Region

1. Dynasty (formerly C Squared Developments Inc. and Lucero Resource Corp.) is a Canadian mining company that has or had corporate interests in three different mining projects in mainland China.<sup>6</sup> These mining projects are located in the Xinjiang Uyghur Autonomous Region (XUAR), Gansu province and Qinghai province, however this report focuses exclusively on the operations<sup>7</sup> and business interests of Dynasty in XUAR.
2. Dynasty's exploration activities in XUAR began in 2004 when the XUAR government introduced a series of policies aimed at attracting foreign firms into XUAR's then underdeveloped gold mining sector.<sup>8</sup> These activities have been carried out through the Sino-foreign joint venture, Xinjiang Terraxin Mineral Exploration Co. Ltd. (Terraxin).<sup>9</sup>

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<sup>5</sup> See the discussion in Section 3 paras 33-35 below regarding the current political context in China.

<sup>6</sup> [China Gold Group](#), 10 April 2006; [The Legends Media](#), 30 November 2018 (in Chinese only)

<sup>7</sup> The term "operations" refers broadly to Dynasty's business activities and relationships in XUAR.

<sup>8</sup> Dynasty Gold Corporation, "[Hatu, Xinjiang, China](#)"; Finance Sina, "[Xinjiang's development of gold industry is eager for the participation of powerful mainland enterprises](#)" 17 March 2005 (in Chinese only).

<sup>9</sup> [Dynasty 2005 Technical Report](#) at p.4 (PDF).





## The Sino-foreign joint venture Terraxin

3. Terraxin was jointly launched in 2004 by Terrawest Minerals Inc. (Terrawest), which is a wholly owned subsidiary of Dynasty, and Xinjiang Yunlong Mining Industry Co Ltd (Yunlong Mining), a subsidiary of the fully state-owned Xinjiang Non-Ferrous Metal (XFN).<sup>10</sup> The incorporation of Terraxin as a Sino-foreign joint venture in 2004 is confirmed by Chinese corporate databases.<sup>11</sup> Throughout this report, references to Dynasty refer to the company's operations in XUAR through Terrawest and Terraxin.
4. To secure the joint venture deal, Dynasty reportedly visited XUAR ten times in 2003 and frequently interacted with the Non-Ferrous Geological Survey Bureau of XFN.<sup>12</sup> The agreement to launch the joint venture was eventually signed at the 2003 Urumqi Foreign Economic and Trade Fair XUAR.<sup>13</sup>
5. Chinese news outlets reported on the establishment of Terraxin in 2004, describing the joint venture as “the apple of the eye” of its parent companies and that it was given the mission to identify gold mines and other mineral resources in XUAR.<sup>14</sup> *Sina News* reported that Terrawest would invest USD 12 million in Terraxin and provide the latter with advanced exploration technologies.<sup>15</sup> The same news outlet noted that the preliminary exploration and cooperation period between Terrawest and XFN was five years.<sup>16</sup> It was said, that once a promising mining base was discovered, the partnership would transform into joint development of the mine.<sup>17</sup>
6. A 2005 report by Dynasty stated that Terraxin was 70% owned by Terrawest and 30% by Yunlong Mining.<sup>18</sup> According to Dynasty, it could “earn up to 80% of the joint venture” by spending USD 12 million over the course of the exploration in XUAR.<sup>19</sup> Records held by Chinese corporate databases show that Terraxin is currently 99.9999% owned by Terrawest and 0.0001% owned by

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<sup>10</sup> [Dynasty 2005 Technical Report](#) at pp.4-5 (PDF); Dynasty Gold Corporation, [Letter to the United States Securities and Exchange Commission re 12g3-2\(b\) Exemption \(PDF\)](#), 8 March 2004 at p. 6 (PDF); Some sources have been removed due to the risk of retaliation.

<sup>11</sup> Some sources have been removed due to the risk of retaliation.

<sup>12</sup> News Sina, [“The country’s largest non-energy mining project settles in Xinjiang”](#) 9 June 2004 (in Chinese only).

<sup>13</sup> News Sina, [“The country’s largest non-energy mining project settles in Xinjiang”](#) 9 June 2004 (in Chinese only).

<sup>14</sup> News Sina, [“The country’s largest non-energy mining project settles in Xinjiang”](#) 9 June 2004 (in Chinese only);

Finance Sina, [“Xinjiang’s development of gold industry is eager for the participation of powerful mainland enterprises”](#) 17 March 2005 (in Chinese only).

<sup>15</sup> News Sina, [“The country’s largest non-energy mining project settles in Xinjiang”](#) 9 June 2004 (in Chinese only).

<sup>16</sup> News Sina, [“The country’s largest non-energy mining project settles in Xinjiang”](#) 9 June 2004 (in Chinese only).

<sup>17</sup> News Sina, [“The country’s largest non-energy mining project settles in Xinjiang”](#) 9 June 2004 (in Chinese only).

<sup>18</sup> [Dynasty 2005 Technical Report](#) at p.4 (PDF).

<sup>19</sup> Dynasty Gold Corporation, [“Hatu, Xinjiang, China”](#).



Yunlong Mining.<sup>20</sup> No evidence was found to explain the change in ownership structure of Terraxin.

### The Hatu gold mining project

7. The Hatu gold mining project comprises a group of 13 contiguous tenements covering approximately 1,035 square kilometres and located in the northwest region of XUAR.<sup>21</sup> Dynasty claimed that the joint venture agreement granted Terrawest the right to explore within tenements registered to Yunlong Mining.<sup>22</sup> One such tenement was the Hatu Qi-2 gold mining area. This area was discovered by the Geological Brigade No.7 of the Xinjiang Bureau of the Geological Survey during the early 1980s. Extensive exploration work at Hatu Qi-2 had already been done by Chinese exploration teams at the time.<sup>23</sup>
8. In May 2004, Dynasty began exploration work at the Hatu Qi-2 area with the objective to evaluate it for its potential for low-grade bulk tonnage gold mineralization.<sup>24</sup> Through its exploration, Dynasty discovered a significant amount of gold resources at Hatu Qi-2 and the gold deposit was said to be located “within a 600 square [kilometres] land package that the joint-venture held in the prolific Tien Shan gold belt.”<sup>25</sup>
9. In January 2006, China National Gold Group published an article on its website reporting that Dynasty’s Hatu gold mining project was going well. <sup>26</sup> Specifically, it said that Dynasty had drilled nine holes with a total depth of 1,960 metres at the Hatu Qi-2 gold deposit.<sup>27</sup> The article reiterated that Dynasty could enjoy the aforementioned 80% of the proceeds from the Hatu Qi-2 gold mining project.<sup>28</sup>
10. On April 14, 2006, Dynasty, XFN, Yunlong Mining, and Western Region Gold Co. Ltd. (WRG), a wholly-owned subsidiary of XFN, signed a four-party agreement titled *Framework Agreement on Exploration and Development within the Scope of the Mining Licence of the Qi-2 Gold Mining Area*, under which Dynasty would be entitled to 70% of the interests of new gold deposits identified

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<sup>20</sup> Some sources have been removed due to the risk of retaliation.

<sup>21</sup> [Dynasty 2005 Technical Report](#) at p.6 (PDF).

<sup>22</sup> [Dynasty 2005 Technical Report](#) at p.7 (PDF).

<sup>23</sup> [Dynasty 2005 Technical Report](#) at p.13 (PDF).

<sup>24</sup> [Dynasty 2005 Technical Report](#) at pp.iv & 22 (PDF); Dynasty Gold Corporation, “[Dynasty Responds to Globe and Mail Publication about its Mining Operation in Xinjiang, China](#)” 13 April 2022 [“Dynasty Press Release, 2022”].

<sup>25</sup> [Dynasty Press Release, 2022](#).

<sup>26</sup> China Gold Group, “[Dynasty Company's Hatu Gold Mine Project Makes Progress](#)” 26 January 2006 (in Chinese only).

<sup>27</sup> China Gold Group, “[Dynasty Company's Hatu Gold Mine Project Makes Progress](#)” 26 January 2006 (in Chinese only).

<sup>28</sup> China Gold Group, “[Dynasty Company's Hatu Gold Mine Project Makes Progress](#)” 26 January 2006 (in Chinese only).



- by Terraxin in the Hatu Qi-2 gold mining area and that it could subsequently partner with WRG to jointly carry out mining activities in the gold deposits.<sup>29</sup>
11. Also in April 2006, China National Gold Group reported that Dynasty would invest a total of USD 3.5 million for the development of the Hatu gold mining project as well as the Red River Valley mining project (Red River) in Qinghai province and the Wildhorse mining project (Wildhorse) in Gansu province of mainland China.<sup>30</sup>
12. In 2007, Dynasty applied for a reduction of capital contribution to USD 5 million. The application was accepted by XUAR's Trade and Commerce Bureau, and a revised business licence was issued in August 2007.<sup>31</sup>
13. In October 2008, all exploration licences expired following Dynasty's failure to meet the capital contribution requirements.<sup>32</sup> Dynasty wrote-down the carrying value of Terraxin's deferred exploration costs and related assets in its financial statements to the estimated future net proceeds of USD 100,000.<sup>33</sup>
14. In January 2009, Terrawest entered into an Assignment Agreement with Chimo Gold Corp. (Chimo) wherein Chimo would receive Terrawest's 70% interest in the Hatu Qi-2 asset. Chimo reportedly agreed to make a cash payment of USD 100,000 and up to USD 35,000 in transaction costs.<sup>34</sup> An additional USD 800,000 was payable to Terrawest in the event that Chimo re-assigned the 70% interest.<sup>35</sup> Terrawest would retain a 2.75% net smelter return royalty.<sup>36</sup> However, this transaction did not complete and the 70% interest in the Hatu asset reverted to Terrawest.<sup>37</sup>
15. In its March 2009 Management Discussion and Analysis, Dynasty reported that it was in the process of applying to renew the exploration licenses.<sup>38</sup> It also reported that there was a

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<sup>29</sup> Finance Sina, "[Western Gold was sued for 40 million yuan after being accused of terminating cooperation without authorization](#)" 11 April 2017 (in Chinese only).

<sup>30</sup> China Gold Group, "[Dynasty Gold invests US\\$3.5 million in exploration in northwest China](#)" 10 April 2006 (in Chinese only).

<sup>31</sup> Dynasty Gold Corp., "Consolidated Financial Statements, December 31, 2007," p. 15.

<sup>32</sup> Dynasty Gold Corp., "Consolidated Financial Statements, December 31, 2008," p. 14 ["Dynasty 2008 Financial Statement"].

<sup>33</sup> Dynasty 2008 Financial Statement at p. 14.

<sup>34</sup> Dynasty 2008 Financial Statement at p. 23.

<sup>35</sup> Dynasty 2008 Financial Statement at p. 23.

<sup>36</sup> Dynasty 2008 Financial Statement at p. 23.

<sup>37</sup> Dynasty Gold Corp., "Consolidated Financial Statements, December 31, 2009," p. 13 ["Dynasty Dec. 2009 Financial Statement"].

<sup>38</sup> Dynasty Dec. 2009 Financial Statement at p. 13.



“termination of the China operation,” although the specifics of this termination and applicability to the Hatu Qi-2 mine are not clear.<sup>39</sup>

16. In 2010, Dynasty reported that it had initiated the sale of its interest in the mine to the local Chinese government and that no agreement had yet been reached.<sup>40</sup> Dynasty’s subsequent years’ financial statements do not make reference to this potential sale. However, its 2011 statement indicates that Dynasty impaired<sup>41</sup> the remaining carrying value of the Hatu asset.<sup>42</sup> The investment in Terraxin was not reflected in the financial value of Dynasty from 2012 onwards and not mentioned in its 2013 financial statements.

17. In a 2018 interview, Ivy Chong, Dynasty’s CEO, stated that Dynasty had three gold mining projects in China as of 2004, including the Red River Valley, the Wildhorse projects and the XUAR project operated by Terraxin.<sup>43</sup> Ms. Chong stated that the XUAR project had begun production in 2009.<sup>44</sup> She added that, in 2007, Dynasty injected additional investments into the three projects including USD 3 million into the Red River Valley project, USD 4.8 million into the Wildhorse project, and USD 12 million into the XUAR project, so as to increase its corporate interests in all three mining projects to 80%.<sup>45</sup>

### **Dynasty’s challenges with Xinjiang Non-Ferrous Metal (XFN), Western Region Gold (WRG), and Yunlong Mining**

18. In a press release issued on April 13, 2022, Dynasty claimed that, since 2008, it had been sidelined by XFN and it had encountered challenges in the continuing operations at Hatu and since this time, has had no operational control over the Hatu mine.<sup>46</sup> Dynasty initially reported on these challenges in its Management Discussion and Analysis disclosure filing on SEDAR<sup>47</sup> in 2015.<sup>48</sup>

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<sup>39</sup> Dynasty Gold Corp., “Management’s Discussion and Analysis for the year ended March 31, 2009,” 1 June 2009, p. 3.

<sup>40</sup> Dynasty Gold Corp., “Consolidated Financial Statements, December 31, 2010”, p. 12.

<sup>41</sup> Impairment occurs when the carrying value of a company’s asset exceeds the amount that could be recovered through use or sale. Where this occurs, the company must reduce the carrying value of the asset on its financial statements to the value that could be recovered through sale. It is this loss that is recognized as an impairment (See: The International Financial Reporting Standards, “[IAS 36 Impairment of Assets](#)” [2023]).

<sup>42</sup> Dynasty Gold Corp., “Consolidated Financial Statements, December 31, 2011,” at p. 14.

<sup>43</sup> [The Legends Media](#), 30 November 2018 (in Chinese only).

<sup>44</sup> [The Legends Media](#), 30 November 2018 (in Chinese only).

<sup>45</sup> [The Legends Media](#), 30 November 2018 (in Chinese only).

<sup>46</sup> [Dynasty Press Release, 2022](#).

<sup>47</sup> [SEDAR](#) is the Canadian Securities Administrators’ national system that all market participants use for filings, disclosure, payments, and information searching in Canada’s capital markets.

<sup>48</sup> Dynasty Gold Corp., “[Management’s Discussion and Analysis for the year ended December 31, 2014](#),” 20 April 2015 at p. 2 (PDF).



They reiterated this in its November 2022 Management Discussion and Analysis, which indicated that Dynasty faced challenges operating the mine site.<sup>49</sup>

19. An August 2019 credit rating report on XFN published by China Lianhe Credit Rating Co. Ltd. stated that the Hatu gold mining area, as of the time of the report, was owned and operated by WRG.<sup>50</sup> It is not clear whether this resulted in a change in ownership structure with respect to Dynasty's interest. The same report said that, as of the end of 2018, there was a "deep mining engineering" project going on at the Hatu gold mining area which formed part of XFN's major projects under construction at the time.<sup>51</sup> The report made no mention of Dynasty's ownership of or participation in gold exploration or mining projects in Hatu.
20. Further, records held by Chinese corporate databases show that WRG established a wholly owned subsidiary named WRG Karamay Hatu Gold Mine Co Ltd ("WRG Karamay Hatu Gold Mine") in July 2010 in Karamay, XUAR to oversee gold mining and related activities in Hatu.<sup>52</sup> No evidence was uncovered to suggest that Dynasty had or has any shareholdings or other links to WRG Karamay Hatu Gold Mine.
21. The 2022 annual report of WRG also described the Hatu gold mining project as its "own" project and that it was operated by WRG Karamay Hatu Gold Mine.<sup>53</sup> The same report stated that, as of the time of the report, WRG held a licence to carry out gold mining activities in Hatu until November 2027.<sup>54</sup> The website of XFN also described the Hatu gold mine as being operated by WRG Karamay Hatu Gold Mine and made no mention that Dynasty has interests in and/or involvement in the operation and management of the mine.<sup>55</sup>

### Dynasty's legal challenge against XFN, WRG, and Yunlong Mining

22. In its April 2022 press release, Dynasty alleged that WRG had unilaterally listed the Hatu Qi-2 gold mine on the Shanghai Stock Exchange in 2016 without its consent and without recognizing

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<sup>49</sup> Dynasty Gold Corp., "[Management's Discussion and Analysis for the nine months ended September 30, 2022](#)," 29 November 2022, at p. 2 (PDF) ["Dynasty MD&A Sept. 2022"].

<sup>50</sup> China Lianhe Credit Rating Co., [XFN Credit Rating Report](#), August 2019 (PDF, in Chinese only).

<sup>51</sup> China Lianhe Credit Rating Co., [XFN Credit Rating Report](#), August 2019 (PDF, in Chinese only).

<sup>52</sup> Xinjiang Nonferrous Metal, "[Western Gold Karamayihatu Gold Mine Co., Ltd.](#)" 8 October 2020 (in Chinese only); Some sources have been removed due to the risk of retaliation.

<sup>53</sup> Western Region Gold, [2022 Annual Report](#) (PDF) (in Chinese only).

<sup>54</sup> Western Region Gold, [2022 Annual Report](#) (PDF) (in Chinese only).

<sup>55</sup> Xinjiang Nonferrous Metal, "[Western Gold Karamayihatu Gold Mine Co., Ltd.](#)" 10 October 2022 (in Chinese only).



Dynasty's 70% interest in the mine.<sup>56</sup> Dynasty stated that it filed a lawsuit, through Terrawest, over the case against XFN and its subsidiaries in XUAR in 2017 and lost in 2019.<sup>57</sup>

23. Terrawest maintained in its lawsuit that the three defendants unilaterally terminated the four-party agreement which damaged the “legitimate rights and interests” of Terrawest. Terrawest therefore sought compensation – the total amount of which was not disclosed – from the defendants, including a compensation of RMB 40 million (USD 5.59 million) from WRG which was noted in WRG’s own corporate filings.<sup>58</sup>
24. WRG maintained that the four-party agreement was terminated due to the fact that Dynasty allegedly failed to submit a written notice, as per the four-party agreement, to XFN, WRG, and Yunlong Mining before the end of 2006 in regards to whether Dynasty intended to carry out “industrial development” of the Hatu Qi-2 gold mining area.<sup>59</sup> WRG added that, since Dynasty failed to submit the said notice before the agreed deadline and still had not submitted the notice as of the time of WRG’s initial public offering (IPO) in 2014, Dynasty could not expect the four-party partnership to continue.<sup>60</sup>
25. WRG also pointed out that Terraxin allegedly failed to deliver technical reports on the new gold deposits identified in the Hatu Qi-2 gold mining area which was required by the four-party agreement as a precondition for subsequent joint development activities. Therefore, WRG considered Terraxin “unqualified” to take part in the joint development of the Hatu Qi-2 gold mining area.<sup>61</sup>
26. A search of the Chinese court judgement archive and Chinese media reports confirmed that a lawsuit (Case No. (2017)新民初9号) was filed by Terrawest at the XUAR High People’s Court against XFN, WRG, and Yunlong Mining in 2017 over the said dispute.<sup>62</sup> However, the Chinese court judgement archive did not disclose details of the case nor the verdict, citing that the case

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<sup>56</sup> [Dynasty Press Release, 2022](#); Some sources have been removed due to the risk of retaliation.

<sup>57</sup> [Dynasty Press Release, 2022](#).

<sup>58</sup> Finance Sina, “[Western Gold was sued for 40 million yuan after being accused of terminating cooperation without authorization](#)” 11 April 2017 (in Chinese only); Western Region Gold, “[2020 Semi-Annual Report](#)”, 28 August 2020 (PDF, in Chinese only).

<sup>59</sup> Western Region Gold, “[Initial Public Offering Prospectus](#)” 26 March 2014 (PDF, in Chinese only) [“WRG IPO Prospectus”].

<sup>60</sup> [WRG IPO Prospectus](#) (PDF); Finance Sina, “[Western Gold was sued for 40 million yuan after being accused of terminating cooperation without authorization](#)” 11 April 2017 (in Chinese only).

<sup>61</sup> [WRG IPO Prospectus](#) (PDF).

<sup>62</sup> Some sources have been removed due to the risk of retaliation.



was “related to national secrets.”<sup>63</sup>

27. Dynasty publicly stated that it lost the court case against XFN, WRG, and Yunlong Mining in 2019.<sup>64</sup> Records held by Chinese court judgement archive show that Terrawest appealed the ruling at the Supreme People’s Court in mainland China in 2020 (Case No. (2020)最高法民终578号).<sup>65</sup> In July 2020, the Supreme People’s Court announced that the original ruling was upheld since Terrawest “voluntarily withdrew the appeal.”

28. A search of the judgement archive of the Supreme People’s Court of China found that Terrawest did not in fact “voluntarily withdraw” but was considered to have done so by the Court since it allegedly failed to pay the Court an administrative fee of RMB 241,800 (USD 34,000) on time.<sup>66</sup> The payment notice was said to have been received and signed for by Terrawest on 22 May 2020. The company was required by the Court to make the said payment within seven days of receiving the notice but had allegedly failed to do so. The Court therefore considered Terrawest to have voluntarily withdrawn the appeal and upheld the previous ruling. The Court also stated that this would be the “final ruling” of the legal dispute.<sup>67</sup> No further information regarding the case was disclosed.

29. Dynasty reasserted its position as majority shareholder of Terraxin as recently as April 2022. While describing its view of the dispute with the other entities, Dynasty explained that they were looking to resolve the situation through a fair and just outcome and that compensation was being considered. The statement made no mention on whether Dynasty intends to dispose of its interest in Terraxin or distance itself from XUAR.<sup>68</sup> In November 2022, Dynasty reiterated its stance regarding its ownership claim, although the language describing future plans did not reference a fair and just outcome or compensation, instead explaining that Dynasty was assessing the situation and studying its options.<sup>69</sup>

## Forced labour and the Xinjiang Uyghur Autonomous Region (XUAR)

30. There is credible evidence suggesting that Uyghur and other predominantly Muslim minorities

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<sup>63</sup> Some sources have been removed due to the risk of retaliation.

<sup>64</sup> [Dynasty Press Release, 2022.](#)

<sup>65</sup> Some sources have been removed due to the risk of retaliation.

<sup>66</sup> Some sources have been removed due to the risk of retaliation.

<sup>67</sup> Some sources have been removed due to the risk of retaliation.

<sup>68</sup> [Dynasty Press Release, 2022.](#)

<sup>69</sup> [Dynasty MD&A Sept. 2022](#) at p. 2 (PDF).



have been subjected to forced labour and employment schemes within the XUAR of the People's Republic of China (PRC) in two contexts. First, through the PRC's use of "Vocational Education and Training Centres" (VETCs).<sup>70</sup> Second, through "surplus labour" or "labour transfer" schemes, in which "graduates" of the VETC program are placed in industrial work involving elements of coercion.<sup>71</sup> These placements are referred to by the PRC as being part of "poverty alleviation schemes."<sup>72</sup>

31. In 2022, the Government of Canada concluded a study on forced labour and supply chain risks in the XUAR accepting the "widely acknowledged" evidence by the international community on the human rights violations committed against Uyghur ethnic minorities.<sup>73</sup> The Government of Canada concluded that "...the PRC is using otherwise legitimate programs for retraining and relocation of unemployed workers as instruments of a broader campaign of oppression, exploitation, and indoctrination of the Uyghur Muslim population into Han Chinese culture."<sup>74</sup> The United States Government similarly concluded in 2021 that "the PRC's crimes against humanity include...forced labour..."<sup>75</sup>

32. In its 2022 assessment of human rights concerns in the XUAR, the United Nations High Commissioner for Human Rights (UNHCHR) stated that there was a clear link between the VETCs and employment in factories or enterprises. The UNHCHR concluded that there were indications of forced labour in XUAR requiring urgent clarification by the Chinese Government.<sup>76</sup> The precise date on which the PRC's forced labour schemes began is difficult to identify; however, the UNHCHR noted an increase in Uyghur forced labour allegations in 2017. In and around this time, coverage of Uyghur forced labour by non-governmental organizations, academics, government,

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<sup>70</sup> United Nations Office of the High Commissioner (OHCHR), '[Assessment of human rights concerns in the Xinjiang Uyghur Autonomous Region, People's Republic of China](#)' (2022) at paras 50 & 57 (PDF) ["OHCHR Assessment"].

<sup>71</sup> [OHCHR Assessment](#) (PDF) at para 128.

<sup>72</sup> See e.g.: Adrian Zenz, "[Beyond the Camps: Beijing's Long-Term Scheme of Coercive Labor, Poverty Alleviation and Social Control in Xinjiang](#)" (2019) 7:12 J Pol ["Beyond the Camps"].

<sup>73</sup> Government of Canada, "[Study of Supply Chain Risks Related to Xinjiang Forced Labour](#)," 6 April 2022 ["GOC Xinjiang Supply Chain Risks Study 2022"].

<sup>74</sup> [GOC Xinjiang Supply Chain Risks Study 2022](#).

<sup>75</sup> Xinjiang Supply Chain Business Advisory, "[Risks and Considerations for Businesses and Individuals with Exposure to Entities Engaged in Forced Labor and other Human Rights Abuses linked to Xinjiang, China](#)," 13 July 2021, p. 2 ["Xinjiang Supply Chain Business Advisory"].

<sup>76</sup> [OHCHR Assessment](#) at paras 127 & 128 (PDF).





and news media increased.<sup>77</sup> Evidence suggests that Uyghur forced labour continues today.<sup>78</sup>

33. There are severe limitations, however, for companies trying to identify and address Uyghur forced labour within their supply chains by attending to suppliers' facilities on-site. A series of “blocking” laws enacted by the PRC have created a repressive environment for individuals and companies looking to identify and address forced labour. These blocking laws allow the PRC to take punitive measures against individuals or companies deemed to be acting contrary to Chinese interests.<sup>79</sup>
34. The PRC has also engaged in mass surveillance tactics across Xinjiang for social monitoring and control. Artificial intelligence, facial recognition, gait recognition, and infrared technology have allowed the PRC to track and monitor activities throughout XUAR, leading to the arrest and detention of Uyghur minorities.<sup>80</sup>
35. Third-party auditors, which companies often use for monitoring supply chains, have reportedly been detained, harassed, and threatened. Auditors are unable to gather credible evidence from worker interviews because they are required to use government translators and workers' fear retribution.<sup>81</sup> In this context, the risk of retaliation for Uyghur labourers is extremely high, and the ability of companies to remediate forced labour in XUAR poses significant challenges.

## Dynasty's joint venture partner's potential links to Uyghur forced labour

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<sup>77</sup> See e.g.: [OHCHR Assessment](#) (PDF); [GOC Xinjiang Supply Chain Risks Study 2022](#); [Beyond the Camps](#); A. K. Lehr and M. Bechrakis, “[Connecting the Dots in Xinjiang: Forced Labour, Forced Assimilation, and Western Supply Chains](#)”, Center for Strategic and International Studies, Washington D.C, USA, October 2019 (PDF) [“Connecting the Dots”]; A. Ramzy and C. Buckley, “[The Xinjiang Papers – ‘Absolutely No Mercy’: Leaked Files Expose How China Organized Mass Detentions of Muslims](#)”, New York Times, 16 November 2019.

<sup>78</sup> The United States recently added two four new companies to the UFPLA Entity List. See: Homeland Security, Office of Strategy, Policy and Plans, “[2023 Updates to the Strategy to Prevent the Importation of Goods Mined, Produced, or Manufactured with Forced Labor in the People’s Republic of China](#)”, 26 July 2023 (PDF).

<sup>79</sup> The Ministry of Commerce of the People’s Republic of China, “[Provisions on the Unreliable List](#)” MOFCOM Order No. 4, 19 September, 2020 (PDF); The Ministry of Commerce of the People’s Republic of China, “[Rules on Counteracting Unjustified Extra-territorial Application of Foreign Legislation and Other Measures](#)” MOFCOM Order No. 1, 9 January, 2021 (PDF); Trade Commissioner Service, “[Anti-Foreign Sanctions Law](#)” 29 June 2021.

<sup>80</sup> [Xinjiang Supply Chain Business Advisory](#) (PDF); Human Rights Watch, “[China’s Algorithms of Repression: Reverse Engineering a Xinjiang Police Mass Surveillance App](#)”, 1 May 2019; [Connecting the Dots](#) (PDF).

<sup>81</sup> United States Department of State, “[Risks and Considerations for Businesses with Supply Chain Exposure to Entities Engaged in Forced Labor and other Human Rights Abuses in Xinjiang](#)” 1 July 2020 (PDF); Eva Xiao, “[Auditors to Stop Inspecting Factories in China’s Xinjiang Despite Forced-Labor Concerns](#)” The Wall Street Journal, 21 September 2020.



36. There is evidence to suggest that both WRG and XFN have been involved in the PRC's forced labour schemes through either their participation with the labour transfer programme or involvement with the Xinjiang Production and Construction Corps (XPCC).
37. The XPCC (also known as the Bingtuan or corps) is a state-run paramilitary corporate conglomerate that operates in the XUAR. The XPCC functions as a regional government, a paramilitary organization, a bureau of prisons, a media empire, an educational system, and one of the world's largest state-run corporate enterprises.<sup>82</sup> The central government of China considers the XPCC a "special system of integration of government, military and enterprise."<sup>83</sup> Both the United States and Canadian governments have imposed sanctions on the XPCC in response to gross and systemic human rights violations committed in China.<sup>84</sup>
38. WRG and Xinjiang Quanxin Mining and Metallurgy Machinery Manufacturing Co Ltd (Quanxin) (a subsidiary of XFN) jointly signed an agreement with the XPCC in December 2010 under which WRG and Quanxin would rent 55,029-square-metre of industrial use land from the State-Owned Land Resources Bureau of the Agricultural Construction 12th Division of the XPCC.<sup>85</sup>
39. In July 2011, WRG was given a permit by the State-Owned Land Resources Bureau of the Agricultural Construction 12th Division of the XPCC that allowed the company to build an office building and production facilities on the aforementioned land.<sup>86</sup> A search of public sources did not find information on whether WRG has maintained a business relationship with the XPCC in recent years.
40. According to the 2020 Half Yearly Report of WRG, the company would "continuously" participate in labour transfer programmes involving "surplus labourers" from southern XUAR. The report added that the company had absorbed 61 labourers from southern XUAR and that it would "intensify vocational training" of these workers so as to keep them in their employment positions long-term.<sup>87</sup>

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<sup>82</sup> United States Department of the Treasury, "[Treasury Sanctions Chinese Entity and Officials Pursuant to Global Magnitsky Human Rights Executive Order](#)" 31 July 2020.

<sup>83</sup> Laura T. Murphy, Nyrola Elimä, David Tobin, "[Until nothing is left: China's Settler Corporation and its Human Rights Violations in the Uyghur Region](#)" July 2022 (PDF).

<sup>84</sup> United States Department of the Treasury, "[Treasury Sanctions Chinese Government Officials in Connection with Serious Human Rights Abuse in Xinjiang](#)" 22 March 2021; Global Affairs Canada, "[China Sanctions](#)" 22 March 2021.

<sup>85</sup> [WRG IPO Prospectus](#) (PDF).

<sup>86</sup> [WRG IPO Prospectus](#) (PDF).

<sup>87</sup> Western Region Gold, "[2020 Semi-Annual Report](#)", 28 August 2020 (PDF) (in Chinese only).



41. The aforementioned 2020 Half Yearly Report of WRG said that the company was paired with a number of villages in XUAR including two villages located near WRG Karamay Hatu Gold Mine for “precision poverty alleviation” purposes.<sup>88</sup>
42. According to an article published by XFN in November 2020, they participated in labour transfer schemes in XUAR starting in 2017.<sup>89</sup> The article stated that in 2020, XFN absorbed 145 “surplus labourers” from southern XUAR.

### Potential Uyghur forced labour at the Hatu Qi-2 gold mining area

43. An article published by XFN in October 2020 states that the Hatu gold mine “attached great importance to labour transfer work in southern XUAR” and that it had “absorbed” five labourers from southern XUAR in 2017 and 19 labourers from the same region in 2019.<sup>90</sup>
44. In 2020, Hatu gold mine also allegedly received 20 labourers aged 24-48 from Akto county and Keriya county in southern XUAR through labour transfer programmes.<sup>91</sup> These workers were given Chinese language lessons, a daily two-hour “physical training” session, as well as a daily psychological counselling session aimed at “stabilising their emotions.”<sup>92</sup>
45. According to *China Non-Ferrous Metal Web*, from 2015 a total of 25 cadres who worked at the Hatu gold mine had taken part in the *fanghuiju* programme in Toli County and Keriya county in XUAR.<sup>93</sup> While carrying out the scheme, the 25 cadres “lived with, ate with, and worked with” local villagers and “helped them get rid of outdated and backward ideas.”<sup>94</sup> *Fanghuiju*, which is an acronym that stands for “Visit the People, Benefit the People, and Get Together the Hearts of the People,” is a state-led initiative under which Chinese cadres from government agencies, state-

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<sup>88</sup> Western Region Gold, “[2020 Semi-Annual Report](#)”, 28 August 2020 (PDF) (in Chinese only).

<sup>89</sup> China Nonferrous Metals, “[Xinjiang Nonferrous Metals Group: 70 years of unremitting exploration and struggle](#)”, 27 November 2020 (in Chinese only).

<sup>90</sup> China Non Ferrous Metals News, “[Xinjiang Nonferrous Hatu Gold Mine joins hands to help each other on the way out of poverty.](#)”, 17 October 2020 (in Chinese only).

<sup>91</sup> Xinjiang Non Ferrous Metals, “[Poverty Alleviation | Xinjiang Nonferrous Metals Group helps new employees in southern Xinjiang integrate into the big nonferrous metals family.](#)”, 24 April 2020 (in Chinese only).

<sup>92</sup> Xinjiang Non Ferrous Metals, “[Poverty Alleviation | Xinjiang Nonferrous Metals Group helps new employees in southern Xinjiang integrate into the big nonferrous metals family.](#)”, 24 April 2020 (in Chinese only).

<sup>93</sup> China Non Ferrous Metals News, “[Xinjiang Nonferrous Hatu Gold Mine joins hands to help each other on the way out of poverty.](#)”, 17 October 2020 (in Chinese only).

<sup>94</sup> China Non Ferrous Metals News, “[Xinjiang Nonferrous Hatu Gold Mine joins hands to help each other on the way out of poverty.](#)”, 17 October 2020 (in Chinese only).



owned enterprises, and public institutions carry out surveillance visits in Uyghur homes.<sup>95</sup>

46. Dynasty's own communications emphasise that its operations relied on the use of Uyghur workers, amongst other ethnicities.<sup>96</sup>
47. Apart from Dynasty's own communications, it is not clear whether the evidence above pertains specifically to the Hatu Qi-2 mine.

### Dynasty's human rights due diligence

48. The investigation uncovered no evidence of a policy commitment by Dynasty to meet its responsibility to respect human rights. Further, no evidence was uncovered that would suggest Dynasty conducted human rights due diligence or any other kind of human rights assessment at any point in time, or has any processes established to remediate human rights abuses they cause, those to which they contribute or those to which they are directly linked.
49. The investigation did not uncover any evidence that Dynasty took steps to assess its potential involvement in Uyghur forced labour abuse at any point. No evidence was revealed to suggest that Dynasty took steps to try and assess or utilize its leverage, if any, to mitigate the use of Uyghur forced labour at the Hatu Qi-2 mine. There is also no evidence to suggest that Dynasty considered a responsible exit from its business relationships in the XUAR. While Dynasty asserts that it is assessing the situation and studying its options, it is not clear what this entails.
50. Dynasty told the CORE that the wages it paid to local workers were almost double the local wage, that workers received on-the-job training, and that workers were happy. Dynasty's press release dated January 25, 2021, which it provided to the CORE on April 27, 2023, and in which it refers to the PRC's labour transfer scheme as "re-education" centres, states that the company employed over 150 workers and support staff, including Uyghurs, that equitable compensation was provided to all, and all protocols and cultural practices were followed including special holidays for religious practice.<sup>97</sup> This investigation did not reveal any evidence to support Dynasty's assertions that equitable compensation was provided and that cultural protocols were followed.

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<sup>95</sup> Human Rights Watch, [www.hrw.org/news/2018/05/14/china-visiting-officials-occupy-homes-muslim-region](http://www.hrw.org/news/2018/05/14/china-visiting-officials-occupy-homes-muslim-region); [www.shu.ac.uk/in-broad-daylight](http://www.shu.ac.uk/in-broad-daylight) (2018); The University of British Columbia, "[Hundred Questions and Hundred Examples: Cadre Handbooks in the Fanghuiju Campaign](#)" Xinjiang Documentation Project.

<sup>96</sup> [Dynasty Press Release, 2022](#).

<sup>97</sup> [Dynasty Press Release, 2021](#).



## Part 4 – Investigation analysis

### Did a human rights abuse occur?

51. The allegations made by the Complainants raise serious issues regarding the possible abuse of human rights in the context of Dynasty's operations at the Hatu Qi-2 gold mining project in the XUAR. Determining if a human rights abuse occurred requires the CORE to evaluate whether:

- a. an adverse impact on an internationally recognized human right occurred;
- b. the abuse occurred after May 1, 2019 or if it started before then, is still going on; and
- c. the abuse arises from the operations abroad of a Canadian company.

This is consistent with the CORE's [Order in Council](#), which defines human rights abuse as “an adverse impact on an internationally recognized human right...arising from a Canadian company's operations abroad”<sup>98</sup> and limits the CORE's jurisdiction to only those possible abuses occurring after the day on which the first Ombudsperson was appointed or, if it occurred before that day, is ongoing at the time of the complaint.<sup>99</sup>

52. Each of these elements is considered in detail below.

### Did an adverse impact on an internationally recognized human right occur at the Hatu mine in the XUAR?

53. The CORE's [Order in Council](#) does not define the term “adverse impact.” According to the UNHCHR, an adverse impact is an action that removes or reduces the ability of an individual to enjoy his or her human rights.<sup>100</sup>

54. In this complaint, the internationally recognized human right at issue is the right to be free from forced labour. The CORE defines forced labour as all work or service<sup>101</sup> that is exacted from any

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<sup>98</sup> [PC 2019-1323](#) at s. 1 [“*Order in Council*”].

<sup>99</sup> [Order in Council](#) at s.4(c).

<sup>100</sup> UNHCHR, “[The Corporate Responsibility to Respect Human Rights: An Interpretive Guide](#)” (2012) at p.5 (PDF) [“Corporate Responsibility: Interpretive Guide”]

<sup>101</sup> Exceptions: (a) any work or service exacted in virtue of compulsory military service laws for work of a purely military character; (b) any work or service which forms part of the normal civic obligations of the citizens of a fully self-governing country; (c) any work or service exacted from any person as a consequence of a conviction in a court of law, provided



person under the menace of any penalty and for which the said person has not offered themselves voluntarily.<sup>102</sup> Labour extracted under the menace of penalty includes political coercion or education, or penalty as a punishment for holding or expressing political views or views ideologically opposed to the established political, social, or economic system.

55. It is well-documented and widely acknowledged that the PRC has engaged Uyghur minority communities in forced labour schemes in the XUAR.<sup>103</sup>

56. Evidence gathered through this investigation suggests that Uyghur forced labour likely took place at the Hatu Qi-2 gold mine. Several facts support this conclusion:

- a. There are links between Dynasty's joint venture partners, WRG and XFN, and Uyghur forced labour:
  1. XFN is a fully state-owned enterprise and both WRG and XFN have links to the XPCC.<sup>104</sup> This indicates an increased risk for participating in government-supported programmes involving forced labour; and
  2. Both companies have self-reported that they participated in the PRC's labour transfer program. XFN self-reported that the Hatu gold mine "absorbed" 5 Uyghur labourers in 2017 and 19 in 2019.<sup>105</sup> It further reports "absorbing" 20 Uyghur labourers in 2020.<sup>106</sup>

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that the said work or service is carried out under the supervision and control of a public authority and that the said person is not hired to or placed at the disposal of private individuals, companies or associations; (d) any work or service exacted in cases of emergency, that is to say, in the event of war or of a calamity or threatened calamity, such as fire, flood, famine, earthquake, violent epidemic or epizootic diseases, invasion by animal, insect or vegetable pests, and in general any circumstance that would endanger the existence or the well-being of the whole or part of the population; (e) minor communal services of a kind which, being performed by the members of the community in the direct interest of the said community, can therefore be considered as normal civic obligations incumbent upon the members of the community, provided that the members of the community or their direct representatives shall have the right to be consulted in regard to the need for such services.

<sup>102</sup> This definition is consistent with: the [Universal Declaration of Human Rights, 1948](#); the [International Covenant on Economic, Social and Cultural Rights, 1966](#); [ILO's Forced Labour Convention, 1930 \(No. 29\)](#); [The Protocol of 2014 to the Forced Labour Convention, 1930](#); [ILO's Abolition of Forced Labour Convention, 1957 \(No. 105\)](#).

<sup>103</sup> See discussion at paras 30-35 above.

<sup>104</sup> See para 3 above.

<sup>105</sup> See para 43 above.

<sup>106</sup> See para 44 above.



- b. Dynasty's own communications indicate that its operations relied upon the use of Uyghur workers.<sup>107</sup>
- c. Dynasty, XFN, and WRG's accounts are clear, plausible and consistent with the accounts of Uyghur forced labour from the international community.

57. While XFN and WRG have both stated that the Hatu gold mine engaged Uyghur labourers through the labour transfer programmes, it is not clear whether this refers to the Qi-2 mine specifically.

### **Did the abuse occur after May 1, 2019, or if it started before then, is it ongoing?**

58. It is not clear the exact date upon which the PRC's use of Uyghur forced labour began. However, reports regarding forced labour transfer schemes became relatively widespread amongst the international community around 2017 or 2018.<sup>108</sup> As of the date of this report, evidence suggests that these forced labour schemes continue today.<sup>109</sup>

59. The CORE's [Order in Council](#) limits its review authority to human rights abuses that occur after May 1, 2019, or, if they arose before this date, are ongoing.<sup>110</sup> As detailed above, the evidence uncovered in this investigation indicates that Uyghur forced labour may have occurred at the Hatu Qi-2 gold mine starting in 2017. Given that there is evidence from the international community that Uyghur forced labour in the XUAR continues to the present day, it may continue to persist at the Hatu Qi-2 gold mine as well.

### **Did the possible abuse arise from the operations abroad of a Canadian company?**

60. At this stage, the CORE must assess whether (a) Dynasty is a Canadian company; (b) Dynasty has operations abroad; and (c) the possible abuse arose from Dynasty's operations abroad.

61. As a company incorporated under the *British Columbia Business Act* on December 12, 1985 and having engaged in the acquisition, exploration, and development of gold prospects in China, Dynasty is a Canadian company falling within the CORE's mandate.<sup>111</sup> The CORE's [Order in](#)

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<sup>107</sup> See para 46 above.

<sup>108</sup> See paras 30-35 above.

<sup>109</sup> See para 32 above.

<sup>110</sup> [Order in Council](#) at s. 4(c).

<sup>111</sup> [Order in Council](#) at s. 1(2).



Council defines “Canadian company” in section 1(2) as “an entity that is incorporated or formed by or under...the legislature of a province...that operates abroad in the garment, mining, or oil and gas sectors...”<sup>112</sup>

62. Dynasty’s operations abroad included the acquisition, exploration, and development of and investment in the Hatu Qi-2 gold mine in XUAR through its joint venture agreement with XFN, which it signed in 2004. Dynasty argues that it terminated its exploration operation in Xinjiang in 2008 and therefore does not have “operations abroad.” Some of the evidence uncovered in this investigation suggests that Dynasty may have lost operational control of the Hatu Qi-2 mining project at some point after 2008:

- a. Dynasty’s exploration licence expired in October 2008 and it does not appear to have been renewed.<sup>113</sup>
- b. The Hatu Qi-2 gold mine was unilaterally listed on the Shanghai Stock Exchange in January 2015 without recognizing Dynasty’s 70% interest in the mine. Dynasty filed a lawsuit against XFN and its subsidiaries as a result.<sup>114</sup>
- c. Dynasty’s joint venture partners stated that it as “unqualified” to take part in the joint venture<sup>115</sup> and publicly described the Hatu project as being owned by WRG Karamay Hatu Gold Mine (a subsidiary of WRG).<sup>116</sup> Further, WRG maintained that the four-party agreement had terminated due to Dynasty’s alleged failure to submit a written notice before the end of 2006.<sup>117</sup>
- d. Dynasty reported in its Management Discussion and Analysis disclosures that it was in dispute with XFN over its operational control.<sup>118</sup>

63. Nevertheless, Dynasty remains a majority shareholder of Terraxin and may continue to state its claim to the financial benefits accruing from the gold reserves that it explored starting in 2004. Dynasty’s ongoing business relationship, or its intent to maintain its relationship with its joint venture partners is evidenced by the fact that:

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<sup>112</sup> Order in Council at s. 1(2).

<sup>113</sup> See para 13 above.

<sup>114</sup> See para 22 above.

<sup>115</sup> See para 25 above.

<sup>116</sup> See para 20 above.

<sup>117</sup> See para 24 above.

<sup>118</sup> See para 18 above.





- a. In 2018, Dynasty's CEO, Ivy Chong, stated that Dynasty had three gold mining projects in XUAR, into which it made additional investments in 2007;<sup>119</sup>
- b. Dynasty took legal action against XFN, WRG and Yunlong mining for compensation and to restore the joint venture agreement in 2017.<sup>120</sup> When it lost its case, it appealed in 2020<sup>121</sup>; and
- c. Dynasty reasserted its position as majority shareholder of Terraxin as recently as April 2022.<sup>122</sup>

64. Dynasty's status as a majority shareholder in Terraxin is sufficient for the CORE to find that Dynasty has "operations abroad" within the context of section 1(1) of the CORE's [Order in Council](#). The *Order in Council* does not explicitly define the term "operations abroad," however a broad and purposive interpretation of the term includes a wide range of activities, transactions, or relationships of a Canadian company that take place outside of Canada. Dynasty's joint venture agreement with XFN constitutes a business relationship within the meaning of "operations abroad."

65. The [United Nations Guiding Principles on Business and Human Rights](#) (UNGPs [PDF]), which the CORE must be guided by when interpreting its mandate along with the [OECD Guidelines for Multinational Enterprises on Responsible Business Conduct](#) (OECD Guidelines [PDF]), defines "business relationship" as:

"...those relationships a business enterprise has with business partners, entities in its value chain and any other non-State or State entity directly linked to its business operations, products, or services. They include indirect business relationships in its value chain, beyond the first tier, and minority as well as majority shareholding positions in joint ventures."<sup>123</sup> [emphasis added]

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<sup>119</sup> See para 17 above.

<sup>120</sup> See para 22 above.

<sup>121</sup> See para 27 above.

<sup>122</sup> See para 29 above.

<sup>123</sup> See also: the OECD Guidelines definition of "business relationship": The term 'business relationship' includes relationships with business partners, sub-contractors, franchisees, investee companies, clients, and joint venture partners, entities in the supply chain which supply products or services that contribute to the enterprise's own operations, products or services or which receive, license, buy or use products or services from the enterprise, and any



66. The United Nations Working Group on Business and Human Rights, which is mandated to promote, disseminate, and implement the UNGPs as well as exchange and promote good practices and lessons learned on the implementation of the UNGPs, clarified that majority and minority shareholdings within or outside of joint venture agreements have a responsibility to respect human rights.<sup>124</sup>
67. The question of whether the likely use of Uyghur forced labour at the Hatu gold mine arises from Dynasty's business relationship requires an assessment of Dynasty's level of involvement with the possible human rights abuse. For the CORE to determine that a human rights abuse occurred, that abuse must "arise from" Dynasty's operations abroad. That is, there must be a connection between Dynasty's business relationship and the use of Uyghur forced labour at the Hatu Qi-2 mine.
68. The CORE's [Order in Council](#) does not define the term "arising from." However, Principle 13 of the [UNGPs](#) (PDF) and the [OECD Due Diligence Guidance for Responsible Business Conduct](#) (PDF) both indicate that companies can be involved with adverse human rights impacts in three ways. First, a company can *cause* an adverse impact when its acts or omissions, without the involvement of other parties, removes or reduces the ability of an individual to enjoy their rights.<sup>125</sup> Generally, a company is likely to cause an adverse impact within its own operations. Since Dynasty most likely lost operational control of the Hatu Qi-2 mine by 2008, employment decisions at the mine were not 'within its operations' in 2017 and it is therefore not likely to have caused the adverse impact.
69. Second, the adverse impact may be *directly linked* to the company's operations. This occurs where there is a relationship between the adverse impact and the company's operations, products or

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other non-State or State entities directly linked to its operations, products or services ... Business relationships include relationships beyond contractual, 'first tier' or immediate relationships (Organisation for Economic Cooperation and Development, "Organisation for Economic Cooperation and Development, "[OECD Guidelines for Multinational Enterprises on Responsible Business Conduct](#)" 2023, Commentary on Chapter II: General Principles at para 17, p.18 (PDF) ["OECD Guidelines"]).

<sup>124</sup> UNHCHR, "[Letter to SOMO re: The issue of the applicability of the Guiding Principles on Business and Human rights to minority shareholdings](#)" 26 April 2013 at p.3 (PDF) ["Letter to SOMO"].

<sup>125</sup> Organisation for Economic Cooperation and Development, "[OECD Due Diligence Guidance for Responsible Business Conduct](#)" 2018 at p. 70 (PDF) ["OECD Due Diligence Guidance"]; UNHCHR, "[OHCHR Response to Request from BankTrack for Advice Regarding the Application of the United Nations Guiding Principles on Business and Human Rights in the Context of the Banking Sector](#)" 12 June 2017 at p. 5 (PDF) ["BankTrack Response"]; [Corporate Responsibility: Interpretive Guide](#) at p.15 (PDF). See also: UNHCHR, "[United Nations Guiding Principles on Business and Human Rights](#)" 2011 at Principle 13, p.15 (PDF) ["UNGPs"].



services through another business entity.<sup>126</sup> Evidence uncovered in this investigation reveals that Dynasty's joint venture partners were most likely engaged in the PRC's forced labour schemes, including by having Uyghur labourers at the Hatu mine. Despite not likely engaging in employment decisions at the mine in 2017, Dynasty nevertheless had a business relationship with WRG and XFN to jointly develop the Hatu gold mine (even if only through Dynasty's investment) which therefore connects it to the use of Uyghur forced labour at the mine.

70. The third way a company can be involved with an adverse human rights impact is by *contributing* to the impact. This occurs where the company's acts or omissions, alongside other entities, removes or reduces enjoyment of an individual's rights.<sup>127</sup> A company can contribute by action or omission to an adverse impact through its own operations or through its business relationships, and in the latter case, can do so where the company facilitates, or incentivizes another company to cause an adverse impact.<sup>128</sup> It is not likely that Dynasty's business relationship with WRG and XFN is enough to categorize it as contributing to the use of Uyghur forced labour in and of itself. The [OECD Due Diligence Guidance for Responsible Business Conduct](#) (PDF) indicates that the "mere existence of a business relationship or activities which create the general conditions in which it is possible for adverse impacts to occur does not necessarily represent a relationship of contribution. The activity in question should substantially increase the risk of 'adverse impact'."<sup>129</sup> This means that Dynasty would have had to take some action in or after 2017 that would have substantially increased the risk of adverse impact to be contributing to the use of Uyghur forced labour at the Hatu Qi-2 mine.

71. However, Dynasty's lack of action may be enough to move it from the category of directly linked to contributing to the adverse impact. This is because the final two levels of involvement – directly linked and contributing to – lie on a continuum. This means that a company's involvement with an adverse human rights impact could shift over time, depending on how the company responds to the issue. If a company is aware of a human rights risk or impact and fails to take action to prevent

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<sup>126</sup> [OECD Due Diligence Guidance](#) at p. 71 (PDF); [BankTrack Response](#) at p. 6 (PDF); [Corporate Responsibility: Interpretive Guide](#) at p.15 (PDF); Organisation for Economic Cooperation and Development, "Letter to Working Party for Responsible Business Conduct, OECD re [Request for guidance on specific aspects \[of\] the Guiding Principles and their meaning in the context of financial transactions and institutions](#)" 3 December 2013 at p. 3 (PDF) ["Nieuwenkamp Letter"].

<sup>127</sup> [OECD Due Diligence Guidance](#) at p. 71 (PDF); [BankTrack Response](#) at p. 5 (PDF); [Nieuwenkamp Letter](#) at p. 3 (PDF).

<sup>128</sup> [OECD Due Diligence Guidance](#) at p. 71 (PDF).

<sup>129</sup> [OECD Due Diligence Guidance](#) at p. 71 (PDF).



or mitigate the impact, the company may move from directly linked to contributing to the impact.<sup>130</sup> A company could try to prevent or mitigate risks and impacts by using its leverage to bring the issue up with its business relationships, letting other companies know about the risks and/or impacts to exert collective pressure, or making further financing contingent on correcting the situation.<sup>131</sup> There is no evidence to suggest that Dynasty took any steps whatsoever to prevent or mitigate the use of Uyghur forced labour. Thus, Dynasty could be contributing by omission to the use of Uyghur forced labour at the Hatu gold mine.

## Did Dynasty fulfil its responsibility to respect human rights in its operations in the XUAR?

### Dynasty's responsibility to respect human rights

72. Dynasty has a responsibility to respect human rights in its operations and throughout its global supply chains and this responsibility existed since it began exploration work in XUAR in 2003. At this time, when Dynasty began visiting XUAR in anticipation of forming a joint venture agreement and engaging in exploration and development work, the company had a responsibility under the OECD Guidelines to “respect the human rights of those affected by their activities consistent with the host government’s international obligations and commitments.”<sup>132</sup>

73. The corporate responsibility to respect human rights crystallized in 2011 with the launch of the [UNGPs](#) (PDF). At this time, Dynasty should have applied UNGP Principle 14 to meet its responsibility to respect human rights by establishing policies and processes that are appropriate to its size and circumstance, including:

- a. a policy commitment to meet their responsibility to respect human rights;
- b. a human rights due diligence process to identify, prevent, mitigate and account for how they address their impacts on human rights; and
- c. processes to enable the remediation of any adverse human rights impacts they cause or to which they contribute.

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<sup>130</sup> See also: [UNGPs](#) at Principle 17, p. 18 (PDF) and related commentary (“Questions of complicity may arise when a business enterprise contributes to, or is seen as contributing to, adverse human rights impacts caused by other parties. Complicity has both non-legal and legal meanings. As a non-legal matter, business enterprises may be perceived as being “complicit” in the acts of another party where, for example, they are seen to benefit from an abuse committed by that party”).

<sup>131</sup> [Corporate Responsibility: Interpretive Guide](#) at p.49 (PDF).

<sup>132</sup> Organisation for Economic Cooperation and Development, “OECD Guidelines for Multinational Enterprises on Responsible Business Conduct” 2000



74. A company's duty to respect human rights exists irrespective of its size, sector, operational context, ownership, and structure. This means that Dynasty has a responsibility to respect human rights in its operations and business relationships, regardless of whether they had operational control of the mine.
75. Furthermore, special considerations are required where companies operate in high-risk or conflict-affected settings. This is reflected by the fact that the UNGP's take a risk-based approach to human rights due diligence. That is, a company's human rights due diligence should be proportional to the level of risk; the higher the risk, the more complex or sophisticated the due diligence process.<sup>133</sup>
76. It does not appear as though Dynasty has any human rights policies and procedures presently in place, nor did it in 2017 when the issue of Uyghur forced labour began to draw widespread public attention from the international community. It also does not appear that Dynasty has taken any steps to prevent or mitigate the issue of forced labour within its operations and business relationships.
77. Dynasty should have identified and assessed the human rights risks within its operations and business relationships at regular intervals, including in 2003 when it began work in XUAR and in 2017 when the issue of Uyghur forced labour became well-known.<sup>134</sup> As part of its assessment, Dynasty should have evaluated the nature of the adverse human rights impact and how it may be involved, which requires identifying whether it caused, contributed to, or was directly linked to Uyghur forced labour.<sup>135</sup> Assessing a company's level of involvement is important because it determines what businesses are expected to do in response to a human rights impact.
78. The Ombud may decide that Dynasty is *directly linked* to the use of Uyghur forced labour at the Hatu Qi-2 gold mine. Direct linkage means Dynasty should have used its leverage to influence its business relationships to remediate the impact. Leverage is the ability of a company to effect change in the wrongful practices of another party that is causing or contributing to an adverse

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<sup>133</sup> See: [UNGPs](#) at Principle 7, p. 8 (PDF); United Nations Development Program, "[Heightened Human Rights Due diligence in Conflict-Affected Contexts: A Guide](#)" 16 June 2022 (PDF) ["UNDP Heightened HRDD"]

<sup>134</sup> This is consistent with the [UNGPs](#) at Principle 18 (PDF). See also: [OECD Guidelines](#) at Chapter IV: Articles 2 and 3 (PDF). Risk identification and assessment is an ongoing process and companies should recognize that risks may change over time as the company's operations and operating context evolve.

<sup>135</sup> See: [UNGPs](#) at Principle 13, p. 14 (PDF): "a company must avoid causing or contributing to adverse human rights impacts through its own activities, and address impacts when they occur, and seek to prevent or mitigate adverse human rights impacts that are directly linked to its operations, products, or services by their business relationships."



human rights impact. The repressive political context in China<sup>136</sup> may have limited Dynasty's ability to increase or exercise leverage, at least with respect to its joint venture partners, though Dynasty may have been able to use its leverage in other ways.<sup>137</sup>

79. Dynasty's apparent failure to take steps to prevent or mitigate the use of Uyghur forced labour in its supply chains may lead the Ombud to decide that Dynasty is *contributing to* the use of Uyghur forced labour. A company that contributes to a human rights abuse should take the necessary steps to cease or prevent its contribution and use its leverage to mitigate any remaining impact to the greatest extent possible. It is likely that the only realistic option for Dynasty to prevent or mitigate the use of Uyghur forced labour in XUAR, given that the abuse is state-sanctioned, would be to consider ending the relationship.<sup>138</sup> It does not appear that Dynasty has considered a responsible exit at any point throughout its operations in XUAR. To the contrary, Dynasty reasserted its position as majority shareholder of Terraxin as recently as April 2022 and fought to maintain this position in 2020 before Chinese courts.<sup>139</sup>

## Part 5 – Concluding an investigation

80. During the course of a review, the Ombud may:

- a. Recommend to the parties to refer the matter to the Canadian NCP or the national contact point of another country if the matter aligns more within the mandate of a national contact point;
- b. Recommend to the parties to refer the matter to arbitration;
- c. Recommend to the Minister that the matter be referred to law enforcement authorities if, based on information gathered during the review, the Ombud has reason to believe that a criminal offence may have been committed or may be being committed in Canada or abroad;
- d. Recommend to the Minister that the matter be referred to a regulatory or other relevant authority if the Ombud has reason to believe that a regulatory offence may have been committed or may be being committed in Canada or abroad; and,

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<sup>136</sup> The challenges of operating in China are discussed at paras 33-35.

<sup>137</sup> These may have included but are not limited to bringing the issue up with its business relationships, letting other companies know about the risks and/or impacts to exert collective pressure, or making further financing contingent on correcting the situation.

<sup>138</sup> Where a company decides to terminate a business relationship, it must do so responsibly. See: [UNDP Heightened HRDD](#) (PDF); UNHCHR, "[Business and Human Rights in Challenging Contexts: Considerations for Remaining and Exiting](#)" August 2023 (PDF).

<sup>139</sup> See paras 27 and 29.



- e. Determine that an allegation of human rights abuse is founded or unfounded.

81. When the Ombud terminates or completes a review, they will prepare a report and may include recommendations to any person including recommendations:

- a. Related to interventions described under paragraph 80.
- b. For financial compensation, a formal apology, or any remedy contemplated by the UN Guiding Principles, the [\*Fighting Against Forced Labour and Child Labour in Supply Chains Act\*](#) (PDF), or any other appropriate reparation.
- c. For changes to a Canadian company's policies, procedures and/or practices or any measure to promote respect for human rights.

82. The Ombud may attach timeframes, reporting requirements and other conditions to any recommendation in order to support implementation of the recommendation.

83. The Ombud will follow up on recommendations made after a review is terminated or completed and will report publicly including on implementation and non-implementation of the recommendations, additional steps needed to cease and/or remedy the human rights abuse or prevent a similar human rights abuse, and any reprisal for making the complaint and/or participating in the review.

## Part 6 – Participation in the complaint process

84. The CORE's [Operating Procedures](#) provides that full and active participation in the complaint process is part of good faith:

Section 11.1 requires the parties to fully participate in the complaint process including by providing the Ombud with relevant information and documents and making witnesses available on reasonable notice, according to the timelines established by the Ombud.

Section 11.2 provides that where a Canadian company does not participate actively in the complaint process, including refusing to provide relevant information and documents, the Ombud may draw appropriate negative conclusions or adverse inferences during fact finding.

Section 12.4 provides that the Ombud may consider a party not to be acting in good faith if the party does not actively participate in a review without reasonable explanation, including providing relevant information and documents, making witnesses available on reasonable notice, and responding within the timelines established by the Ombud.



85. Dynasty has demonstrated a lack of participation in the complaint process to date. This is evidenced by the fact that:

- a. Dynasty did not engage with the CORE until April 27, 2023, despite repeated emails and letters sent from the CORE to Dynasty on August 2, August 17, October 21, November 23, and December 14, 2022. When Dynasty finally did engage with the CORE, they did so from the same email the CORE had been using since attempting to deliver the complaint on August 2, 2022.
- b. Dynasty did not respond to the CORE's request to participate in an initial assessment meeting, nor did it participate in such meeting.
- c. Dynasty failed to provide any of the documents and information requested by the CORE as part of the investigation process. No reason was given as to why the information and documents were not provided.

86. Should the Ombud consider that Dynasty is not acting in good faith, the Ombud may exercise their discretion to make a recommendation to the Minister under section [10 of the Order in Council](#) which provides that the Ombud may make recommendations to the Minister on implementing trade measures including any of the following:

- a. Withdrawal or denial of trade advocacy support provided to the Canadian company by the Department of Foreign Affairs, Trade and Development (known as "Global Affairs Canada");
- b. Refusal by the Department of Foreign Affairs, Trade and Development to provide future trade advocacy support to the Canadian company; and
- c. Refusal by Export Development Canada to provide future financial support to the Canadian company.

87. Given Dynasty's minimal participation and lack of responsiveness, the Ombud may consider the question of good faith participation in this case.

## **Part 7 – Comments from the parties**

### **Comments from the Complainants**





88. On February 14, 2024, the Complainants provided the following comments to the draft final report:

- a. The complainants agree with the CORE's analysis of the evidence it collected and submit that the CORE should determine that the allegation of human rights abuse is founded; the abuse occurred after May 1, 2019, or if it started before then, it is still going on; and the abuse arises from the operations abroad of a Canadian company.
- b. The CORE should recommend that Dynasty make reparations in the form of a formal apology and commitment to respect human rights moving forward, and/or donations to not-for profit organizations working to combat Uyghur forced labour.
- c. The CORE should further recommend that Dynasty adjust its policies, procedures, and practices to promote respect for human rights in its operations, including using respectable and independent third-party auditors such as the Initiative for Responsible Mining Assurance (IRMA).
- d. The CORE should attach reasonable timeframes and reporting requirements to its recommendations.
- e. The Ombud should consider Dynasty to not be acting in good faith and should exercise their discretion under Section 10 of the *Order in Council* to make recommendations to the Minister on implementing trade measures.

### **Comments from the Respondent**

89. Dynasty did not reply to the CORE's request for comment on the draft final report.

## **Part 8 – Ombud's decision**

90. Upon review of the evidence gathered in this investigation, the Ombud has concluded on a balance of probabilities that a human rights abuse has occurred at the Hatu Qi-2 mine. The Ombud's conclusion is based on:

- a. the clear evidence from the international community documenting the PRC's pervasive use of forced labour schemes throughout the XUAR;<sup>140</sup>

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<sup>140</sup> See discussion at paras 30-35 above.



- b. the evidence that both XFN and WRG admitted to participating in the PRC's forced labour schemes.<sup>141</sup> XFN admitted to specifically receiving labourers at the Hatu mine through the PRC's forced labour schemes;<sup>142</sup>
- c. the evidence revealing that XFN use of forced labour at the Hatu gold mine took place in 2017, 2019 and 2020<sup>143</sup>, therefore falling within the CORE's jurisdiction under section 4(d) of its [Order in Council](#);
- d. Dynasty's position as majority shareholder in Terraxin and its relationship to XFN and WRG through a joint venture agreement. This constitutes a business relationship within the meaning of "operations abroad" under section 1(1) of the CORE's [Order in Council](#); and
- e. the fact that the abuse arises from Dynasty's operations abroad.<sup>144</sup> Dynasty has contributed to the use of forced labour at the Hatu mine through its relationship with its joint venture partners. The Ombud has determined that Dynasty's lack of action in responding to the risk of forced labour at the Hatu mine – that is, having done nothing to identify, assess, and address or mitigate the risk of Uyghur forced labour at the mine - has moved it from the category of *directly linked*, to *contributing to* the adverse impact.

91. Dynasty's responsibility to respect human rights requires that it identify and assess actual or potential human rights risks and impacts in its operations, take appropriate action with respect to those risks and impacts, integrate the findings from its assessment across its operations, track the effectiveness of the steps it takes, and communicate with stakeholders about its efforts. In this instance, Dynasty has failed to demonstrate any action on these requirements, which exist irrespective of a human rights abuse finding by the CORE.

92. Finally, Dynasty's disregard for the complaint process and casual response to the complaint itself is disconcerting and falls far short of the CORE's standard of good faith participation. This is evidenced by Dynasty's low level of engagement with the CORE's complaint process and its failure to provide any of the documents or information requested, as set out in Part 6 of this report.

### Recommendations to the Minister of International Trade:

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<sup>141</sup> See paras 40, 43, 44 above.

<sup>142</sup> See paras 43 and 44 above.

<sup>143</sup> See paras 42-44 above.

<sup>144</sup> As per section 1(1) of the CORE's [Order in Council](#)



93. The Ombud has decided to exercise their discretion under s.10 of the [Order in Council](#) and recommends that:

- a. the Department of Foreign Affairs, Trade and Development withdraw any trade advocacy support currently provided to Dynasty, should Dynasty be receiving such support;
- b. that the Department of Foreign Affairs, Trade and Development refuse to provide any future trade advocacy support to Dynasty, if requested, until such time as Dynasty has fulfilled the Ombud's recommendations set out in paragraph 94; and
- c. that Export Development Canada refuse to provide future financial support to Dynasty, if requested, until such time as Dynasty has fulfilled the Ombud's recommendations set out in paragraph 94.

#### **Recommendations to Dynasty:**

94. In accordance with section 11(1) of the CORE's [Order in Council](#), the Ombud recommends that Dynasty:

- a. Make a significant financial donation to one or more not-for-profit organizations working to combat Uyghur forced labour.
- b. Assess its leverage to prevent or mitigate the use of forced labour at the Hatu mine, and in light of the findings, determine whether to exit responsibly from its business relationships in the XUAR.
- c. Develop a comprehensive approach to fulfil its responsibility to respect human rights in line with the UNGPs and OECD Guidelines, including by taking the following actions:
  1. develop and adopt a commitment to meet its responsibility to respect human rights through a publicly available policy statement that aligns with Principle 16 of the UNGPs;
  2. develop and adopt policies indicating how it will carry out human rights due diligence to identify, prevent, mitigate and account for how it addresses its impacts on human rights, including heightened human rights due diligence in high-risk operating contexts;



3. develop and adopt policies to enable the remediation of any adverse human rights impacts it causes or those to which it contributes; and

4. develop and adopt policies on responsible exit including from high-risk areas.

d. With respect to recommendations (c)(1) - (4):

1. share draft versions of these policies with the CORE by September 13, 2024;

2. incorporate any feedback or comments from the CORE and post the final policies on its website by March 14, 2025; and

3. publicly commit to implement and apply these policies in the context of its operations abroad.

e. With respect to recommendation (b): share the results of the assessment and next steps with the CORE, including, where relevant, a strategy for responsible exit from its business relationships in the XUAR by September 13, 2024.

95. The CORE will follow up to assess Dynasty's response to and implementation of the Ombud's recommendations and will report publicly on the follow-up, as required by section 14(1)(d) of its [Order in Council](#).



## Appendix I: Coalition of 28 civil society organizations

1. Canadians in Support of Refugees in Dire Need (CSRDN)
2. Alliance Canada Hong Kong
3. Anatolia Islamic Centre
4. Canada Tibet Committee
5. Canadians Against Oppression & Persecution
6. Canadian Council of Muslim Women (CCMW)
7. Canadian Council of Imams (CCI)
8. Canada-Hong Kong Link
9. Doctors for Humanity
10. East Turkistan Association of Canada
11. End Transplant Abuse in China (ETAC)
12. Human Rights Research and Education Centre, University of Ottawa
13. Human Concern International (HCI)
14. Islamic Circle of North America Canada (ICNA)
15. Islamic Society of North America (ISNA)
16. Justice for All
17. Lawyers for Humanity
18. Muslim Association Canada (MAC)
19. National Council of Canadian Muslims (NCCM)
20. Raoul Wallenberg Centre for Human Rights
21. Canadian Security Research Group
22. Share 2 Care (S2C)
23. Stop Uyghur Genocide Canada
24. Toronto Association for Democracy in China
25. Union of Medical care and Relief Organizations-Canada (UOSSM)
26. Uyghur Refugee Relief Fund
27. Uyghur Rights Advocacy Project
28. Vancouver Society in Support of Democratic Movement



## Appendix II: Information request from the parties

The CORE asked the Complainants the following questions:

1. Explain what a “systemic resolution” means to you in the context of this complaint.
2. Explain what 3<sup>rd</sup> party verifiable evidence that Uyghur forced labour is not being used at the Hatu mine means and how you think it can be obtained.
3. Provide any other information or documents that you want the CORE to consider in the preparation of the investigation report.

The CORE requested the following documents and information from the Respondent:

1. Copies of the initiating and responding documents filed by the parties (“the pleadings) in the 2017 lawsuit involving XNF and Western Region Gold.
2. Copies of any ruling(s), decision(s) and the final judgment in the 2017 lawsuit.
3. A copy of the notice of appeal to the Supreme Court of China and any response filed.
4. Confirmation that the appeal was withdrawn and, if so, why the appeal was withdrawn.
5. If the appeal was withdrawn, copies of all correspondence exchanged between the parties regarding the withdrawal including any written agreement to withdraw the appeal, and a copy of the notice of withdrawal filed with the court.
6. Dynasty’s annual reports from 2004-2008 (the period leading up the time at which Dynasty claims that it no longer had operational control of the Hatu mine).
7. A copy of the joint venture agreement and information regarding the agreed-upon operational and financial arrangements including reporting between Dynasty and the joint venture partner.
8. What human rights due diligence (HRDD) policies and practices did Dynasty establish with respect to the Hatu mine when it entered into the joint venture?
9. What HRDD commitments did it require from its joint venture partner? Please provide information and documents relating to any formal or informal or agreements with the joint venture partner regarding with HRDD at the Hatu mine.
10. When did Dynasty first become aware that Uyghurs were working at the Hatu mine? At that time and subsequently, how has Dynasty exercised due diligence to ensure respect for international human rights at the Hatu mine? Given that Xinjiang is a high-risk area for the use of Uyghur forced labour, what steps did Dynasty take to ensure robust HRDD?