

RESPONSIBLE COBALT SOURCING: ENGAGEMENT RESULTS

ACKNOWLEDGEMENTS

The PRI would like to thank the members of the advisory committee of the PRI cobalt engagement group for their contribution to this report:

- Ellen Kunst, MN
- Hanah Chang, Federated Hermes
- Jaideep Singh Panwar, APG Asset Management
- Lauren Compere, Boston Common Asset Management
- Rebecca White, Newton Investment Management

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ABOUT THE REPORT

This report summarises the outcomes of the PRI-supported collaborative engagement on responsible cobalt sourcing which ran between 2018 and 2020 with companies in the electronics and automotive sector. A total of 46 institutional investors, representing approximately US\$6.4trn in assets under management, engaged with 16 companies on their cobalt sourcing practices. The objective was to improve companies' performance and impact in three focus areas:

- human rights risk assessment and comprehensive due diligence efforts;
- impact monitoring and corrective action, including on-the-ground remediation; and
- collaboration on systemic issues.

Investors assessed companies' practices and progress in these areas at the beginning and the end of the engagement, and the results are presented in this document. This report also sets out recommendations for investors on responsible cobalt sourcing practices going forward.

Previous work on this topic includes a 2018 PRI report, [Drilling down into the cobalt supply chain: how investors can promote responsible sourcing practices](#), that highlights the child labour and human rights risks associated with cobalt sourcing, outlines investor expectations and recommendations and provides a set of questions that investors can use in their engagement dialogue with companies. Investor expectations around cobalt sourcing were thereafter laid out in an [investor statement](#) that has been signed by 46 investors to date, representing US\$3.8trn in assets under management.

INTRODUCTION

Cobalt is critical to the transition towards a low-carbon economy and demand is expected to soar over the coming years, [driven by the rise in electric vehicles](#) and renewable energies such as solar, wind power and biogas. The [World Bank](#) estimates that under a 2-degree scenario, production of cobalt would need to be ramped up 460% by 2050 (from 2018 levels) to meet demand from energy storage technologies. It is therefore reasonable to assume that the scrutiny faced by companies relying on cobalt in their value chains and failing to adequately prevent and mitigate human rights and environmental risks is likely to continue and increase.

Investors have a key role to play in pushing for the adoption of more responsible cobalt sourcing practices. Just as for all businesses, institutional investors have a responsibility to respect human rights. This responsibility was formalised by the UN and the OECD in 2011. Expectations have been driven not only by growing visibility and urgency around many human rights issues, but also by a better understanding of investors' role in shaping real-world outcomes, and of their responsibility to do so, across all their investment activities.

Beyond investors' responsibility to respect human rights, which are laid out in [a PRI report](#), social and environmental risks in the cobalt supply chain can expose companies and investors to material reputational, operational, legal and regulatory risks. These risks also include severe brand damage and impact to company share value; a negative impact on operations and production capacity; and potential strikes and disruptions.

To date, there is not any binding regulation around cobalt specifically. However, it is reasonable to assume that policy makers, particularly in the EU, will fill this gap, due to existing regulation on human rights due diligence in some jurisdictions, as well as increasing convergence around the United Nations Guiding Principles (UNGPs) and OECD standards.

More broadly, business models that do not consider the negative social impacts they have on workers and communities undermine not just individual rights but also the societal infrastructure on which the global economy relies for delivering long-term growth and prosperity – especially to diversified, universal owners.

Given this context, the PRI supported an engagement between 2018 and 2020 where investors assessed companies' practices and progress regarding responsible cobalt sourcing at the beginning and the end of the engagement. In addition, the PRI incorporated results from the 2020 Corporate Human Rights Benchmark (CHRB) and from the Cobalt Due Diligence Ranking (2019 Mining the Disclosures Report).

List of engagement focus companies¹:

Apple, BMW, Daimler, General Motors, HP, Infineon, Johnson Matthey, LG Chem, Microsoft, Panasonic, Renault, Samsung SDI, TDK, Tesla, Toyota Motor and Volkswagen.

The engagement, which saw 46 institutional investors engage with 16 companies in the electronics and automotive sectors, has seen some encouraging developments, which are laid out in this document.

However, there is still significant room for improvement, including the working conditions and compensation of miners in artisanal and small-scale mining (ASM),² and due diligence and risk mitigation by companies sourcing or relying on cobalt for their products,³ including within the large-scale mining (LSM) supply chain.

The OECD highlights seven areas of concern, among which are the potential negative human rights implications related to the use of security personnel and to relocation.⁴ Further, stakeholders have observed a lack of meaningful change on the ground: child labour is still prevalent; mining activities expose communities to long-lasting harm due to toxic pollution,⁵ many communities have faced relocation on mining sites; and mining has disrupted water distribution.⁶ Studies investigating risks in ASM have found that elevated cobalt exposure are causing health impacts in local populations, especially in children.⁷

Since the first Amnesty report in 2016 on the human rights risks associated with cobalt sourcing,⁸ a wide range of stakeholders have been collaborating to improve traceability and accountability of actors in the cobalt and battery value chain. While there are still persistent challenges, it is important to acknowledge the progress made to date. The collaboration in 2018 between the Responsible Minerals Initiative (RMI) and the Responsible Cobalt Initiative (RCI)⁹ – a joint project to implement a cobalt refiner assessment program with clear supply chain due diligence standards¹⁰ - now sees more than 30 cobalt refiners taking part in the Responsible Minerals Assurance Process (RMAP) of the RMI and undergoing an independent third-party audit. Work and projects that aim to integrate ASM into the

¹ Samsung Electronics was part of the initial list of engagement focus companies but engagement was discontinued half-way through the initiative

² Although human rights risks are more prevalent in ASM, halting sourcing by ASM is not a viable risk mitigation strategy – due to the unfavourable socio-economic outcomes for ASM miners – nor is it feasible due to the complex nature of cobalt supply chains. In response to this, we have seen an uptake in ASM formalisation, in which companies attempt to formalise, or develop standards for the ASM industry in line with human rights principles and environmental standards

³ <https://mneguidelines.oecd.org/Interconnected-supply-chains-a-comprehensive-look-at-due-diligence-challenges-and-opportunities-sourcing-cobalt-and-copper-from-the-DRC.pdf>

⁴ Interconnected supply chains: a comprehensive look at due diligence challenges and opportunities sourcing cobalt and copper from the Democratic Republic of the Congo, OECD, 2019, <https://mneguidelines.oecd.org/Interconnected-supply-chains-a-comprehensive-look-at-due-diligence-challenges-and-opportunities-sourcing-cobalt-and-copper-from-the-DRC.pdf>

⁵ DRC: Alarming research shows long lasting harm from cobalt mine abuses, Amnesty International, <https://www.amnesty.org/en/latest/news/2020/05/drc-alarming-research-harm-from-cobalt-mine-abuses/>

⁶ Findings from Bon Pasteur Kolwezi Programme in 2020

⁷ Banza Lubaba Nkulu, C., Casas, L., Haufroid, V., De Putter, T., Saenen, N.D., Kayembe-Kitenge, T., Musa Obadia, P., Kyanika Wa Mukoma, D., Lunda Ilunga, J.-M., Nawrot, T.S., Luboya Numbi, O., Smolders, E., Nemery, B., 2018. Sustainability of artisanal mining of cobalt in DR Congo. *Nat. Sustain.* 1, 495–504. <https://www.nature.com/articles/s41893-018-0139-4>

⁸ This is what we die for: Human rights abuses in the Democratic Republic of the Congo power the global trade in cobalt, Amnesty International, 2016, <https://www.amnesty.org/download/Documents/AFR6231832016ENGLISH.PDF>

⁹ See below for more information on these initiatives

¹⁰ Based on the OECD Due Diligence Guidance for Responsible Mineral Supply Chains from Conflict-Affected and High-Risk Areas

formal economy are also a welcome development. For example, the Better Mining partnership's data monitoring project at ASM sites in the Democratic Republic of the Congo (DRC) aims to cover 12 sites across the country by 2023.¹¹

THE IMPACTS OF COVID-19

Throughout this engagement, the COVID-19 pandemic severely disrupted the cobalt supply chain, impacting businesses, workers, and the livelihoods of artisanal and small-scale miners (ASM). Whilst the COVID-19 crisis inevitably made businesses focus on crisis management, there were concerns that recent gains in terms of traceability and due diligence efforts may be lost. As a result, investors in this group geared their engagement dialogue with companies towards understanding how the latter addressed the challenges brought about by the pandemic and sought to ensure their practices aligned with the [OECD](#) and the [Responsible Minerals Initiative's](#) recommendations.

¹¹ <https://www.rcsglobal.com/better-mining-asm-monitoring-program-successfully-scales-announces-partnerships/>

ENGAGEMENT RESULTS

All the companies that engaged but one have a supply chain policy or code related to social issues – a 25% increase since the start of the engagement. In addition, 81% of companies have made a public commitment to respect internationally proclaimed human rights.

Further, every company in the engagement has publicly acknowledged the importance of responsible cobalt sourcing. This acknowledgement has taken a variety of forms, such as public commitments, procurement policies and modern slavery statements.

In terms of progress per sector, the PRI has observed slower progress in companies in the automotive sector compared to their electronics counterparts. These findings are consistent with those of the CHRB that assessed the automotive sector for the first time in 2020. The average score for automotive companies was 12%, the lowest of any CHRB-benchmarked sector.¹² These findings also tallied with those from the Responsible Sourcing Network's [2019 Mining the Disclosures Report](#), where technology companies scored higher for cobalt due diligence than their automotive counterparts.

HUMAN RIGHTS RISK ASSESSMENT AND COMPREHENSIVE DUE DILIGENCE EFFORTS

We assessed: companies' efforts on human rights risk assessments; due diligence; physical inspections and audits of supply chains; and stakeholder engagement as part of their risk assessments. Results across these areas were unequal.

[The Cobalt Due Diligence Ranking \(2019\)](#) – which assesses companies' activities to identify, address and report on human rights risks in their cobalt supply chain – saw the technology and automotive sectors score 46.2% and 31.6% respectively on their cobalt due diligence. This shows there is still some room for improvement relating to companies' management systems, risk identification, risk mitigation, audit and public reporting.

The PRI found that companies' wider human rights risk assessments and due diligence efforts are more encouraging. An overwhelming majority of companies in the engagement now conduct due diligence related to human rights on new suppliers and risk assessments for existing suppliers – an increase of 36% since 2018.

The vast majority - 88% - of companies disclose that they monitor their suppliers through physical inspections and audits, but only 63% of companies disclosed the results of this monitoring. However,

¹² Agricultural products, Apparel, Extractives and ICT manufacturing, <https://www.worldbenchmarkingalliance.org/publication/chrb/rankings/type/ungp/>

we saw improvements in this area: a 27% and 25% increase since the start of the engagement, respectively.

A weak spot for companies is stakeholder engagement, allowing companies to identify salient issues in the supply chain related to human rights. Whilst some have expressed their intention to expand their human rights risk assessments to include engagement with stakeholders, only one of the companies has made a *public* commitment to do so.

IMPACT MONITORING AND CORRECTIVE ACTION

There are still significant improvements which need to be made related to impact monitoring and corrective action.

Our scorecard found that less than a handful of companies proactively assess their human rights impacts as part of their core business processes.

Only a quarter of companies assessed have a formal grievance mechanism which explicitly covers human rights and guarantees confidentiality for internal and external stakeholders. Further, only one company has committed to remedy affected parties which have caused or contributed to human rights impacts.

Only one company has engaged with affected stakeholders in response to *every* serious allegation made against the company.

Only one company assessed publicly disclosed incidents and lessons learnt from those incidents.

As mentioned, the automotive companies engaged seem to be less advanced than their counterparts in the electronics sector around remedy and grievance mechanisms. The electronics companies in this engagement scored significantly higher than automotive companies in the 2020 CHRB on remedies and grievance mechanisms.¹³ Similarly, automotive companies scored poorly regarding responses to serious allegations. This is an indication that these companies need to improve their public responses to serious allegations, have appropriate policies to capture grievances and take action to remedy and improve existing mechanisms to ensure they are fit for purpose.

¹³ Electronics companies scored an average of 0.58 (out of 1) in the 2020 CHRB on remedies and grievance mechanisms, compared to 0.15 for automotive companies

COLLABORATION ON SYSTEMIC ISSUES

There has been a noticeable growth in multi-stakeholder and industry initiatives that attempt to build leverage and to affect change throughout the cobalt value chain.

Every company in this engagement is a member of at least one multi-stakeholder initiative related to the responsible sourcing of cobalt, including the Responsible Minerals Initiative, the Responsible Cobalt Initiative, the Global Battery Alliance and the Fair Cobalt Alliance. Some companies have gone further by participating in collaborative initiatives, such as blockchain technology pilot projects to improve the transparency of cobalt supply chains or projects aimed at the formalisation of ASM.

RECOMMENDATIONS FOR FURTHER ENGAGEMENT

REMAIN COMMITTED TO ENGAGING ON CORE ISSUES AND CHALLENGES ASSOCIATED WITH COBALT SOURCING

While this initiative focused on child labour and human rights risks in the cobalt supply chain, it is critical that investors are aware of the variety of risks associated with ASM and LSM, and that they insist on companies addressing these risks through strong due diligence, continually monitoring potential and actual adverse impacts, and addressing them when identified.

Investors must continue to emphasise that ASM is not an issue per se and encourage companies to act towards the formalisation of ASM – including exploring findings related to existing pilot projects and understanding whether they are scalable and replicable.¹⁴

With regards to pilot projects, investors should question companies as to how they measure and track the effectiveness of these programmes, as well as the partners they work with and how they incorporate lessons learnt into existing systems and mechanisms, whether these be around due diligence, traceability, supply chain mapping or supporting local communities. Further, investors should encourage companies to scale up pilot projects if they are successful. If unsuccessful, investors should question companies on what can be done to improve future projects.

DEEPEN AND STRENGTHEN STAKEHOLDER ENGAGEMENT

Investors should ensure that they engage with a broad group of stakeholders including the OECD and multi-stakeholder initiatives to keep abreast of the developments in the cobalt space. This will help inform investors' dialogue with companies and ensure that the engagement asks remain relevant. It will also ensure that companies are nudged in a direction that does not entail unintended negative repercussions for the socio-economic conditions and human rights of the communities on the ground. Investors should engage with NGOs and local community representatives to get a clearer and more accurate picture of the situation and challenges on the ground. This can allow investors to verify or triangulate information self-reported by companies.

It is important that through these engagements, investors continue to signal to companies and to the broader range of stakeholders that they are committed to seeing improvements in human rights due diligence efforts, risk mitigation and the remedy of any negative impact.

By engaging as a group, investors can engage with stakeholders more efficiently by sharing tasks and responsibilities and avoiding duplication. This collective expertise can be particularly helpful when

¹⁴ See http://www3.weforum.org/docs/WEF_Making_Mining_Safe_2020.pdf

engaging with a company on a highly complex issue or with a company that operates in a challenging environment, as investors sometimes find it more difficult to access information in these situations.

CONSIDER BROADENING THE SCOPE OF THE ENGAGEMENT

This initiative focused on engaging downstream companies on their cobalt sourcing practices,¹⁵ but investors should also consider dialogue with companies at other stages of the supply chain including smelters/refiners¹⁶ but also mining companies as there are considerable risks with large-scale mining as well – including risks of corruption and tax evasion as highlighted by a [2019 report from the OECD on cobalt and copper sourcing](#). Investors should also consider downstream companies in other sectors where cobalt is used (e.g. jet engines, a sector that has mostly fallen under the radar in terms of civil society, media and consumer scrutiny).

Some of the dialogues throughout this engagement saw investors and target companies discuss the potential adoption of a circular economy model around the recycling of lithium-ion batteries. The potential recycling and/or re-using of cobalt¹⁷ should be explored further.

Investors may want to consider engaging on a broader range of minerals that have been deemed critical to the transition to a low-carbon economy. [The Business and Human Rights Resource Centre](#) tracks allegations of human rights abuses by the biggest producers of six key minerals, including cobalt. Amnesty's new report, [Principles for Businesses and Governments in the Battery Value Chain](#), also contains recommendations for corporates and governments and can further inform or form the basis of investor dialogue with companies / governments.

HOW TO CONTINUE THIS ENGAGEMENT

- Investors can continue engaging with companies on this issue or join this engagement in collaboration with other PRI signatories through the [PRI Collaboration Platform](#).
- It is important that investors are ready to escalate issues where progress is not being made. While each investor will need to make their own assessment, the use of targeted shareholder resolutions and / or voting against board members or the company report and accounts is likely appropriate if companies fail to meet investor expectations.
- The PRI will continue to organise a yearly investor roundtable on the responsible sourcing of cobalt to bring together investors, companies, civil society and multi-stakeholder initiatives to discuss progress and persisting challenges.

¹⁵ Under the OECD guidance for responsible mineral supply chains, downstream companies are asked to trace back at least down to smelter/refiner level

¹⁶ By engaging with and through the RMI or RCI

¹⁷ See recommendations here: <https://www.pv-magazine.com/2020/02/01/the-weekend-read-ethical-strategies-for-cobalt-supply/> US and UK looking into battery recycling, and Japanese company Sumimoto on battery recycling here: <https://www.newsecuritybeat.org/2020/06/cobalt-critical-renewable-energy-transition-minimize-social-environmental-cost/>

APPENDIX 1: GROWING LEGAL AND REGULATORY RISKS ASSOCIATED WITH COBALT

Around the world, there are moves [towards mandatory due diligence](#).¹⁸ There has also been an [uptake in legal action](#) which aims to hold actors accountable for human rights abuses.¹⁹ As a result, despite cobalt's omission from mineral regulation, the legal and regulatory risks associated with due diligence negligence are steadily increasing.

THE OECD FIVE-STEP FRAMEWORK

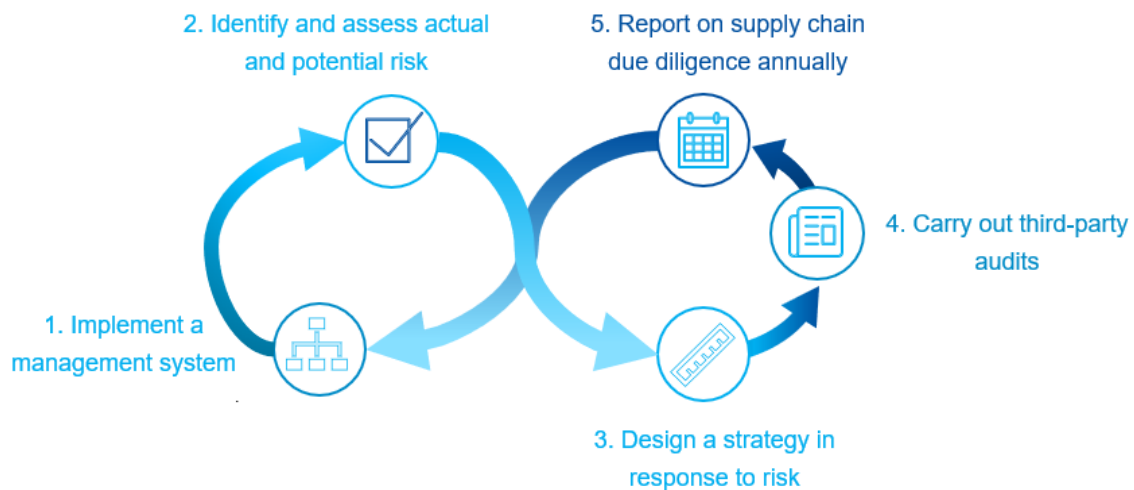
Cobalt was excluded from section [1502 of the Dodd-Frank Wall Street Reform and Consumer Protection Act](#), which states that publicly traded companies in the US must disclose if the tin, tungsten, tantalum and or gold (3TGs) used in their products are ethically sourced. Yet companies have begun to adopt cobalt into responsible mineral [programmes](#) outside of legislative mandates as they recognise that a cobalt supply chain without transparency and respect for human rights is one [laden with risk](#).

The European Union has further [developed regulation on conflict minerals](#), targeting the same four minerals as the Dodd-Frank Act and outlining the responsibilities of everyone involved in their supply chains. As of 1 January 2021, importers of the 3TGs have to carry out mandatory due diligence on their supply chains defined in the [OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas](#). This five-step framework (Figure 1) involves implementing a management system, identifying and assessing actual and potential risk, designing a strategy to respond to the identified risk, carrying out third-party audits and reporting on supply chain due diligence annually.

¹⁸ In 2020, the EU Commission committed to introducing mandatory human rights and environmental due diligence - [https://www.europarl.europa.eu/RegData/etudes/BRIE/2020/659299/EPRS_BRI\(2020\)659299_EN.pdf](https://www.europarl.europa.eu/RegData/etudes/BRIE/2020/659299/EPRS_BRI(2020)659299_EN.pdf)

¹⁹ A landmark case was launched against tech-giants in 2019 by parents who claimed that their children had been killed in mines that help to produce batteries - <https://www.business-humanrights.org/en/latest-news/drc-tech-giants-seek-to-dismiss-child-labor-lawsuit-arguing-they-have-no-control-over-conditions-in-mining-companies/>

Figure 1: The Five-Step Framework



The EU has also co-funded a [methodology developed by the OECD](#) for assessing the alignment of industry programs with the OECD’s five-step framework. So, whilst cobalt is not named in the legislation, such EU frameworks can guide company assessments outside of legislative mandates, with companies including [Umicore voluntarily reporting](#) on cobalt due diligence.

A FOCUS ON HUMAN RIGHTS

In 2020, European Commissioner for Justice Didier Reynders [announced a legislative initiative](#) which would address mandatory human rights and environmental due diligence (mHREDD). This [proposed law would impact a diverse range of actors](#) from all sectors – many companies in international supply chains connected to the single market would be under pressure to demonstrate how they manage human rights and environmental risks. The European Commission’s introduction of mandatory due diligence requirements, which will encompass cobalt supply chains, could [inspire similar legislation](#) in other jurisdictions.

Already, within the EU, the Dutch [Child Labour Due Diligence Law](#) requires companies selling goods and services to Dutch consumers to identify and prevent child labour within their supply chains. The duty of care includes a responsibility to conduct mandatory due diligence – if this duty is ignored, companies will first be fined and, on a second violation, be sanctioned under the Economic Offences Act.

The [French Duty of Vigilance Law](#) similarly asks companies that meet a defined set of requirements establish a public vigilance plan, including measures to identify and prevent severe human rights violations. These violations could derive from direct or indirect operations. If a company were to disregard the obligations, victims and concerned parties [can bring the issue to court](#). Therefore, if human rights abuses were to be found in cobalt supply chains that satisfy the terms of the law, companies could be exposed to legal risks.

The London Metal Exchange has also [announced](#) that it could ban or delist brands that do not responsibly source metals – an effort to remove metals with links to human rights violations from supply chains. Although the proposed ban [has been postponed until 2024](#), it further highlights the increased risk associated with a failure to meet international standards.

In addition to these regulatory developments, in late 2019, a [landmark legal case](#) was launched against tech-giants by families in the DRC. The lawsuit's defendants, Apple, Google, Dell, Microsoft and Tesla, have been accused of aiding and abetting in the death and grave injury of children who were said to have worked in cobalt mines in their supply chains.²⁰

²⁰ In August 2020, the companies being sued jointly filed a motion to dismiss, and in October the plaintiffs filed a brief in opposition

APPENDIX 2: MULTI-STAKEHOLDER INITIATIVES

Multi-stakeholder initiatives have begun to deconstruct opaque cobalt supply chains through individually or collectively advocating for the implementation of the OECD's five-step framework, pursuing cobalt value chains that meet the demands of contemporary and future generations. Expectations for companies are therefore clearer, traceability can be improved, and risks can be mitigated. Examples of initiatives are below.

RESPONSIBLE MINERALS INITIATIVE

The [RMI](#) first dedicated a focus area to cobalt in 2017. The RMI provides a platform for stakeholders and partners to collaborate to mobilise change in cobalt supply chains. The RMI's cobalt working group helps to develop and disseminate tools and resources to facilitate the responsible sourcing of minerals. These resources range from providing assurance processes for crude and fine cobalt refiners to supporting projects in the DRC which monitor ASM sites.

RESPONSIBLE COBALT INITIATIVE

The [RCI](#) similarly attempts to tackle the risks associated with the cobalt supply chain through collaboration. The initiative was founded by the Chinese Chamber of Commerce for Metals, Minerals & Chemicals Importers and Exporters (CCCME) and the OECD. The board is composed of nine members, of which there are an even number of representatives from upstream companies, downstream companies and industry associations. Through this partnership, members are guided to align their practices with the [OECD Due Diligence Guidance](#) and [Chinese Due Diligence Guidance](#). The initiative values partnerships with governments and people in the geographies most affected by cobalt extraction, and the RCI has expressed a desire to develop a strategy to share progress and challenges with affected stakeholders.

FAIR COBALT ALLIANCE

Founded in the summer of 2020 by Fairphone, Signify and Huayou, the [Fair Cobalt Alliance](#) supports affected stakeholders through helping to professionalise ASM sites by making mines safer, minimising their environmental damage and creating decent working conditions. The core members of the alliance, now including Tesla and Glencore, hope to increase their activities throughout the supply chain, from large-scale mining manufacturers to auto Original Equipment Manufacturers (OEMs), to accelerate sustainable mining practices.

BETTER MINING

[Better Mining](#) monitors and assesses ASM sites. Cobalt supply chains are evaluated so that upstream companies' responsibilities, outlined in the [OECD Due Diligence Guidance](#), can be fulfilled. These programs are supported through holding regular meetings with stakeholders to ensure consistency and dialogue.

GLOBAL BATTERY ALLIANCE

Led by the World Economic Forum, the [Global Battery Alliance](#) (GBA) is a collaboration platform with a membership of 70 diverse actors, working to establish a sustainable battery value chain. Cobalt is targeted within this initiative due to its presence in the cathodes of lithium-ion batteries. The GBA has developed [10 guiding principles](#) for securing a sustainable battery value chain. These principles, which touch on issues such as enabling second life use of batteries and fostering high quality job creation, have been adopted by 42 organisations. [By 2030](#), the GBA aims to build on these principles to establish a circular battery value chain, foster a low-carbon economy within the value chain and safeguard human rights whilst working within the remit of the SDGs. Most recently, the GBA is working to develop a battery passport, which will define if a battery is “sustainable”.

NGOS

PACT

[PACT](#) currently leads a program, funded by the US Department for Labour, which aims to address the prevalence of child labour in the cobalt industry in the DRC. The program seeks to increase the understanding of the challenges and opportunities involved in addressing child labour, strengthen the capacity of stakeholders to address the problem and improve the efforts of the private sector in monitoring and remediation.

GOOD SHEPHERD

Similarly, [Good Shepherd](#) works in the DRC to address the human rights abuses that are widespread in ASM communities. Good Shepherd has been working in Kolwezi, DRC, since 2012 and has been targeting several issues including poverty, weak rule of law, social fragmentation and gender-based violence. The program in Kolwezi has been scaled and extended based on a consultation with eight ASM communities. These consultations functioned as a platform through which different local actors could express their hopes and desires for the 21,000 people who are affected by the ASM sites. The extended program aims to significantly improve the lives of 19,000 people directly, and 70,000 people indirectly, demonstrating the importance of NGOs conducting work in cobalt affected communities.

APPENDIX 3: USEFUL TOOLS AND RESOURCES

Name of report/resource	Organisation
“This Is What We Die For”, Human rights abuses in the Democratic Republic of the Congo power the global trade in cobalt	Amnesty International
Time to recharge: Corporate action and inaction to tackle abuses in the cobalt supply chain	Amnesty International
Powering Change: Principles for Businesses and Governments in the Battery Value Chain	Amnesty International
EU Conflict Minerals Regulation Preparedness	Responsible Business Alliance - Responsible Minerals Initiative
RBA Practical Guide to Implementing Responsible Business Conduct Due Diligence in Supply Chains	Responsible Business Alliance - Responsible Minerals Initiative
RMI-GRI Responsible Mineral Sourcing Reporting Toolkit	Responsible Business Alliance - Responsible Minerals Initiative
RMI Cobalt Fact Sheet (2019)	Responsible Business Alliance - Responsible Minerals Initiative
The Emerging Cobalt Challenge	RCS Global
Responsible and sustainable sourcing of battery raw materials	European Commission
Cobalt: demand-supply balances in the transition to electric mobility	European Commission
The Recycling of Lithium-Ion Batteries: A Strategic Pillar for the European Battery Alliance	French Institute of International Relations
Worst Forms of Child Labour in the Democratic Republic of the Congo: Cobalt Refiner Due Diligence Reporting	Development International
Digging for Change: Towards a Responsible Cobalt Supply Chain	The Impact Facility

Interconnected supply chains: a comprehensive look at due diligence challenges and opportunities sourcing cobalt and copper from the Democratic Republic of the Congo	OECD
OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas Third Edition	OECD
Mapping artisanal and small-scale mining to the Sustainable Development Goals	PACT
PACT in the Democratic Republic of Congo	PACT
PACT's Children Out of Mining Program in Lualaba & Haut-Lomani Provinces of DRC	PACT
PACT's WORTH for miners program	PACT
Children Out of Mining: Community Engagement	PACT
PACT's youth apprenticeship program in Kolwezi, DRC	PACT
Sustainable Mine Site Validation project profile	PACT
The Mutoshi Pilot Project: Local economic impact of a project aimed at formalizing artisanal and small-scale mining	PACT
2019 state of the artisanal and small-scale mining sector	PACT
Drilling down into the cobalt supply chain: how investors can promote responsible sourcing practices	PRI
Investor expectations on responsible sourcing of cobalt	PRI
Weaving the Web – The GSS approach to Community-Based Development of Child Protection in Kolwezi	Good Shepherd International Foundation
Bon Pasteur Kolwezi Theory of Change Strategic Plan 2018-2022	Good Shepherd International Foundation
GSS Research on Violence and Abuse against Women, Girls and Children in Artisanal Mining Communities of the DRC	Good Shepherd International Foundation
Webinar "What Works In Eliminating Child Labour In Artisanal Mining" - Jun 14 2021	Good Shepherd International Foundation

APPENDIX 4: INDICATORS USED TO ASSESS COMPANY PERFORMANCE

Outlined below are a list of indicators that investors used to assess companies on their cobalt sourcing practices. These indicators can also be used to inform engagement with companies on this topic.

Indicator	Scoring detail	Policy / Performance
Human rights risk assessment and due diligence		
Responsible sourcing policy and governance	Publicly available commitment to responsible sourcing	<ul style="list-style-type: none"> ■ Commitment to responsible sourcing of minerals ■ Commitment explicitly refers to cobalt ■ Commitment covers the relevant ILO conventions
	Governance and accountability	<ul style="list-style-type: none"> ■ Board has oversight of sustainability goals, notably with regards to responsible sourcing of minerals ■ Names or titles of high-level staff responsible for sustainability / responsible sourcing are available and / or their reporting lines are described in detail
	Embedding	<ul style="list-style-type: none"> ■ Emerging regulation is monitored, and company demonstrates it is prepared ■ There is clear communication of expectations around responsible sourcing to employees in all relevant functions ■ Internal capacity building around human rights is available to at least the most relevant staff ■ Clear and time-bound targets around its responsible sourcing policy ■ Internal accountability mechanisms should the targets be missed
Traceability and human rights risk assessment	Traceability / supply chain transparency	<ul style="list-style-type: none"> ■ A process to map its supply chain at least down to smelter level and ideally down to mine level ■ The company knows which proportion of its indirect cobalt supply is (a) of DRC origin and (b) artisanally sourced from the DRC ■ The information provided is regularly verified ■ Provides evidence to demonstrate that it is aware of the length and complexity of its cobalt supply chain

		<ul style="list-style-type: none"> ■ Discloses the list of names and location of cobalt smelters in its supply chain ■ Seeks to improve traceability systems through new technologies e.g. pilot programs with blockchain
	Human rights risk assessment	<ul style="list-style-type: none"> ■ Provides information in relation to how it prioritises which risks to focus on in its human rights risk assessment ■ Conducts regular human rights risk assessment in its mineral supply chains, specifically cobalt ■ Publicly discloses a summary of the findings of the human rights risk assessment it conducts
	Due diligence	<ul style="list-style-type: none"> ■ Regularly reviews the information in relation to its supply chain ■ Due diligence is risk-based and heightened in high-risk areas e.g. DRC ■ Describes its due diligence efforts and makes this information publicly available
Supplier relationships (down to smelter / refiner level)	Supplier code of conduct	<ul style="list-style-type: none"> ■ Has a publicly available supplier code of conduct that reflects international relevant standards ■ Code of conduct is approved at senior level ■ Has a review and update process for its policy ■ The supplier code of conduct applies beyond 1st tier / to all suppliers ■ Describes steps taken to communicate its supplier code of conduct to its suppliers ■ Expectations of code of conduct are included in contracts with all direct suppliers; or suppliers have to sign the Code and commit to it ■ Code of conduct expectations are included in supplier contracts beyond the 1st tier, or expectations are clearly communicated to direct and sub-suppliers, or buyer asks their direct suppliers to cascade expectations through their own supply chains
	Monitoring suppliers	<ul style="list-style-type: none"> ■ Has a process to assess / monitor performance of its suppliers ■ Has set a SMART target regarding auditing / monitoring the sourcing practices of its suppliers ■ The process includes unannounced audits ■ Monitoring is undertaken according to internationally recognised standards rather than local law ■ A third party is involved in the assessments

Response and remedy to human rights violations		
Corporate response to allegations	Response	<ul style="list-style-type: none"> ■ Responds publicly to allegations / incidents ■ Response is adequate to the scale of the allegations / incidents
	Remediation	<ul style="list-style-type: none"> ■ Engages stakeholders to find adequate solutions and design remediation plan ■ Provides for or cooperates in remediation in the event of actual impacts
	Learnings	<ul style="list-style-type: none"> ■ Demonstrates that it has learnt from incidents by integrating the learnings into decision-making and operations
Upstream / On the ground remediation	Approach to remediation	<ul style="list-style-type: none"> ■ Engages in supporting upstream development / remediation activity in cobalt mining regions in the DRC. If not, it is able to explain the rationale behind that choice
	Scope	<ul style="list-style-type: none"> ■ If the company engages in such activities, it can provide more details
	Monitoring	<ul style="list-style-type: none"> ■ Sets systems in place to monitor the impact of the programs / remediation plan on the ground over a pre-committed timeframe
Participation in collective initiatives		
Participation in multi-stakeholder or other external partnerships		<ul style="list-style-type: none"> ■ Is a member of one or more industry initiatives in relation to the responsible sourcing of cobalt ■ Participates in a multi-stakeholder initiative / external partnership in relation to the responsible sourcing of cobalt ■ Able to explain the rationale behind its choices ■ Publicly reports on its activities within these initiatives – beyond sole mention of participation

CREDITS

AUTHORS

Nabylah Abo Dehman, PRI

Chloe Horne, PRI

Iona Ocak, PRI

EDITOR

Rachael Revesz, PRI